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COLO. OIL & GAS CONSV. COMM

Polfam Exploration Co.

April 1, 1986

Chevron USA, Inc.
695 Chevron Road
Rangely, Colorado 81648

Attention: Mr. Terry Hurst

Re: Government #2-10
Section 10-T1N-R102W
Rio Blanco County, Colorado

Dear Mr. Hurst:

On March 11, 1986, Polfam Exploration Company submitted an application with the Colorado Oil and Gas Conservation Commission to drill a stepout test well to the Weber formation. The proposed surface location is 255' FNL, 1865' FEL Section 10-T1N-R102W. However, due to pronounced regional dips and previous industry drilling experiences in the area surrounding the wellsite, it is expected that this well will drift almost due North to a subsurface location at 6500' TD of 340' FSL, 1880' FEL Section 3, or 605' North of the surface location.

Cause Order #2-32 states that no well drilled in a 40 acre buffer zone around the perimeter of the Weber Sand Unit will reach a total depth less than 600' from the Unit boundary. Chevron has filed an objection to the above subsurface location, stating that it will reach TD within 560' of their Unit boundary.

We request that Chevron withdraw its objection to the above well location and approve of the proposed operations subject to the following conditions:

1. Polfam Exploration is fully aware of Cause Order #2-32. and in no way intends to drill a well in violation of its restrictions.
2. Polfam Exploration agrees to TD this well no closer than 600' from the Unit boundary.
3. Polfam Exploration agrees to TD this well at a location 300' or less from the South line of Section 3-T1N-R102W in order to comply with Cause Order #2-32.
4. Polfam Exploration agrees to run a directional survey at TD to determine the true bottomhole location and to submit the results of this survey to Chevron, and to the Colorado Oil and Gas Conservation Commission for verification of compliance to Cause Order #2-32.

Polfam Exploration Co.

If these conditions meet with your approval, please indicate your agreement with the proposed operations by signing below and returning a copy of this letter to the Colorado Oil and Gas Conservation Commission. Also, could you please return a copy of this letter to us for our records.

Thank you in advance for your time and effort in this matter.

Very truly yours,

Matthew T. Rohret

Matthew T. Rohret

AGREED AND ACCEPTED THIS 15 DAY OF April, 1986.

By *Terry L. Hunt*

Title *Area Supervisor*

CHEVRON USA, Inc.

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