



02419315

BEFORE THE OIL & GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

RECEIVED
AUG 15 2013
COGCC

IN THE MATTER OF THE APPLICATION OF)
MUSTANG CREEK HOLDINGS, LLC FOR AN)
ORDER ESTABLISHING ONE APPROXIMATE)
635.6-ACRE EXPLORATORY DRILLING AND)
SPACING UNIT FOR THE S½ OF SECTION)
32, TOWNSHIP 12 SOUTH, RANGE 59 WEST,)
AND N½ OF SECTION 5, TOWNSHIP 13)
SOUTH, RANGE 59 WEST, 6th P.M., FOR)
MULTIPLE FORMATIONS IN AN UNNAMED)
FIELD, ELBERT COUNTY, COLORADO)

CAUSE NO. TBD
DOCKET NO. 1307-SP-1114

ORIGINAL

REQUEST FOR RECOMMENDATION OF
APPROVAL OF APPLICATION WITHOUT A HEARING

Mustang Creek Operating, LLC ("Applicant"), by and through its undersigned attorneys, hereby requests pursuant to Rule 511.a. of the Rules and Regulations of the Colorado Oil and Gas Conservation Commission for the Director to recommend approval of its May 30, 2013 verified application ("Application") and the supporting exhibits without a hearing.

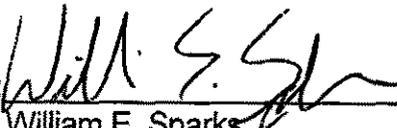
Applicant requests that the above-captioned matter be approved based upon: (i) the merits of the Application, and (ii) Applicant's sworn written testimony verifying sufficient facts along with exhibits that adequately support the relief requested in the Application. To Applicant's information and belief, no protests were timely filed in this matter.

WHEREFORE, Applicant requests that its request for a recommendation for approval of its Application without a hearing be granted.

DATED this 15th day of August, 2013.

Respectfully submitted,

Mustang Creek Operating, LLC.

By: 

William E. Sparks
Jamie L. Jost
Beatty & Wozniak, P.C.
Attorneys for Applicant
216 16th Street, Suite 1100
Denver, Colorado 80202
(303) 407-4499

Mustang Creek Operating, LLC

Cause No. TBD
Docket No. 1307-SP-1114

Land Testimony – Bob Davis
Cause No. TBD
Docket No. 1307-SP-1114
Spacing Application
Unnamed Field

September 2013 Colorado Oil and Gas Conservation Commission Hearing

My name is Bob Davis. I am the Vice President of Land for Mustang Creek Operating, LLC. I have a BBA in Petroleum Land Management from The University of Oklahoma, and a MBA from California State University-Bakersfield. I have over 34 years of experience in oil and gas exploration and development throughout North America. I have worked directly or in a supervisory role with the properties that are the subject of this matter.

In support of Mustang Creek's Application, I am submitting four (4) exhibits. This testimony and exhibits are attached to my sworn testimony and outline the parameters for this application to establish one approximate 635.6-acre exploratory drilling and spacing unit, and authorizing one well, for the following described lands (the "Application Lands"):

Township 12 South, Range 59 West, 6th P.M.
Section 32: S½

Township 13 South, Range 59 West, 6th P.M.
Section 5: N½

Elbert County, Colorado

Exhibit No. L-1: Surface Ownership

Exhibit L-1 shows the surface ownership of the Application Lands. 100% of the surface ownership of the Application Lands is owned in fee.

Exhibit No. L-2: Mineral Ownership

Exhibit L-2 shows the mineral ownership of the Application Lands. 100% of the mineral ownership of the Application Lands is owned in fee.

Exhibit No. L-3: Leasehold Ownership

Exhibit L-3 shows the leasehold interests held by Mustang Creek Holdings, LLC, an affiliate of Mustang Creek Operating, LLC, in the Application Lands. Mustang Creek Holdings, LLC holds 100% of the leasehold interest in the Application Lands.

Exhibit No. L-4; Topography

Exhibit L-4 shows the topography of the Application Lands. The contour interval for the Application Lands is 20 feet.

Based upon our examination of the relevant public documents, and under my direction and control, all of the interested parties identified on Exhibit "A" attached to the Application received proper notice. As of the date of this testimony, Mustang Creek has not received any protests or objections to the Application.

Affirmation

The matters described herein were conducted under my direction and control. To the best of my knowledge and belief all matters set forth herein and in the exhibits are true, correct and accurate.



Bob Davis

State of Colorado)
) ss.
County of Arapahoe)

The foregoing instrument was subscribed and sworn to before me this 2nd day of August, 2013, by Bob Davis, Vice President of Land, Mustang Creek Operating, LLC.

Witness my hand and official seal.

[SEAL]


