

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT

<b>APPLICATION FOR PERMIT TO DRILL</b>						<b>1. WELL NAME and NUMBER</b> Hite #1								
<b>2. TYPE OF WORK</b> DRILL NEW WELL <input checked="" type="checkbox"/> REENTER P&A WELL <input type="checkbox"/> DEEPEN WELL <input type="checkbox"/>						<b>3. FIELD OR WILDCAT</b> WILDCAT								
<b>4. TYPE OF WELL</b> Oil Well      Coalbed Methane Well: NO						<b>5. UNIT or COMMUNITIZATION AGREEMENT NAME</b>								
<b>6. NAME OF OPERATOR</b> KP OPERATIONS CORP						<b>7. OPERATOR PHONE</b> 435 453-9401								
<b>8. ADDRESS OF OPERATOR</b> 1777 N Reservoir Rd, Blanding, UT, 84511						<b>9. OPERATOR E-MAIL</b> dperk31@hotmail.com								
<b>10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE)</b> UTU 80687			<b>11. MINERAL OWNERSHIP</b> FEDERAL <input checked="" type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>			<b>12. SURFACE OWNERSHIP</b> FEDERAL <input checked="" type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>								
<b>13. NAME OF SURFACE OWNER (if box 12 = 'fee')</b>						<b>14. SURFACE OWNER PHONE (if box 12 = 'fee')</b>								
<b>15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee')</b>						<b>16. SURFACE OWNER E-MAIL (if box 12 = 'fee')</b>								
<b>17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN')</b>			<b>18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS</b> YES <input type="checkbox"/> (Submit Commingling Application) NO <input checked="" type="checkbox"/>			<b>19. SLANT</b> VERTICAL <input checked="" type="checkbox"/> DIRECTIONAL <input type="checkbox"/> HORIZONTAL <input type="checkbox"/>								
<b>20. LOCATION OF WELL</b>		<b>FOOTAGES</b>		<b>QTR-QTR</b>		<b>SECTION</b>		<b>TOWNSHIP</b>		<b>RANGE</b>		<b>MERIDIAN</b>		
LOCATION AT SURFACE		850 FNL 1983 FWL		NENW		31		37.0 S		19.0 E		S		
Top of Uppermost Producing Zone		850 FNL 1983 FWL		NENW		31		37.0 S		19.0 E		S		
At Total Depth		850 FNL 1983 FWL		NENW		31		37.0 S		19.0 E		S		
<b>21. COUNTY</b> SAN JUAN			<b>22. DISTANCE TO NEAREST LEASE LINE (Feet)</b> 663			<b>23. NUMBER OF ACRES IN DRILLING UNIT</b> 195								
			<b>25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed)</b> 0			<b>26. PROPOSED DEPTH</b> MD: 2470 TVD: 2470								
<b>27. ELEVATION - GROUND LEVEL</b> 6652			<b>28. BOND NUMBER</b> UTB000521			<b>29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE</b> 09-447								
<b>Hole, Casing, and Cement Information</b>														
String	Hole Size	Casing Size	Length	Weight	Grade & Thread	Max Mud Wt.	Cement	Sacks	Yield	Weight				
Cond	17.5	13.375	0 - 90	40.0	H-40 ST&C	0.0	Class G	140	1.17	15.8				
Surf	12.25	9.625	0 - 1120	36.0	H-40 ST&C	0.0	Premium Lite High Strength	400	1.9	12.4				
							Class G	170	1.17	15.8				
Prod	8.75	7	0 - 2430	26.0	L-80 LT&C	0.0	Premium Lite High Strength	350	1.9	12.4				
							50/50 Poz	160	1.32	13.5				
Open	6.125	0	0 - 0	0.0	No Pipe Used	0.0	No Used	0	0.0	0.0				
<b>ATTACHMENTS</b>														
<b>VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES</b>														
<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER						<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN								
<input type="checkbox"/> AFFIDAVIT OF STATUS OF SURFACE OWNER AGREEMENT (IF FEE SURFACE)						<input type="checkbox"/> FORM 5. IF OPERATOR IS OTHER THAN THE LEASE OWNER								
<input type="checkbox"/> DIRECTIONAL SURVEY PLAN (IF DIRECTIONALLY OR HORIZONTALLY DRILLED)						<input checked="" type="checkbox"/> TOPOGRAPHICAL MAP								
<b>NAME</b> David Perkins				<b>TITLE</b> President				<b>PHONE</b> 435 459-9401						
<b>SIGNATURE</b>				<b>DATE</b> 11/19/2012				<b>EMAIL</b> dperk@wildcatenergyservices.com						
<b>API NUMBER ASSIGNED</b> 43037500390000				<b>APPROVAL</b>   Permit Manager										

**KP Operations Corp**  
**Hite #1**  
**850'FNL and 1983'FWL**  
**Sec. 31-T37S-R19E**  
**San Juan County, Utah**

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Confidential-Tight Hole

## **KP OPERATIONS CORP**

### **Drilling Program for Hite #1**

#### **Project Overview**

The target formation for the proposed Hite #1 is the Paradox formation. A vertical well will be drilled to TD in the Lower Ismay formation. Anticipated start date of project is January 2013 ending February 2013. Anticipated duration of project from spud to completion is 48 days.

