Doc # 2618922

Mull Unit Sorrento Field (MUSF) #19 Nitrogen Injection Proposal

SE/4 NW/4 Cheyenne County, Colorado

October 29, 2018

Mull Drilling Company, Inc., as Unit Operator, proposes to convert the MUSF #19 from a Morrow Formation producer to a Morrow Formation Nitrogen Injection well. This will enhance production, protect correlative rights and maximize efficient recovery of oil.

The MUSF #19 was chosen for its position in the reservoir near the limit of the unitized formation and relatively low current production rate of 7 BOPD, .5 BWPD, and negligible gas.

The injecting Nitrogen will be sourced at the in-place Air Liquide Membrane Nitrogen Unit located at the MUSF #14 wellsite. The gas will be piped to the MUSF #19 with existing and supplemented flow lines and compression. See Facility Diagram.

It is envisioned to start injection at rate of 200 mcfd, and not exceed 500 mcfd. This is somewhat of a pilot program expansion. The offset production wells will be constantly monitored for pressure changes and gas compositional changes (increases in N2). Injection rates will be adjusted to maximize pressure maintenance, increase oil and prevent premature N2 break through. Mull will conduct State approved MITs.

Mull is requesting a maximum surface injection pressure of 445 psig based on the approved Form 33 of the MUSF #14 and field experience. The #19 historically has shown lower permeability than the #14 and the #14 has stayed well below the 445 psig max surface injection pressure (see attached graph), averaging 82 psig since 10/16/13 inception. Reservoir pressure varies across the field but is well below 100 psig.

Respectfully Submitted,

Steve Anderson

Senior Vice President

Mull Drilling Company, Inc.