JULIE M DAHL
NOTARY PUBLIC, STATE OF COLORADO
My Comm. Expires March 9, 2016

Julie M Dahl
Notary Public

My commission expires: 3/9/16

Exhibit L-1

Surface Ownership Map

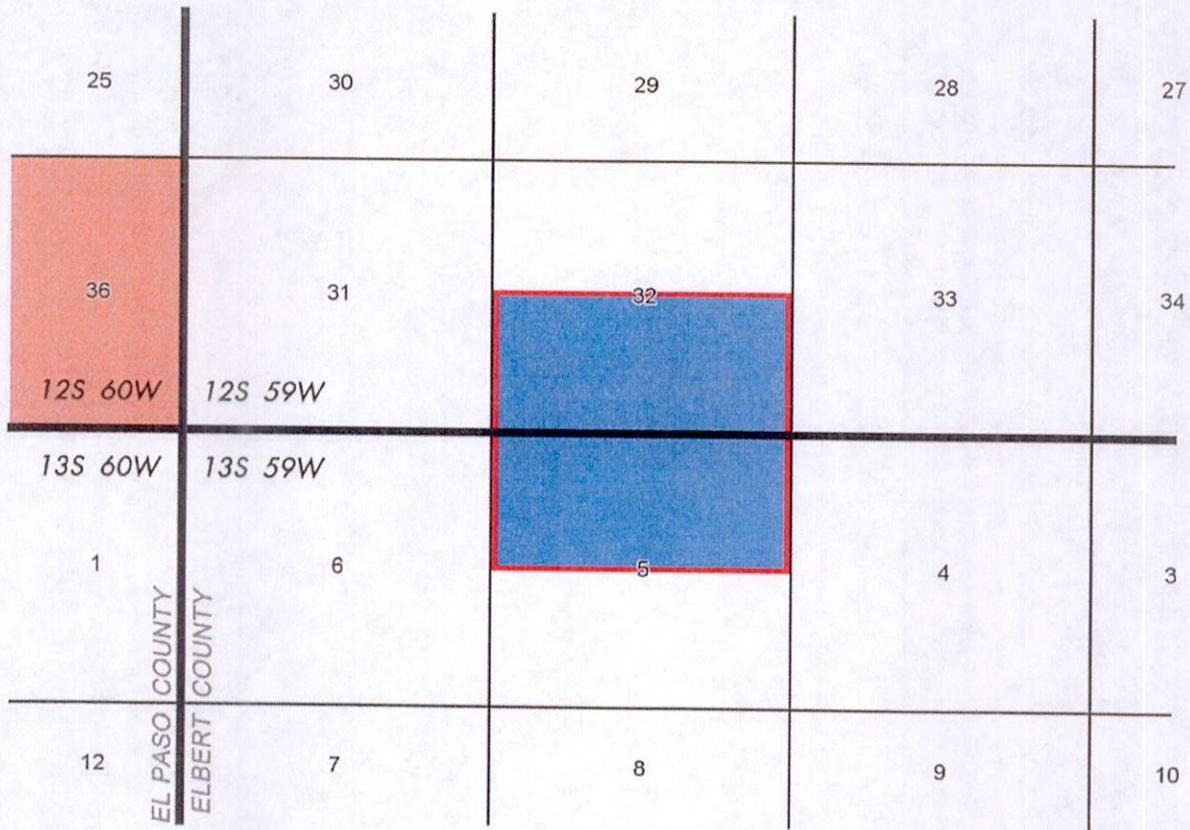
Proposed 635.60 Acre Spacing Unit

Township 12 South, Range 59 West, 6th P.M.
Section 32: S2

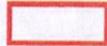
&

Township 13 South, Range 59 West, 6th P.M.
Section 5: N2

ELBERT COUNTY, COLORADO



Legend

-  Spacing Unit
-  Federal Surface Ownership
-  State Surface Ownership
-  Fee Surface Ownership

mustang  **creek**
OPERATING, LLC

Exhibit L-2

Mineral Ownership Map

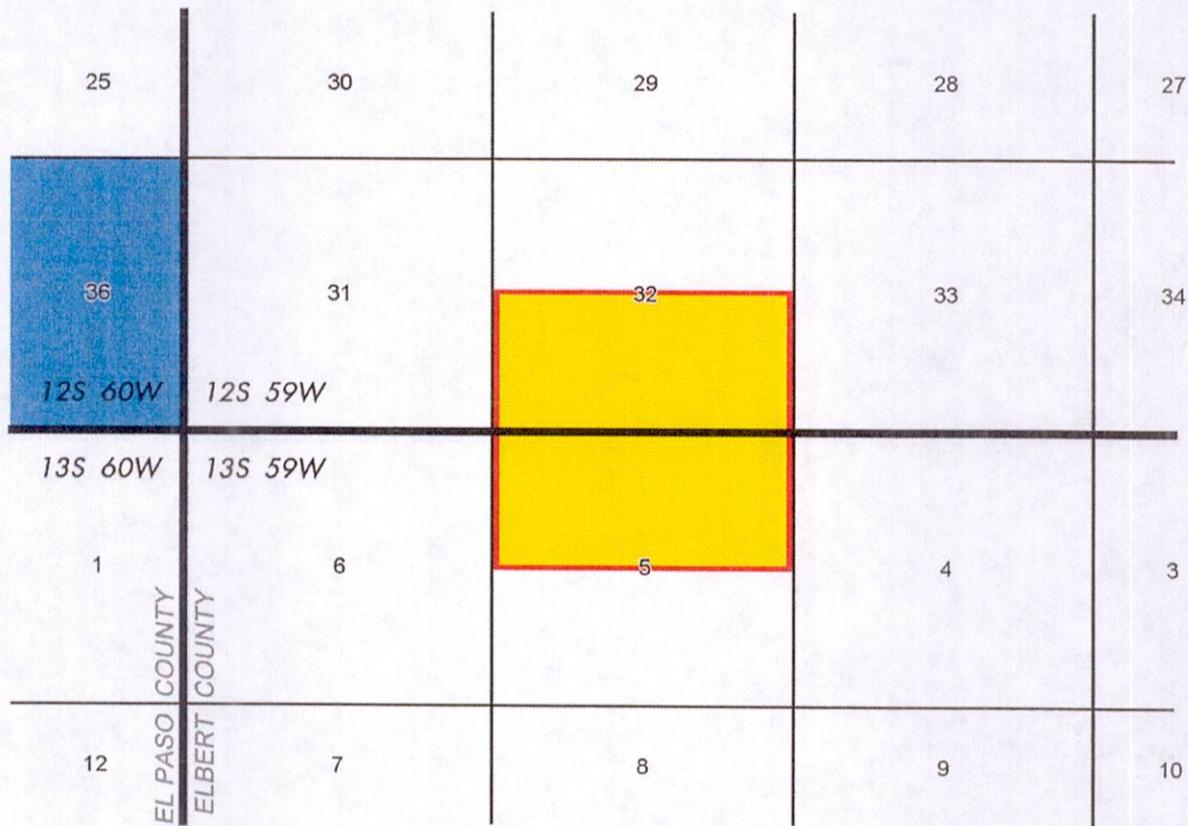
Proposed 635.60 Acre Spacing Unit

Township 12 South, Range 59 West, 6th P.M.
Section 32: S2

&

Township 13 South, Range 59 West, 6th P.M.
Section 5: N2

ELBERT COUNTY, COLORADO



Legend

-  Spacing Unit
-  Fee Mineral Ownership
-  Federal Mineral Ownership
-  State Mineral Ownership

