APPLICATION FOR PERMIT TO DRILL OR RE-ENTER

APPLICATION TO DRILL  □  RE-ENTER OLD WELL  □

NAME OF COMPANY OR OPERATOR
Kinder Morgan Coa L.P.

Address
P.O. Box 1110

City
ST. Johns

State
AZ

Phone Number
85936

Drilling Contractor
AZ Tec Drilling

Address

DESCRIPTION OF WELL AND LEASE

Federal, State or Indian Lease Number, or if lease name of lessor
18-110672

Well number
10-27-31 M R HZ

Elevation (ground)
7341.6'

Nearest distance from proposed location to property or lease line:
1124 feet

Distance from proposed location to nearest drilling, completed or applied-for well on the same lease:
N/A feet

Number of acres in lease
640 acres +/-

Number of wells on lease, including this well, completed or drilling to this reservoir:
N/A

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

Well location (give footage from section lines)
2008' FEL & 1124' FNL

Section - Township - Range or Block and Survey
S. 27, T10N R31E, G&SRM

Dedication per A.A.C. R12-7-104(A)(3)
440

Field and reservoir (if wildcat, no state)
ST. Johns Gas Unit

County
APACHE

Distance in miles and direction from nearest town or post office
From Springerville P.O. NWO 31'E 15.1 miles

Proposed depth:
3000' +/-

Rotary or cable tools
Rotary

Approach date work will start
June 15, 2014

Organization Report

Bond status
on file

Amount

Organization Report

Filing Fee of $25.00

Remarks
PBI 1970 South 3'47' East of surface loc
API # 02-001-20492
see attached well plan

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the operations supervisor of the Kinder Morgan Coa L.P. (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
3-27-14

Permit Number:
1192

Approval Date:
4-14-14

Approved By:

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 communitization 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>NW1/4 S. 27 T10N R31E, G&amp;SRM</td>
</tr>
</tbody>
</table>

**CERTIFICATION**

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

**Name**

[Signature]

**Position**

Ops Sup Co

Company

Kinder Morgan

**Date**

3-27-14

**Registered Land Surveyor**

Daniel R. Muth PLS

**Certificate No.**

Az RLS No. 31028

**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>See Attached Plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
SECTION 2 - DIRECTIONAL PLAN

Kinder Morgan Production Co.

SJGU, Well No. 10-27-31HSE
Apache County, Arizona
Quote No.: 021814066

Target Center Line:
2,791 KBTVD

Window: 10' Above/Below Lateral

Dip: 0.00' (90.00')

DESIGN TARGET DETAILS

<table>
<thead>
<tr>
<th>Zone</th>
<th>TVD</th>
<th>N-S</th>
<th>E-W</th>
<th>North</th>
<th>East</th>
<th>Latitude</th>
<th>Longitude</th>
<th>Shape</th>
</tr>
</thead>
<tbody>
<tr>
<td>SJGU 10-27-31HSE BHL</td>
<td>2791.0</td>
<td>-1099.3</td>
<td>347.3</td>
<td>117754.52</td>
<td>814557.76</td>
<td>34° 18' 31.11N</td>
<td>106° 5' 7.41W</td>
<td>Full</td>
</tr>
</tbody>
</table>

SECTION DETAILS

<table>
<thead>
<tr>
<th>Seq</th>
<th>MD</th>
<th>Int.</th>
<th>Adj.</th>
<th>TVD</th>
<th>N-S</th>
<th>E-W</th>
<th>Dog</th>
<th>Dog</th>
<th>Dog</th>
<th>Date</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>8061.1</td>
<td>17.0</td>
<td>105.0</td>
<td>8061.1</td>
<td>77.0</td>
<td>104.5</td>
<td>1.0</td>
<td>170.0</td>
<td>31.5</td>
<td>02/01/14</td>
<td>SJGU 10-27-31HSE BHL</td>
</tr>
<tr>
<td>2</td>
<td>8074.1</td>
<td>17.0</td>
<td>109.0</td>
<td>8074.1</td>
<td>77.3</td>
<td>105.6</td>
<td>1.0</td>
<td>170.0</td>
<td>31.9</td>
<td>02/01/14</td>
<td>SJGU 10-27-31HSE BHL</td>
</tr>
<tr>
<td>3</td>
<td>8076.0</td>
<td>44.0</td>
<td>101.0</td>
<td>8076.0</td>
<td>75.2</td>
<td>108.6</td>
<td>1.0</td>
<td>170.0</td>
<td>31.8</td>
<td>02/01/14</td>
<td>SJGU 10-27-31HSE BHL</td>
</tr>
<tr>
<td>4</td>
<td>8078.0</td>
<td>44.0</td>
<td>101.0</td>
<td>8078.0</td>
<td>75.2</td>
<td>109.2</td>
<td>1.0</td>
<td>170.0</td>
<td>31.7</td>
<td>02/01/14</td>
<td>SJGU 10-27-31HSE BHL</td>
</tr>
</tbody>
</table>

Drilling Prognosis
2014 St Johns Drilling Program

Ki hinder Morgan Production Co.

~IND~ENDER~MORGAN

GEOlogic Unit: SODI (Sandstone) -600 E~

Dip: 0.00' (90.00')

Target Center Line:

Vertical Section at 170.00° (400 uft/min)

West(?)/East(?) (500 uft/min)