APPLICATION FOR PERMIT TO DRILL OR RE-ENTER

APPLICATION TO DRILL ☐ RE-ENTER OLD WELL ☐

NAME OF COMPANY OR OPERATOR
Kindred Morgan Co., Company L.P.

Address
P.O. Box 1110, ST. JOHNS, AZ 85936
Drilling Contractor
Aztec Drilling

DESCRIPTION OF WELL AND LEASE

Well number: 11-12-29
Elevation (ground): 6805.7'

Nearest distance from proposed location to property or lease line: 4013 feet
Number of wells on lease, including this well, completed to or drilling to this reservoir: N/A
Number of acres in lease: 640 acres +/-

Field and reservoir (if wildcat, so state)
ST. JOHNS GAS UNIT

Distance in miles and direction from nearest town or post office
From Springerville P.O. N1 52° E 16.9 miles

Proposed depth: 3000'
Rotation or cable tool: Rotary
Organization Report: On File

Remarks

APR 02-001-20488

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the:

Ops. Sup

of the

Kindred Morgan Co.

(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

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
Application to Drill or Re-enter
File Two Copies

Form No. 3
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>Kinder Morgan Co2 Company</td>
<td>NE 1/4, S. 12 T11NR29E, G&amp;SRM</td>
</tr>
</tbody>
</table>

**PROPOSED CASING PROGRAM**

<table>
<thead>
<tr>
<th>Size of Casing</th>
<th>Weight</th>
<th>Grades &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><em>see Attached Drilling Log</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
KINDER MORGAN

DRILLING PROGNOSIS

WELL: SJGU 11-12-29

FIELD: St Johns Gas Unit
API #: TBD

OBJECTIVE: Precambrian Granite
ELEVATION: 6,806 ft

A FOCUSED EFFORT WILL BE EXPECTED BY ALL PARTIES TO ELIMINATE ANY / ALL ACCIDENTS DURING THE EXECUTION OF THIS DRILLING PROJECT.

GEOLOGY / FORMATION TOPS

<table>
<thead>
<tr>
<th>DEPTH PROFILE</th>
<th>CASING SIZE</th>
<th>CASING SPECS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form</td>
<td>TVD</td>
<td></td>
</tr>
<tr>
<td>Sin Andres</td>
<td>17-1/2&quot;</td>
<td>13-3/8&quot; 54.5-ppl J-55 STC</td>
</tr>
<tr>
<td>Glorietta/Coconino</td>
<td>095</td>
<td>Adapt to conditions, recommended set at Glorietta</td>
</tr>
<tr>
<td>Yavapai/Supai</td>
<td>12-1/4&quot;</td>
<td>9-5/8&quot; 35-ppl J-55 STC</td>
</tr>
<tr>
<td>Ft. Apache</td>
<td>8-3/4&quot;</td>
<td>Set 9-5/8&quot; casing in top of Amos Wash</td>
</tr>
<tr>
<td>Amos Wash</td>
<td>6-1/8&quot;</td>
<td>Cement: Ready Mix to surface, Circulate to surface</td>
</tr>
<tr>
<td>Oak Creek</td>
<td>1566</td>
<td>13-3/8&quot; 54.5# J-55 STC =&gt; 0&quot; - 600'</td>
</tr>
<tr>
<td>Abo</td>
<td>1666</td>
<td>9-5/8&quot; 36# J-55 LTC =&gt; 0&quot; - 1,590'</td>
</tr>
<tr>
<td>Tuckurum Granti</td>
<td>2,291&quot;</td>
<td>7&quot; 23-ppl J-55 STC</td>
</tr>
<tr>
<td>0</td>
<td>0</td>
<td>6-1/8&quot;</td>
</tr>
<tr>
<td>Proposed TD</td>
<td>2,441&quot;</td>
<td></td>
</tr>
</tbody>
</table>

DRILLING PROCEDURE:

Drill a 17.5" hole to +/- 600' TVD, set 13-3/8" casing and conventionally cement to surface.

NOTES: Drill with spud mud to the top of the Glorietta/Coconino formation. Lost circulation is likely. In the event of a loss, short trip to conductor and switch to air to TD hole section. Casing seat must be located by mud loggers and verified by Kinder Morgan Geologist.

Drill a 12-1/4" hole to +/- 1,590' TVD, set 9-5/8" casing and conventionally cement to surface.

NOTES: Drill with native water based mud. Glorietta/Coconino and Supai may flow water; therefore, mud wt. should be raised accordingly (8.5-9.1 ppg). This section of hole will encounter water entry, lost circulation and formation sand influx that seriously will bridge and stick. DP; adjust mud recipe as needed in response to hole conditions. Consult Geologist for casing seat in top of Amos Wash.

Drill a 8-3/4" hole with air to +/- 2,291' TVD, set 7" casing and conventionally cement in 2 stages to surface.

NOTES: Drill with air through Amos Wash with Reform UBD equipment. Consult geologist for casing seat in top of Granite Wash.

Drill a 6-1/8" hole with air to +/- 2,441' TVD, log Granite

NOTES: Drill with air and stiff foam mixture. Will need to spot 4% KCl gelled brine as a logging fluid. After logs are run clean out to TD with air and dry out well bore, monitor for CO2 flow.

CASING / CEMENTING DETAILS:

Designed TOC for casing strings @ surface
20" Conductor => 0" - 80' Cement: Ready Mix to surface, Circulate to surface
13-3/8" 54.5# J-55 STC => 0" - 600'
Cement: Conventional => See Detailed Job Recommendation
9-5/8" 36# J-55 LTC => 0" - 1,590'
Cement: Conventional => See detailed Job Recommendation.
7" 23# J-55 LTC => 0" - 2,291'
Cement: Conventional => See detailed Job Recommendation
Centralizers on 1" and 3" joint above and below DV Tool/ECP (4)

Program was prepared using predicted mud weights and properties. It is to serve as a guideline only and should be adjusted based on actual conditions.