mustang  **creek**
OPERATING, LLC

Exhibit L-3

Lease Ownership Map

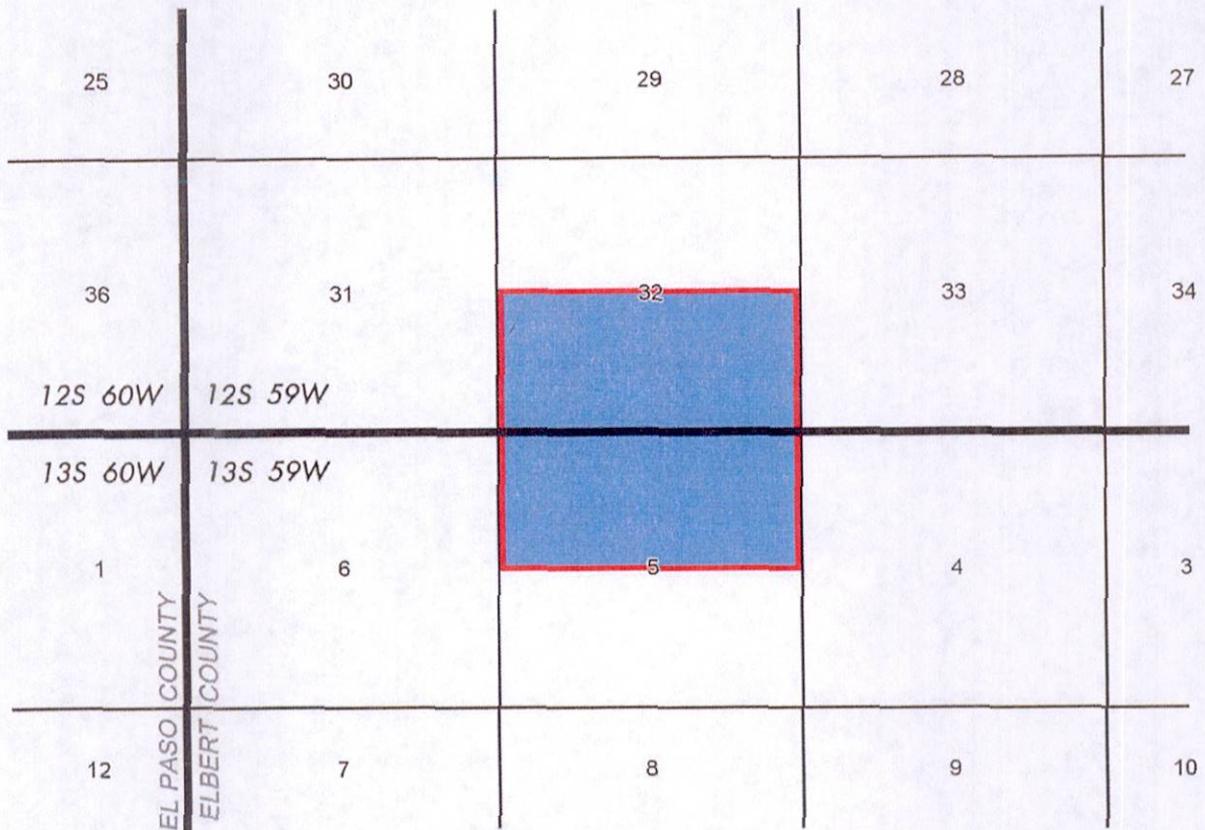
Proposed 635.60 Acre Spacing Unit

Township 12 South, Range 59 West, 6th P.M.
Section 32: S2

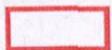
&

Township 13 South, Range 59 West, 6th P.M.
Section 5: N2

ELBERT COUNTY, COLORADO



Legend



Spacing Unit



Mustang Creek 100% Leasehold

mustang  **creek**
OPERATING, LLC

Exhibit L-4

Topographic Map

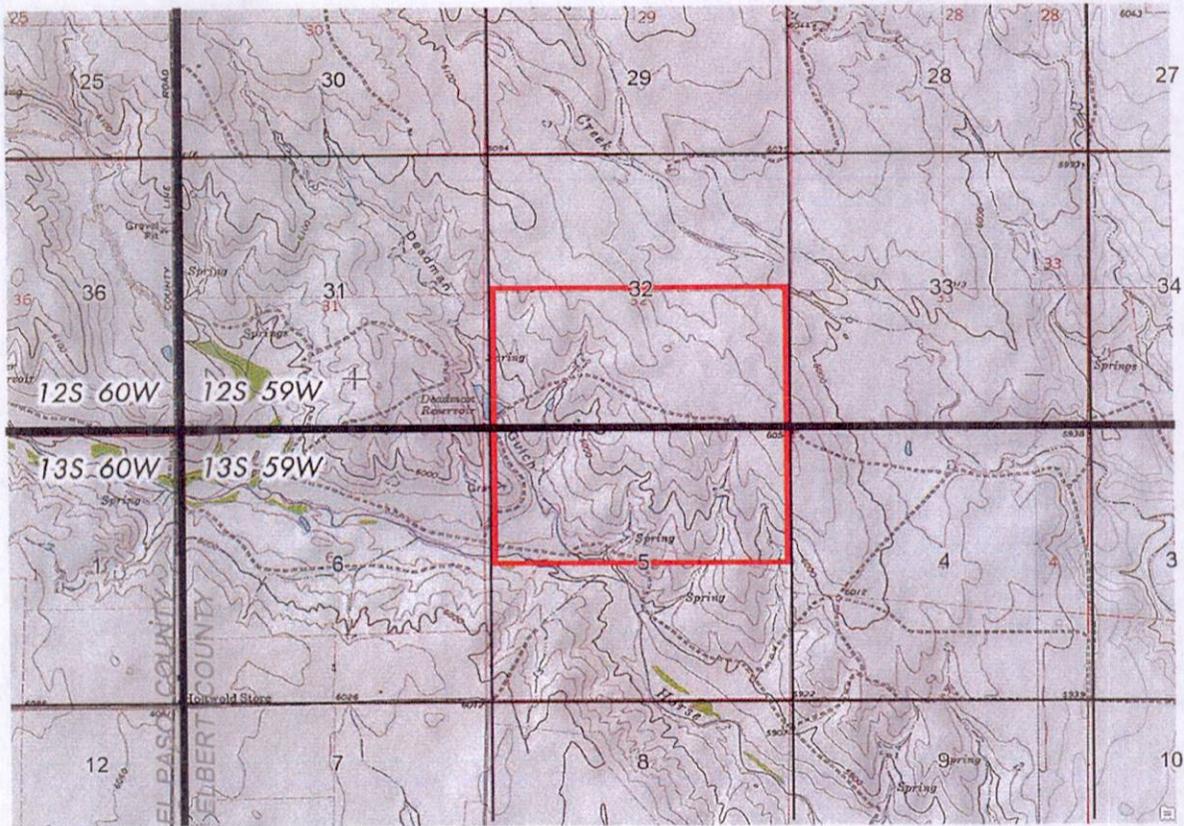
Proposed 635.60 Acre Spacing Unit

Township 12 South, Range 59 West, 6th P.M.
Section 32: S2

&

Township 13 South, Range 59 West, 6th P.M.
Section 5: N2

ELBERT COUNTY, COLORADO



Legend

 Spacing Unit

mustang  **creek**
OPERATING, LLC

ROBERT G. DAVIS, CPL

Summary

I am a Landman with 35 years of industry experience working with majors, large independents and private companies. I am currently Vice President of Land at NexGen Oil and Gas, LLC. Experience has spanned several U.S. Basins, including a majority of Rocky Mountain Basins and California.

Experience

NexGen Oil & Gas, LLC (January 2012 – Current)

Title: Vice President, Land

Patara Oil & Gas, LLC (August 2012 – December 2011)

Title: Vice President, Land

Rosetta Resources, Inc. (September 2005 – July 2010)

Title: Land Manager

EOG Resources, Inc. (February 2000 – August 2005)

Title: Senior Landman

Venoco, Inc. (1998 – 2000)

Title: Landman

Tom Brown, Inc. (1996 – 1998)

Title: Landman

Mobil Corporation (1984 – 1996)

Title: Landman

Superior Oil Company (1978 – 1984)

Title: Landman

Education

University of Oklahoma

BBA, Petroleum Land Management

1973 – 1978

California State University-Bakersfield

MBA, Finance, General

Professional Certifications / Memberships

American Association of Professional Landman (AAPL)

Denver Association of Professional Landman (DAPL)

Certified Professional Landman (CPL)

Former President of DAPL

Mustang Creek Operating, LLC

Prescott Ranches 32-34 Geologic Testimony – Roger Falk

Cause No. TBD

Docket No. 1307-SP-1114

Spacing Application – Lower Pennsylvanian and Mississippian Geologic Intervals

Unnamed Field

August 2013 Colorado Oil and Gas conservation Commission Hearing

My name is Roger Falk. I am the Vice President of Exploration for Mustang Creek Operating, LLC. I have a BS and a MS in Geology from Colorado State University. I have 22 years of experience in oil and gas exploration and development working mainly in the Rocky Mountain basins and the Gulf of Mexico. I have extensive experience working in Rocky Mountain basin resource plays. I have worked directly with the properties that are the subject of this matter.

