APPLICATION FOR PERMIT TO DRILL OR RE-ENTER

APPLICATION TO DRILL ☐ RE-ENTER OLD WELL ☐

NAME OF COMPANY OR OPERATOR

American West Potosh

Address
600 17th Street Suite 2800 S Denver CO 80202 303-634-2239

Drilling Contractor
Stewart Bros.

Address
PO Box 2067 Milan NM 87021

DESCRIPTION OF WELL AND LEASE

Federal, State or Indian Lease Number, or if fee lease, name of lessor
ASLD 08-11-132

Well number
KG-13

Elevation (ground)
5863

Nearest distance from proposed location to property or lease line:
109' E-Line Sec. 2

Distance from proposed location to nearest drilling, completed or applied-for well on the same lease:
KG-14

Number of acres in lease
640

Number of wells on lease, including this well, completed in or drilling to this reservoir:
1

If lease purchased with one or more wells drilled, from whom purchased.

Well location (give footage from section lines)
240' N 105' W 161

Section - Township, Range or Block and Survey
NE 1/4 NW 1/4 Sec. 16 T36 N R3E

Dedication per A.A.C. R12-7-104(A)(3)
N/A

Field and reservoir (if wildcat, so state)

Apache

Distance in miles and direction from nearest town or post office
37 Miles from Holbrook

Proposed depth:
1500'

Rotary or cable tools
Rotary

Organization Report

Filing Fee of $25.00

Amount
50,000

Remark

Plan
1. Drill - wireline tools
2. Temporary Case - 500'
3. Core - 1000'/1500'

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the: President of the American West Potosh (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

Signature

Date

Permit Number:
1045

Approval Date:
4-18-11

Approved By:
JC Ranc

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION

Application to Drill or Re-enter
File Two Copies

Form No. 3

(Complete Reverse Side)
1. Operator shall outline on the plat the acreage dedicated to the well in compliance with A.A.C. R12-7-107.

2. A registered surveyor shall show on the plat the location of the well and certify this information in the space provided.

3. ALL DISTANCES SHOWN ON THE PLAT MUST BE FROM THE OUTER BOUNDARIES OF THE SECTION.

4. Is the operator the only owner in the dedicated acreage outlined on the plat below? YES _____ NO _____

5. If the answer to question four is no, have the interests of all owners been consolidated by communization agreement or otherwise? YES _____ NO _____ If answer is yes, give type of consolidation ____________________________

6. If the answer to question four is no, list all the owners and their respective interests below:

<table>
<thead>
<tr>
<th>Owner</th>
<th>Land Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2-18n-26c</td>
</tr>
</tbody>
</table>

CERTIFICATION

I hereby certify that the well location shown on the plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Name
Position
Company
Date

PROPOSED CASING PROGRAM

<table>
<thead>
<tr>
<th>Size of Casing</th>
<th>Weight</th>
<th>Grade &amp; Type</th>
<th>Top</th>
<th>Bottom</th>
<th>Cementing Depths</th>
<th>Sacks Cement</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>8½ hole 0-500'</td>
<td>31.684</td>
<td>Left Hand Thread</td>
<td>approx. 500'</td>
<td>0-40'</td>
<td>9 ½ &quot; Conductor</td>
<td>approx. 20-40</td>
<td>Class I IA</td>
</tr>
</tbody>
</table>