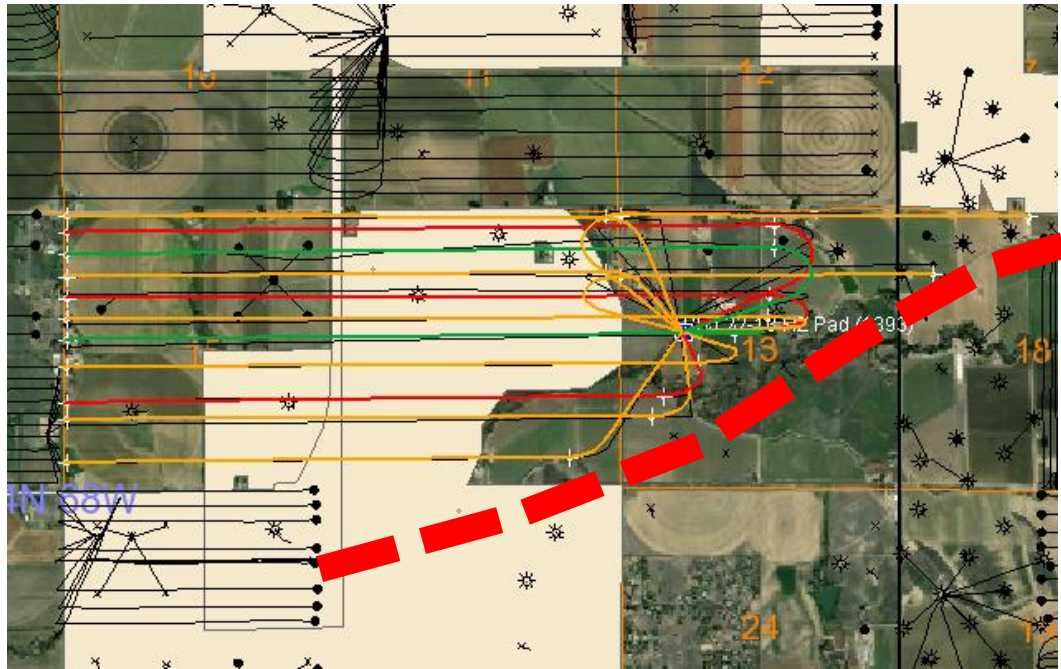


## OTHER - SBJ 22-13HZ Wells and Production Facility – Siting Rationale

KMG planned the operations for this surface location because horizontal well drilling is planned both to the east and west. Due to the total distance of the well laterals, it is not possible to drill all 13 wells from the east or from the west, therefore, locating the well pad in the middle of Section 13 was necessary. Additionally, the Johnstown fault runs diagonally to the southeast of this location (red dashed line below) limiting the ability to drill over the fault from the east.



**Scenario 1**



**Scenario 2**



**Scenario 3 – Final Layout**

The first layout, on the parcel, Scenario 1 included two well pads and a shared production facility located between the well pads. This was driven by limited drilling step-outs and the need for two well pads to reach the subsurface minerals.

Technological advances in drilling methods allowed increased drilling step outs. This made it possible to combine the surface location for the wells onto one pad, Scenario 2. This also made it possible to consolidate both well and production facility pads together on the southern portion of the site reducing overall impact to the surface, further away from many of the building units to the north and along WCR 46.

Input from the US \ Fish & Wildlife flagged potential Preble's Jumping Mouse habitat along the Little Thompson River to the south. Preble's Jumping Mouse is listed as an endangered species. US Fish & Wildlife requested we move the facility pad north to avoid habitat and forage areas and place the pad 100-feet from the habitat area. This resulted in the Scenario 3. Scenario 3 places the production facility as far away from the nearest building unit without impacting the Preble's Jumping Mouse habitat and forage areas. KMG has, and will continue to have communication with surrounding stakeholders in the area regarding the proposed development.