In support of Mustang Creek's application, I am submitting 6 exhibits. This testimony and attached exhibits are my sworn testimony and outline the parameters for the application filed in the above referenced dockets ("Applications") to establish an approximate 635.60 acres drilling and spacing unit with up to 1 well allowed in said unit, comprised of the following lands ("Application Lands"):

Township 12 South, Range 59 West, south half Section 32

Township 13 South, Range 59 West, north half Section 5

(635.6 acres – Docket No. 1307-SP-1114)

Elbert County, Colorado

Exhibit 1: Spacing Locator Map

Exhibit 1 displays the area around the proposed drilling and spacing unit. The red outlined area represents the Application Lands. The location of the type log well for Exhibit 2 is labeled on this exhibit with text and a black circle. The type well is the nearest penetration of the prospective interval at 17 miles. The path of the cross-section in Exhibit 3 is also labeled on this map as A to A'. The outline of the Mustang Creek 3D as seen in Exhibit 6 is labeled and in Blue. The map itself shows an aerial view of all of the active, inactive, and permitted wells in the area of interest (as of July 2013). Wells that penetrate the prospective interval are shown as red dots (top of the Morrow Formation).

Exhibit 2: Type Log

Exhibit 2 is the type log used for the area surrounding the unit location. The log is from the Celsius Jones 14-1 (API 05 073 06114), located in T14S R57W Section 14. It is the most

appropriate log due to its proximity to the unit location. It is the nearest well that penetrates the prospective interval and is 17 miles away. The Marmaton, Cherokee, Atoka, Morrow, and Mississippian stratigraphic tops are displayed to the right of the type log and in black.

Log curves are labeled on the type log. Track 1 of the log displays the Spontaneous Potential, Gamma Ray, and Caliper curves. Track 2 of the log displays the Resistivity Curve. The scales are presented at the bottom of the type log. A relative depth track (in feet) is seen to the right of the type log.

Exhibit 3: Stratigraphic Cross-Section

Exhibit 3 is a three well stratigraphic cross-section across the area of interest. The cross-section extends from the southwest (A) to the northeast (A') along a path labeled in Exhibit 1. The logs are correlated using the Gamma Ray and Resistivity logs present in all of the cross-section logs. The cross section is stratigraphically flattened on the top of the Morrow formation. The exhibit shows the interval from the Marmaton to Morrow is thinning from southwest to northeast, but is present across the entire area.

Exhibit 4: Gross Thickness Isopach

Exhibit 4 shows the gross thickness of the Cherokee to Morrow interval in the area of interest. The contour interval spacing is 50 feet. Hot colors (red) are thick and cool colors (blue) are thin. The stratigraphic interval of interest is present across the entire area. Isopach values are posted above the well control (red dots). The average thickness in the area of the spacing unit is approximately 1000 feet. Sparse well control to the north and south, beyond the limits of the map were used to project into the area of interest in order to create this map.

Exhibit 5: Regional Subsea Structure Map

Exhibit 5 shows the top of the Morrow subsea structure map. Contour interval spacing is 100 feet. Hot colors (red) are structurally high and cool colors (blue) are structurally low. The structure gently dips to the northwest across the entire area of interest. Top of Morrow structural tops are posted above the well control (red dots). Sparse well control to the north and south, beyond the limits of the map were used to project into the area of interest in order to create this map.

Exhibit 6: 3D Seismic Time Structure Map

Exhibit 6 is a time structure map based on 3D seismic in the Lower Cherokee formation. Hot colors (red) are high and cool colors (blue/green) are low. It shows a Cherokee structural closure at about 1.35 seconds located within the limits of the unit.

Based on the foregoing testimony and attached exhibits, I conclude that the Pennsylvanian and Mississippian intervals are present under the Applications Lands.

Affirmation

The matters described herein were conducted under my direction and control. To the best of my knowledge and belief all matters set forth herein and in the exhibits are true, correct and accurate.

Roger Falk
Roger Falk
Mustang Creek Operating, LLC

State of Colorado)
) ss.
County of Arapahoe)

The foregoing instrument was subscribed and sworn to before me this 6th day of August, 2013, by Roger Falk, Vice President of Exploration, Mustang Creek Operating, LLC.

Witness my hand and official seal.

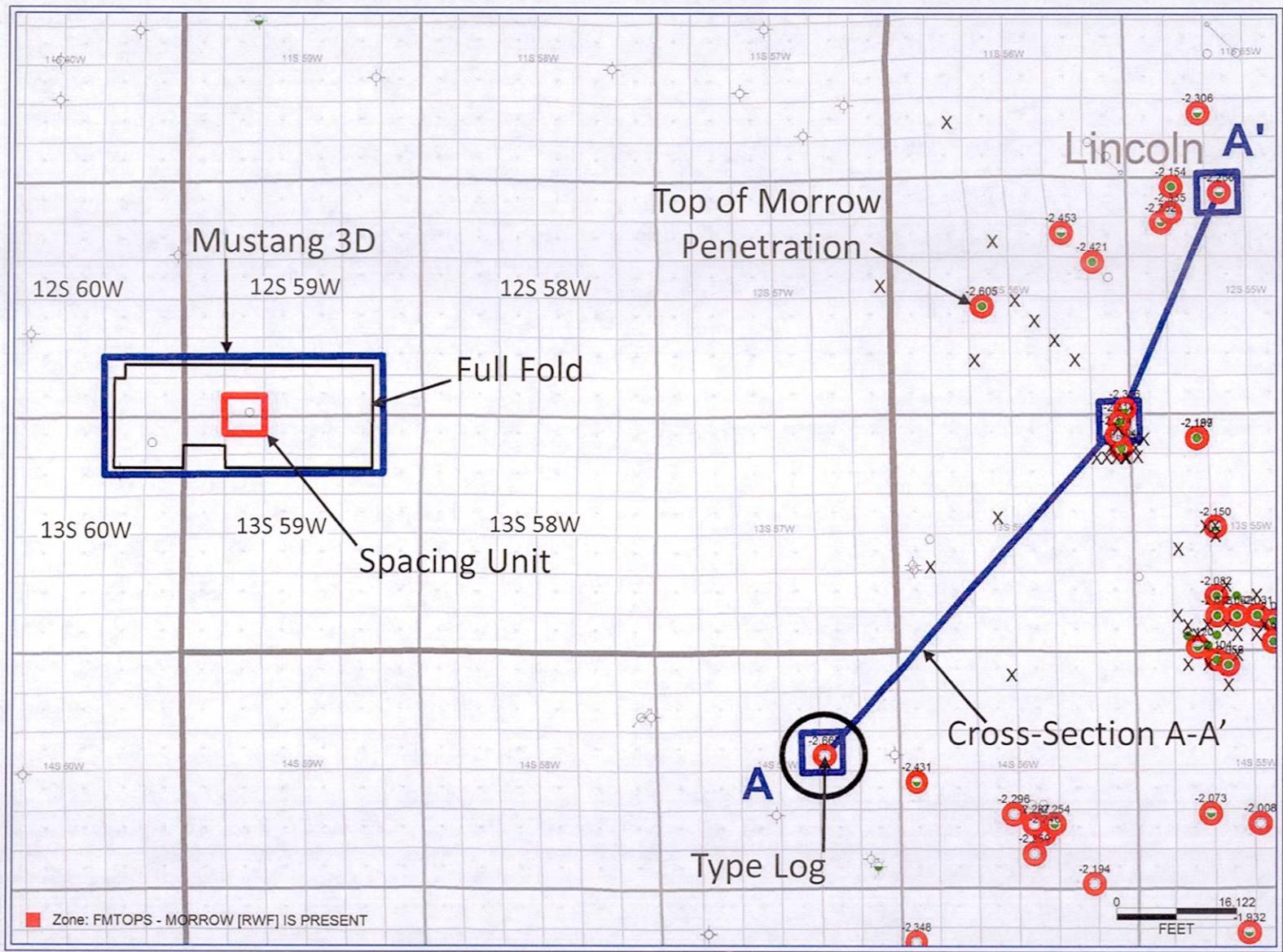
[SEAL]



