

The following information was provided by Richard Miller, Grynberg's Drilling Engineer:

The well was originally drilled as a Lyons test and no significant hydrocarbons were found. In order to utilize our investment we would like to drill a horizontal in the Niobrara. We called the COGCC and notified them of our intent to drill a horizontal Niobrara on Friday August, 21, 2015.

The total measured depth is 9430'. We were still drilling at the time when we notified the COGCC of our intent.

19 5/8" 36# J55 casing was set in a 13 1/2" hole at 803'. 53' deeper than the permit depth. Three barrels of cement were circulated to surface.

There is no fish left in the hole.

Proposed cement plugs for the 8 3/4" hole:

a. Abandonment Plug #1: 50' above / 50' below Top of Lyons (Mud Loggers Depth) -8908'.

Proposed Plug- 100' Height from 8958' - 8858', 70 sx Class G @15.8 PPG, 1.2 yield, cmt volume includes hole volume + 90% excess.

No 'D' Sand is identified in this well.

b. Abandonment Plug #2: 50' above / 50' below Top of J Sand (Mud Loggers Depth) -7530'.

Proposed Plug- 100' Height from 7580' - 7480', 65 sx Class G @15.8 PPG, 1.2 yield, cmt volume includes hole volume + 80% excess.

c. Abandonment Plug #3: 50' above / 50' below Top of Niobrara (Mud Loggers Depth) -6752'.

Proposed Plug- 100' Height from 6802' - 6702', 50 sx Class G @15.8 PPG, 1.2 yield, cmt volume includes hole volume + 60% excess.

d. Whipstock Plug #1: 150' above and 100' below the Kick Off Point of 6222'.

Proposed Plug- 250' Height from 6072' - 6322', 135 sx Class G @17.8 PPG, .94 yield, cmt volume includes hole volume + 20% excess.

Measured depth of the proposed sidetrack point is 6222.

New objective formation for the sidetrack is the Niobrara. The previous objective formation was the Lyons.

New BHL for the sidetrack is 650FNL, 1985FEL Section 2, 7N, R64W (in the same section as the surface hole but 2657 feet approx. due north). The abandoned well is a vertical well from the surface location.

NOTE: Grynberg is the mineral lease holder in the entire E 1/2 of this section. All minerals are Federal.