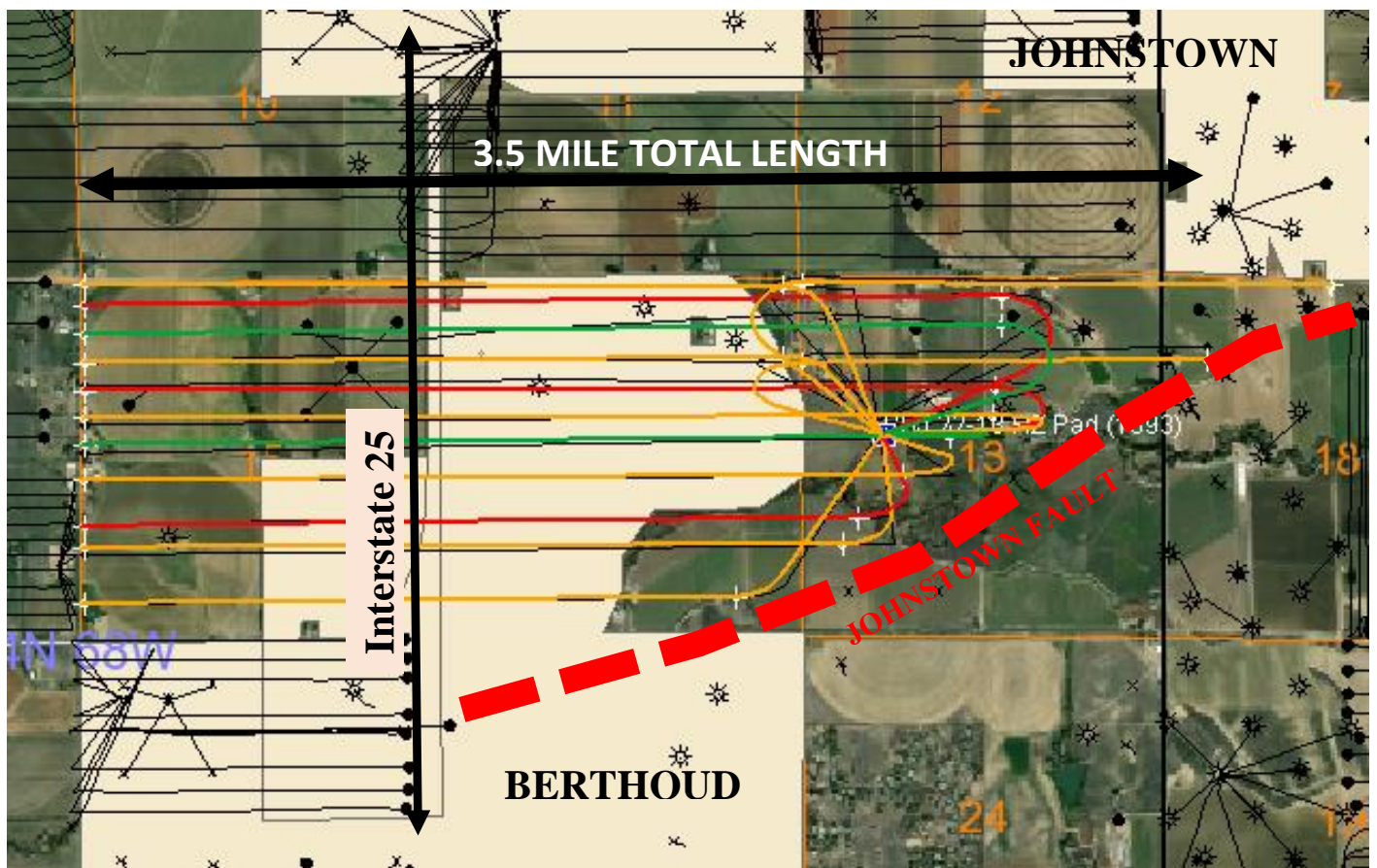


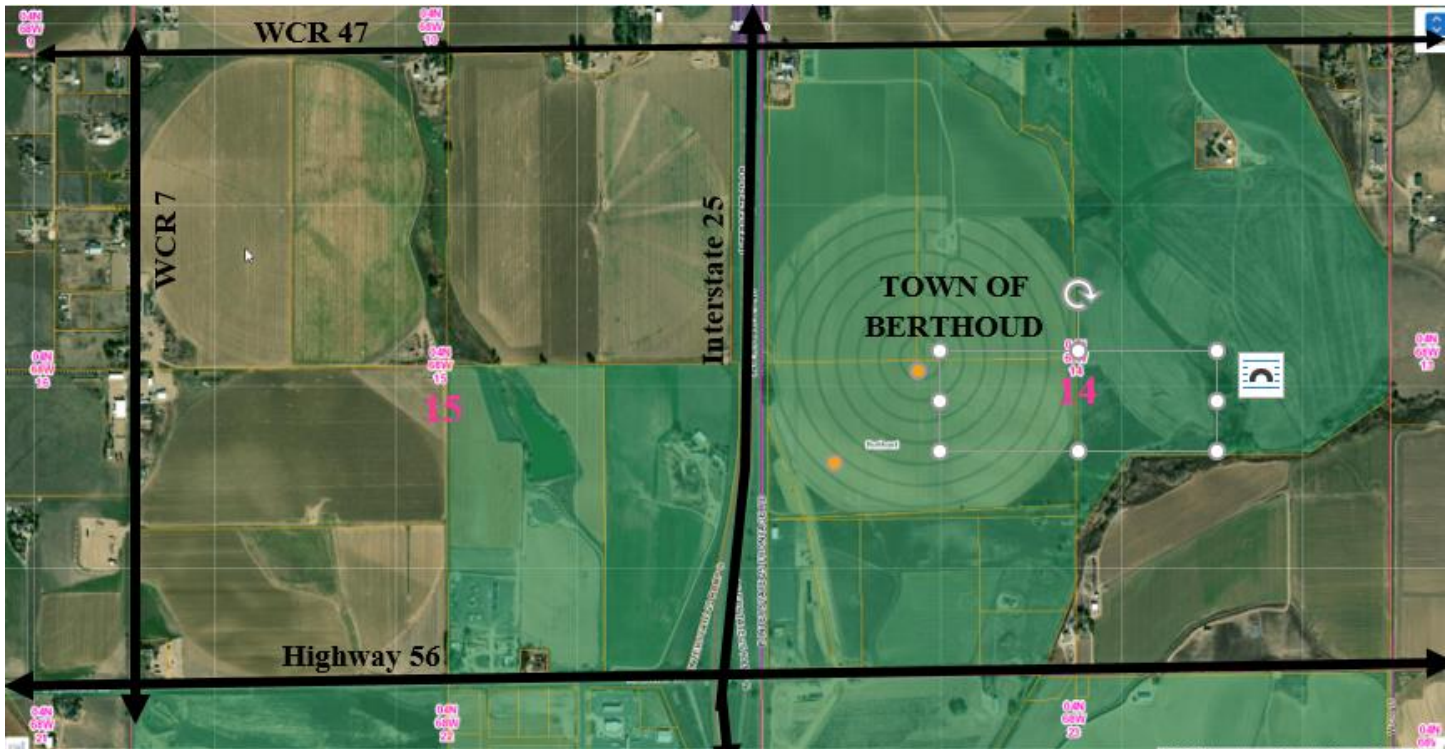
SBJ 22-13HZ – Alternative Location Analysis for Planned Well Pad and Production Facility:

KMOG worked diligently to plan, optimize and consolidate the siting of the proposed well pad and facility location. After the review of multiple locations, KMOG proposes the following surface location because horizontal well drilling is planned to both the east and west directions, developing mineral resources 3.5-miles in total length. Due to the total distance of the mineral development from the west to the east, 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 is necessary.

Additionally, the Johnstown fault runs diagonally to the southeast of this location (red dashed line shown on the aerial) limiting the ability to drill over the fault from the east.



Locating the pad in Section 15 (west of Interstate 25) on the western edge of the minerals to be developed, along WCR 7 would place the pad near several building units, (see aerials below). Additionally, this western siting option would reduce the total producible length for two wells, stranding minerals that are not reachable due to KMOG's limitation of 3 miles for total lateral distance when drilling horizontal wells.



Locating the pad on the west side of Interstate 25 in the eastern portion of Section 15 requires drilling eleven 1-mile laterals to the west (Section 15 minerals) and thirteen - 1 to 2.5 mile long laterals to the east (Section 14, and part of 13 and 18). This 24 well pad would result in a much larger pad and disturbance area not likely to fit outside of the center pivots currently used for irrigating crop land. Additionally, the increased cumulative impact of new infrastructure to extend pipeline takeaway under Interstate 25, not currently in place.