My Comm. Expires March 9, 2016

Julie M Dahl
Notary Public

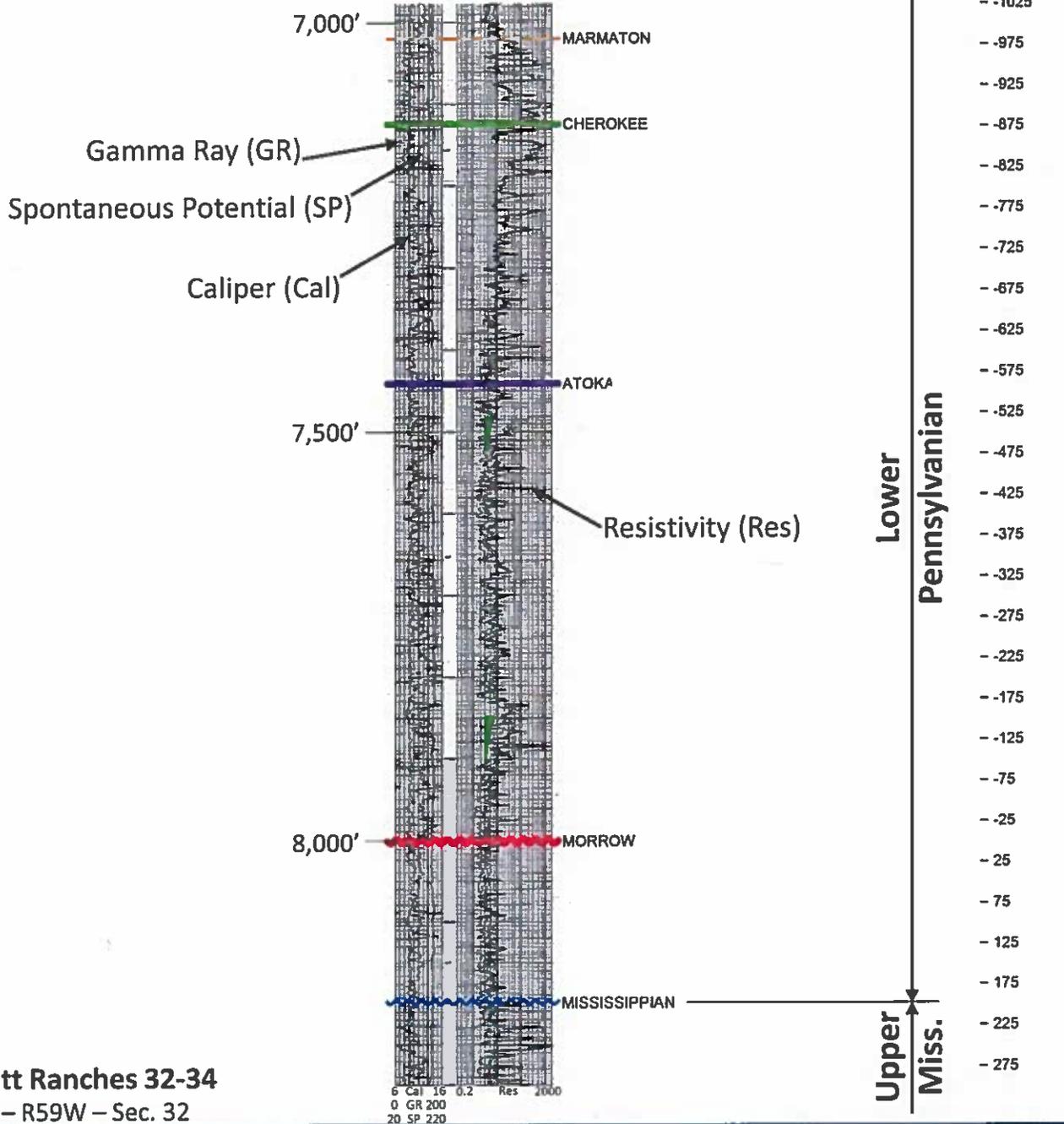
My commission expires: 3/9/16



Prescott Ranches 32-34
 T12S – R59W – Sec. 32

Exhibit 1:
Spacing Locator Map
 Docket #: 1307-SP-1114
 NexGen Oil and Gas
 July 26, 2013

T14S R57W S14
 05073081140000
 CELSIUS ENERGY CO
 CELSIUS-JONES
 14-1
 8.575
 8/30/1983



Prescott Ranches 32-34
 T12S – R59W – Sec. 32

Exhibit 2: Type Log
Docket #: 1307-SP-1114
NexGen Oil and Gas
July 26, 2013

A

(type log Exhibit 2)

T14S R57W S14
05073081140000
CELSIUS ENERGY CO
CELSIUS-JONES
14-1
8,575
8/30/1983

T13S R56W S1
05073083110000
RUNNING FOXES PET
JOLLY RANCH
2-1
8,400
4/19/2008

T12S R55W S4
05073061160000
SOHIO PETROLEUM CO
HAFLICH
4-8
8,183
7/9/1983

A'

SW

NE

Rel
Depth(feet)
-1025

-975

-925

-875

-825

-775

-725

-675

-625

-575

-525

-475

-425

-375

-325

-275

-225

-175

-125

-75

-25

-75

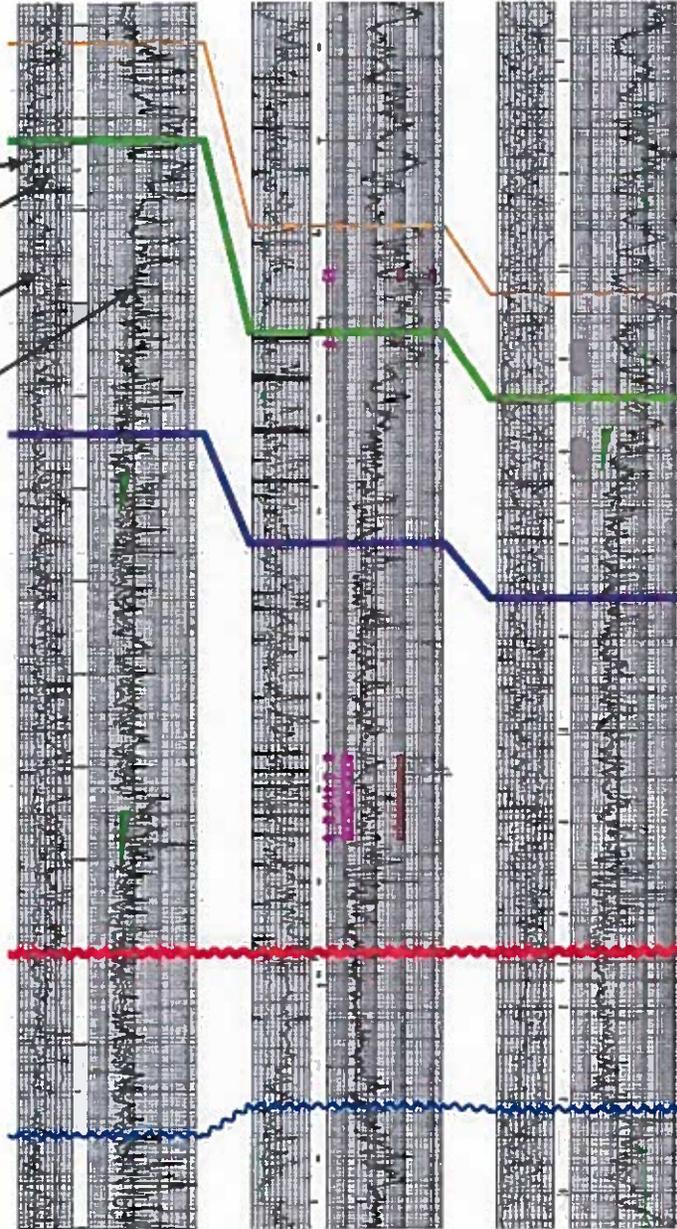
-125

-175

-225

-275

Gamma Ray (GR)
Spontaneous Potential (SP)
Caliper (Cal)
Resistivity (Res)



MARMATON

CHEROKEE

ATOKA

MORROW

MISSISSIPPIAN

6 Cal 16 0.2 Res 2000
0 GR 200
20 SP 220

Prescott Ranches 32-34
T12S – R59W – Sec. 32

Exhibit 3:
Stratigraphic Cross-Section
Docket #: 1307-SP-1114
NexGen Oil and Gas
July 26, 2013