Locating the pad on the east side of Interstate -25 would result in some of the same issues described above in addition this area is in the Town of Berthoud (green on the aerial) which was under an oil & gas moratorium during the planning phase for this location.

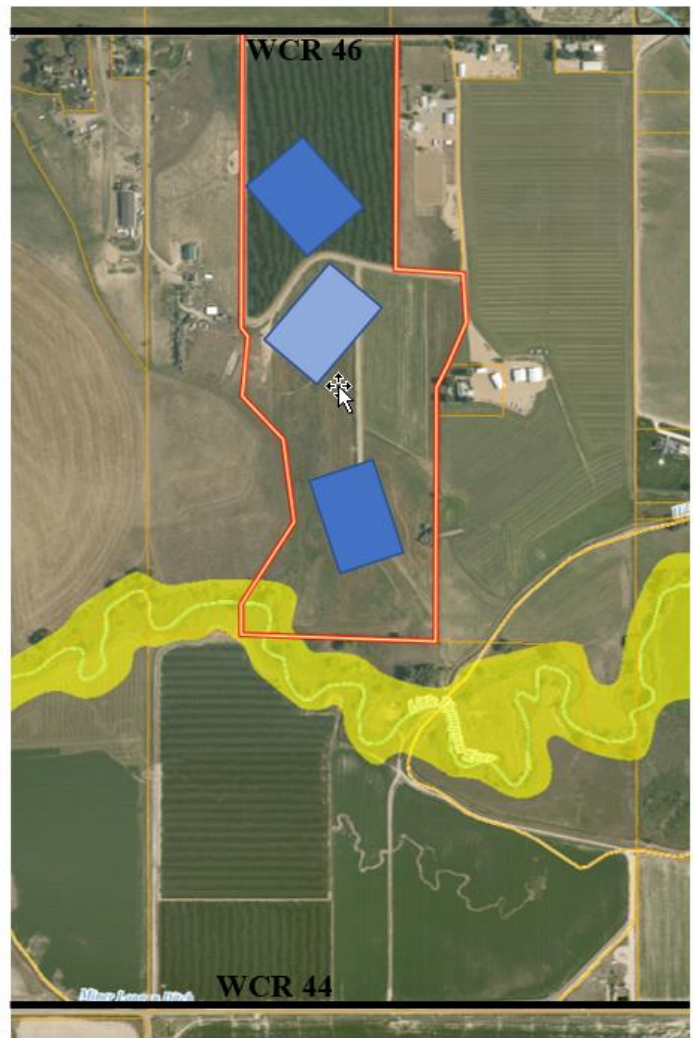
Alternative Location Analysis:

Scenario 1: The first location layout is on a property to the south of Little Thompson River. Due to the floodplain and wildlife setback described below, the well pad location would be too far south to reach the northernmost well from a drilling step out perspective; it would require a step out of more than 3,800 feet, more than KMOG’s technical capabilities allow. Locating the well pad north of the Little Thompson River is necessary in order to maximize the development the desired minerals.

Scenario 2: The second location layout, on the parcel north of Little Thompson River, included two well pads and a shared production facility in the middle of the property located between the well pads. This siting was driven by limited drilling step-outs and the need for two well pads to reach and develop the subsurface minerals. After having preliminary discussions with the COGCC staff regarding this scenario, KMOG was able to successfully consolidate the well pads and facility as described below.



Scenario 1



Scenario 2

Scenario 3: Technological advances in drilling methods have allowed increased drilling step outs (up to approximately 2,500 ft.) to occur. This made it possible to combine the surface location for the wells onto one pad. This also made it possible to consolidate both well and production facility pads together on the southern portion of the parcel reducing overall surface disturbance and places the well pad and facility further away from many of the building units located to the north and along WCR 46.

Scenario 4 - Proposed location: 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. The US Fish & Wildlife requested we move the facility pad north to avoid Preble's Jumping Mouse habitat and forage areas and place the pad 100-feet from the habitat area. This resulted in the Scenario 4. Scenario 4 places the pads as far south as possible without impacting the Preble's Jumping Mouse habitat and forage areas.



Scenario 3



Scenario 4 – Final Layout

KMOG has sent WOGLA Notices to four building unit owners near this proposed location. KMOG has met with stakeholders over the past several months, either in person or via phone conference to answer questions, share details pertaining to proposed operations and to discuss location sitting rationale and details pertaining to pad grading.