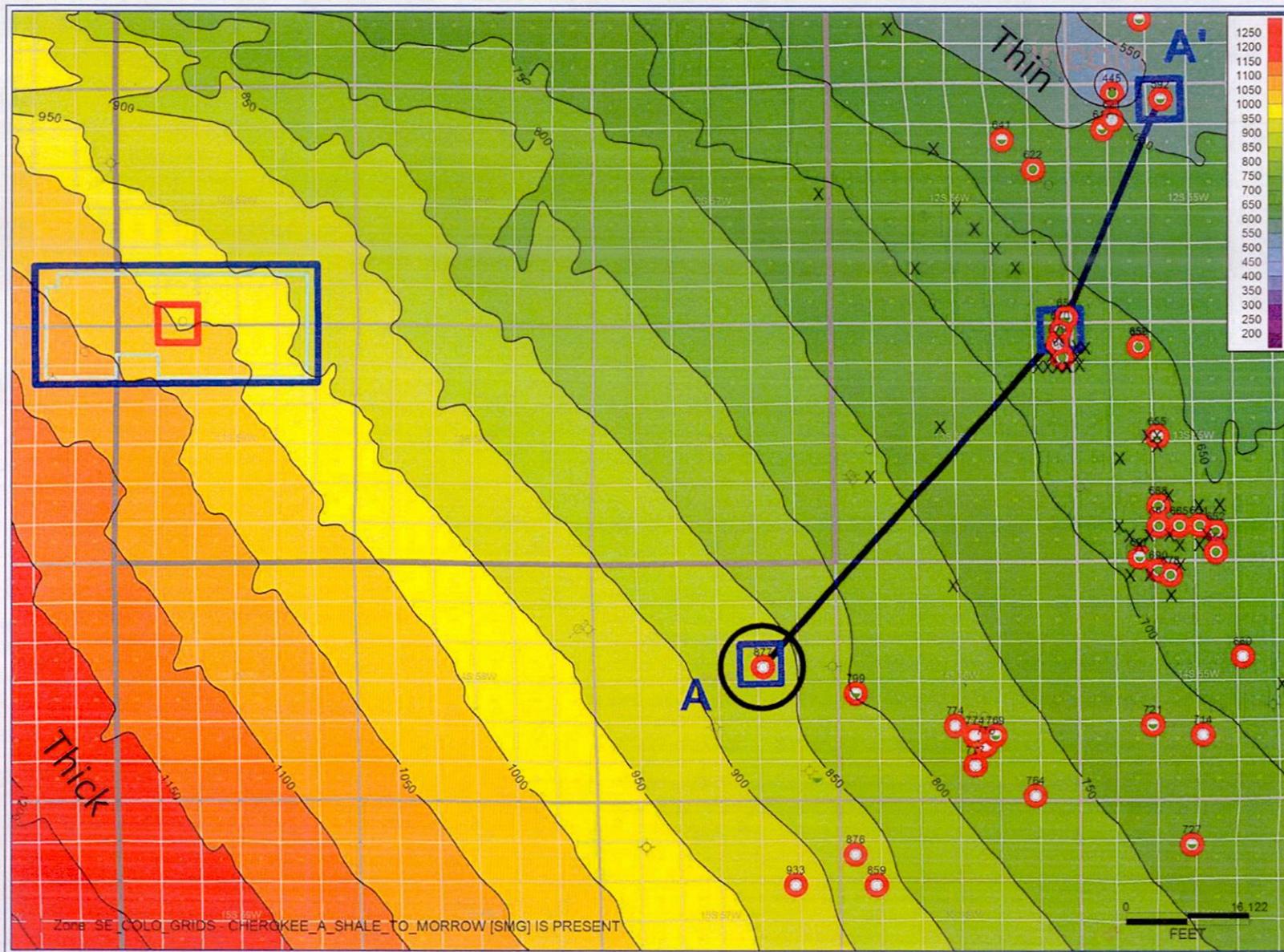


Exhibit 4: Gross Thickness Isopach
Cherokee to Morrow Interval

Docket #: 1307-SP-1114

NexGen Oil and Gas

July 26, 2013

Prescott Ranches 32-34

T12S – R59W – Sec. 32

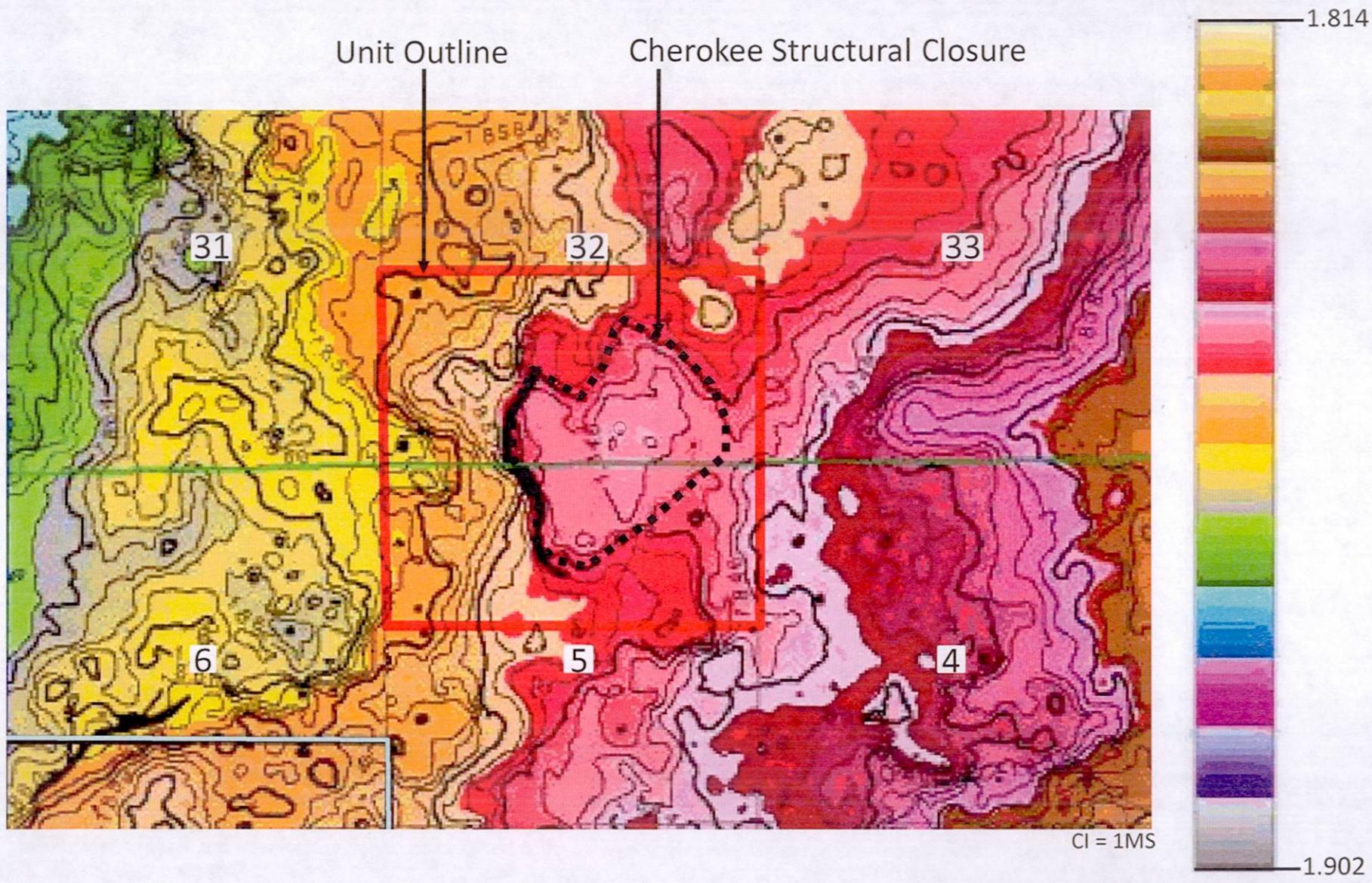


Exhibit 6: 3D Seismic Time Structure Map – Lower Cherokee

Docket #: 1307-SP-1114

NexGen Oil and Gas

July 26, 2013

Prescott Ranches 32-34
 T12S – R59W – Sec. 32

Roger W. Falk

8033 Coventry Drive, Castle Rock, CO. 80108
(H) 303-688-0146 (W) 303-923-2487 (C) 970-480-9701

Summary

I am geologist with 22 years of industry experience working with majors, large independents and small family owned companies. I am currently Vice President of Exploration at NexGen Oil and Gas. Previously I was an Exploration Manager with EOG Resources in Denver. For the past 10 years I have been focused primarily on resource play exploration and development.

Experience

NexGen Oil and Gas, LLC. 5/2010-Current

5251 DTC Parkway, Suite 800, Greenwood Village, CO 80111

Title: Vice President, Exploration

Manage a small team of experienced oil and gas professionals. Coordinate all exploration and development activities in the western US with emphasis on regional resource plays.

-Currently active in the following areas

Southern DJ Basin, Pennsylvanian and Mississippian resource plays

DJ Basin, Niobrara resource play

Sand Wash Basin, Niobrara resource play

Big Horn Basin, Mowry resource play

Uinta Basin, Moenkopi resource play

Paradox Basin, Gothic and Hovenweep resource play

-Define Exploration goals and develop the prospect inventory

-Help market those prospects to other oil companies and private equity groups

-Coordinate employee and consultant activities

-Screen outside deals

EOG Resources, Inc. 10/2000-5/2010

600 Seventeenth Street, Suite 1100N, Denver, CO 80202

Title: Exploration Manager (2007 – Current)

Manage a team of 30 geologists, geophysicists, geotechs, and secretaries. Coordinate both development and exploration activity in the Western US with emphasis on regional shale plays. Focused on Oil exploration in source rocks of the DJ, Powder River, and Williston Basins

-Actively explore in areas unassigned to other teams (technical role)

Evaluated the 2nd White Specks in the Alberta Basin

Evaluated the Heath and Bakken in the Central Montana Trough

Evaluated the Niobrara, Mowry, and Turner/Frontier ss in the Powder River and DJ Basin

Evaluate maturity data and integrate with oil saturation mapping for multiple areas

-Define Strategic Exploration goals

-Develop Division's prospect inventory and populate rig schedule

-Delegate work and make staff assignments

-Maintain quality control for prospects

-Help coordinate training for all G+G staff.

-Coordinate meetings between the various technical disciplines such as G+G, Res Eng, Land...

-Prepare displays for various presentations including Analysts and Board of Director slides.

-Review deals offered by other companies

-Interview and hire candidates for Geology and Geo-tech positions

-Technical Support for EOG International (Canada, Hungary, Argentina, Turkey, China)

Title: Unconventional Resource Plays Team Leader (2006 - 2007)

Coordinated a team of explorationists, reservoir engineers, and petro physicists focused on the exploration for unconventional resource plays in the Rocky Mountain basins. Primarily concerned with oil / gas shale plays and tight gas sands. This group generated most of the prospects drilled in the 2007 – 2008 drilling seasons which resulted in high impact Niobrara discoveries in the DJ and North Park Basins, and in the Turner Sandstone in the southern Powder River Basin (Cross Bow Field).

Title: Geological Specialist / Advisor (2000 – 2005)

Rocky Mountain regional exploration, field development and appraisal of recent discoveries, Federal and State lease sale evaluation, screen outside deals. Bring self generated prospects to the drill stage and do analog field studies. Petra work station user.

- Stratigraphic traps in the Powder River Basin, WYO
- Basin Centered Gas accumulations in the NW Green River Basin, WYO
- Basin Centered Gas accumulations in the Uinta Basin, Utah
- Drilled 40 development wells 7000' – 12500' deep.
- Drilled 25 exploratory wells 11,000' - 14,500' deep.

ARCO / Vastar Resources, Inc. 3/92 – 9/2000

15375 Memorial Dr., Houston, TX 77079

Title: Senior Geologist - Deepwater Gulf of Mexico Exploration group (1998 – 2000)

Regional exploration, lease sale property evaluation and screen outside deals. Bring prospects to the drill stage and do analog field studies. I am a geophysical workstation user (Geoquest IESX GeoFrame) and have a good understanding of exploration geophysics.

- Exploration geologist for Green Canyon and surrounding areas
- 100 million barrel oil discovery at GC 243 Aspen Field

New Ventures Onshore Exploration Group (1996-1998)

Frontier Exploration looking for new play types in lightly explored basins or under explored stratigraphic intervals in mature basins. Generate prospects and present to outside companies, evaluate and screen deals, work with partners on drilling wells.

- Horizontal drilling plays in stratigraphically trapped carbonate res, Williston and Alliance Basins.
- Lodge pole Waulsortian type mud mounds, Williston Basin.
- Pre-Cambrian rift related sandstones of the Central Montana Trough.
- Sub-thrust structural traps in the Front Range of Colorado.
- Mixed clastic/carbonic Permian aged sediments in the Marfa Basin, West, Texas.
- Fractured gas productive black shales in the Illinois and Michigan Basins.
- Coal Bed Methane in the Uinta, Piceance and Illinois Basins.
- Drilled 2 operated and 5 non-operated onshore wells.

Offshore Texas Development Group, Miocene Trend (1992-1996)

New field development and redevelopment of mature field, regional trend exploration generate prospects for lease sales, evaluate and screen outside deals, detailed field studies of competitor fields for possible acquisition and worked in integrated teams.

- Miocene Trend in Texas State and Federal waters in Mustang, Matagorda, and High Islands.
- Fields Developed: MU 789, 805, 806, and HI 467, 24L, 323.
- Drilled 9 operated and 3 non-operated development and exploratory offshore wells.

Colorado College Campus Recruiter (1997-1998 Fall Recruiting Seasons)

Intern Geologist ARCO Oil and Gas Company (summer 1991)

Lafayette, LA 70505

- Mapped regional geopressure trends using mud weights in the Gulf Coast of LA

Intern Geologist: Chevron U.S.A. (summer 1990)

205 Bender Street, Hobbs, N.M. 80424

- Detailed field study of a 1960's vintage oil field (Southeast Good Field) producing from Silurian carbonates in the Midland Basin of west Texas. Resulted in one development well being drilled.

Education:

Colorado State University, Fort Collins, Colorado

Masters in Geology 5/92, GPA 3.51

Bachelor of Science in Geology 5/89, GPA 3.7

Minor in Anthropology

Applicable Geologic Skills:

Petra geologic workstation user. 3D Seismic workstation user, Geoquest GeoFrame. Dwight's production database user. Microsoft Word, Excel, PowerPoint user. Subsurface structure mapping (2D/3D seismic and/or well log based), and stratigraphic or structural cross-section building. Generate net sand, net coal, net porosity, and net pay isopach maps. Have done detailed field studies and reserve calculation. Have explored geologic trends on a basin wide level and made detailed regional facies maps. Understand petroleum systems and source rock geochemistry. Understand seismic rock properties. Assist in the design of vertical and directional well plans. I am a team player and work well with all personality types.

Professional Certifications / Memberships

American Association of Petroleum Geologists

Rocky Mountain Association of Geologists

Board Licensed Professional Geologists, States of Texas and Utah

Publications:

- May, J.A., Anderson, D.S., Falk, R.W., Grau, A., January 2008, Outcrop-to-subsurface Correlation of the Blackhawk Formation, Uinta Basin: Shoreline Trends, Para sequence Distributions, and Gas Production: Extended Abstract, RMAG Outcrop, Vol. 57, No. 1. P.36
- Kidney, R., Williams, M., Falk, R.W., Sharp, D., 2004, *Theory and Application of Using Seismic Residual Velocity for Over-Pressured Tight Gas Sand Exploration in the Hoback Basin, Wyoming*: Extended Abstract, 10th Annual 3-D Seismic Symposium, Denver, Colorado.
- Davison, F.C., Falk R. W., 1993, *Graphical Representation of Horizon Continuity Across Normal Faults: A quick – Look Technique*: Arco Exploration Technology Conference, Plano, TX. Poster Session Guide Book, P. 103.
- McCallum, M.F., Huntley, P.M., Falk, R.W.; Otter, M.L., 1991, *Morphology, Resorption and Etch Features of Diamonds From Kimberlites Within The Colorado-Wyoming State Line District, USA*: Extended Abstract, 5th International Kimberlite Conference, M.G., Brazil, P. 261-263.

Mustang Creek Operating, LLC

Engineering Testimony – Christian E. Hansen, P.E.

Cause No. TBD

Docket No. 1307-SP-1114

Application for 635.6-Acre Drilling and Spacing Unit

My name is Christian Hansen, I am a consulting petroleum engineer currently providing contract engineering services to Mustang Creek Operating, LLC.

I have B.S. and M.S. degrees in Petroleum Engineering from the Colorado School of Mines, and am a registered Professional Engineer in the State of Colorado (License No. 33353). I have over 28 years of experience in the oil and gas industry, and have previously provided testimony before the COGCC on similar matters. My primary career specialization has been in the areas of reservoir engineering and formation evaluation, and I have extensive experience in most of the producing basins in the Rocky Mountain region. This includes the area which is the subject of this application.

In support of Mustang Creek Operating's Application, I am submitting two (2) exhibits. These exhibits, attached to my sworn testimony, provide the engineering bases and outline the parameters for the above-referenced docket ("Application") to establish a 635.6 acre drilling and spacing unit, comprised of the following lands ("Application Lands"):

Township 12 South, Range 59 West, 6th P.M.
Section 32: S½

Township 13 South, Range 59 West, 6th P.M.
Section 5: N½

Elbert County, Colorado.

Drainage Area and Economic Calculations

Exhibit 1 shows the calculations of original oil-in-place ("OOIP"), and estimated drainage area for a successful exploratory test completed in the Marmaton, Cherokee, Atoka, and Mississippian formations ("target formations"). The calculations of OOIP are based on average formation parameters of wells in the region which penetrated and logged one or more of the target formations, and the expected water saturations within the Application Lands. A successful test is represented by a well which initially produces at 200 barrels of oil per day, and recovers 150,000 barrels of oil over the life of the well. Using these parameters along with an average

estimated recovery factor of 10%, the estimated drainage area of a successful test well is 18 acres within the target formations.

Exhibit 2 demonstrates that a well recovering 150 MBO is commercial using anticipated drilling and completion costs of \$2 million. Risking the expected production forecast by 50% also results in a commercial well.

Based on the foregoing testimony and exhibits, I have concluded that drilling a test well within the proposed Drilling and Spacing Unit will protect correlative rights, prevent waste, and facilitate efficient and economic development within the Application Lands in the future.

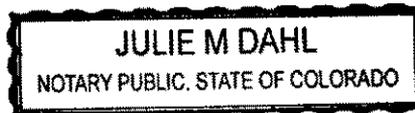
VERIFICATION

The matters described herein were all conducted under my direction and control. To the best of my knowledge and belief, all of the matters set forth herein and in the exhibits are true, correct, and accurate.



Christian E. Hansen, P.E.
Consulting Engineer for
Mustang Creek Operating, LLC

State of Colorado)
) ss.
County of Arapahoe)

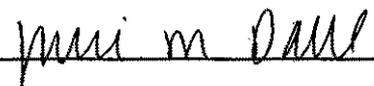


My Comm. Expires March 9, 2016

Subscribed and sworn to before me this 1st day of August, 2013.

Witness my hand and official seal.

My commission expires: 3/9/16



Notary Public