#### **Well Location**

Surface Location: 850'FNL and 1983'FWL  
 Sec. 31-T37S-R19E  
 San Juan County, Utah

Surface Elevation - GL: 6652 GL

Proposed Depth: 2470'

#### **A. Anticipated Geologic Markers**

1) Cedar Mesa	Ground Level(GL)	Potential fresh water
2) Halgaito Shale	1,110'	
3) Hermosa	1,465'	
4) Upper Ismay	2,310'	Oil and gas
5) Lower Ismay	2,440'	Oil and gas

#### **B. Anticipated Water, Oil, Gas and Mineral Resources**

The proposed well will be spud in the Cedar Mesa Formation. Potential fresh water zones include the Cedar Mesa. Potential oil, gas and mineral resources to be encountered in the Ismay formation zone of the Paradox formation, which is a primary hydrocarbon reservoir in the southern Paradox Basin.

<u>Possible Fresh Water Zones</u>	<u>Possible Salt Water Zones</u>	<u>Possible Oil &amp; Gas Zones</u>
Cedar Mesa: GL 000' to 1120'	Upper Ismay: Lower Ismay:	Upper Ismay: Lower Ismay:

All fresh water encountered during drilling will be recorded by depth, cased and cemented.  
 All oil & gas shows will be tested to determine commercial potential.

**KP Operations Corp**  
**Hite #1**  
**850'FNL and 1983'FWL**  
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**San Juan County, Utah**

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**Confidential-Tight Hole****C. Well Pressure Control Equipment and Procedures.**

Blowout preventer equipment (BOPE) as discussed below will be installed and tested prior to drilling of the surface casing shoe and for each subsequent phase of drilling operations. Accumulators will be tested for pre-charge pressure and for holding pressure on the manifold prior to connection to the stack. Annular BOPs if used will be tested on nipple up and every 7 days thereafter, first to 200 psi. to simulate field well control situations, and then to the rated working pressure. Each test will be held for 15 minutes. The choke manifold will be operated and circulated through for kill rate pressures with each change of bottom hole assembly (BHA), but at least daily, using 2 slow pump rates, one at idle and one 10 strokes above that. All BOPE testing will be recorded and a copy of the pressure charts maintained with the tour sheet or drilling log. Refer to pages 10 & 11 for diagram of BOPE and wellhead equipment, such will be rated to at least 3000 psi.

**D. & E. Casing and Cementing Program.****Casing**

Interval	Hole Size	Casing Size	Grade	Weight/ft	Depth
Conductor	17-1/2"	13-3/8"	H-40 STC	40 lb/ft	90 ft
Surface	12-1/4"	9-5/8"	H-40 STC	36 lb/ft	1120 ft
Production	8-3/4"	7"	L-80 LTC	26 lb/ft	2430 ft
Open Hole	6 1/8"	n/a	n/a	n/a	30 ft (2470)

**Cementing**

Interval	Cement Type	Quantity	Yield	Slurry Weight	Additives	Excess
Conductor	Class G/Premium	140 Sacks	1.17	15.8	Poly-E-Flake 2% Cal. Chloride	100%
Surface	Lead/Light Premium	400 Sacks	1.90	12.4	Kol-Seal Poly-E-Flake	50%
	Tail/Class G Premium	170 Sacks	1.17	15.8		
Production	Lead/Light Premium	350 Sacks	1.90	12.4	Kol-Seal Poly-E-Flake	50%
	Tail/50-50 Poz Prem.	160 Sacks	1.32	13.5		
Open Hole	n/a	n/a	n/a	n/a	n/a	n/a

Centralizers : 10 for surface casing, 12 for production casing.

KP Operations Corp  
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850'FNL and 1983'FWL  
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San Juan County, Utah

Confidential-Tight Hole

Spec #A: Wellhead Equipment

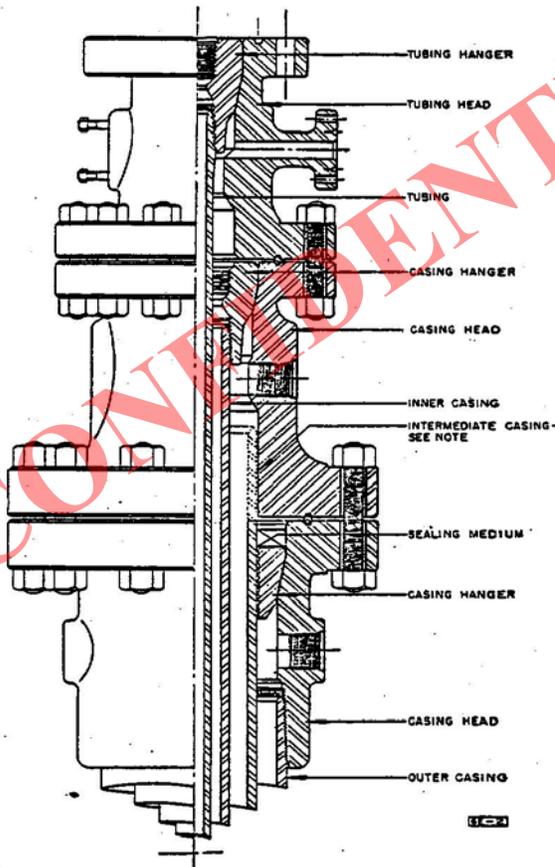


FIG. 1.1B  
TYPICAL WELLHEAD ASSEMBLY

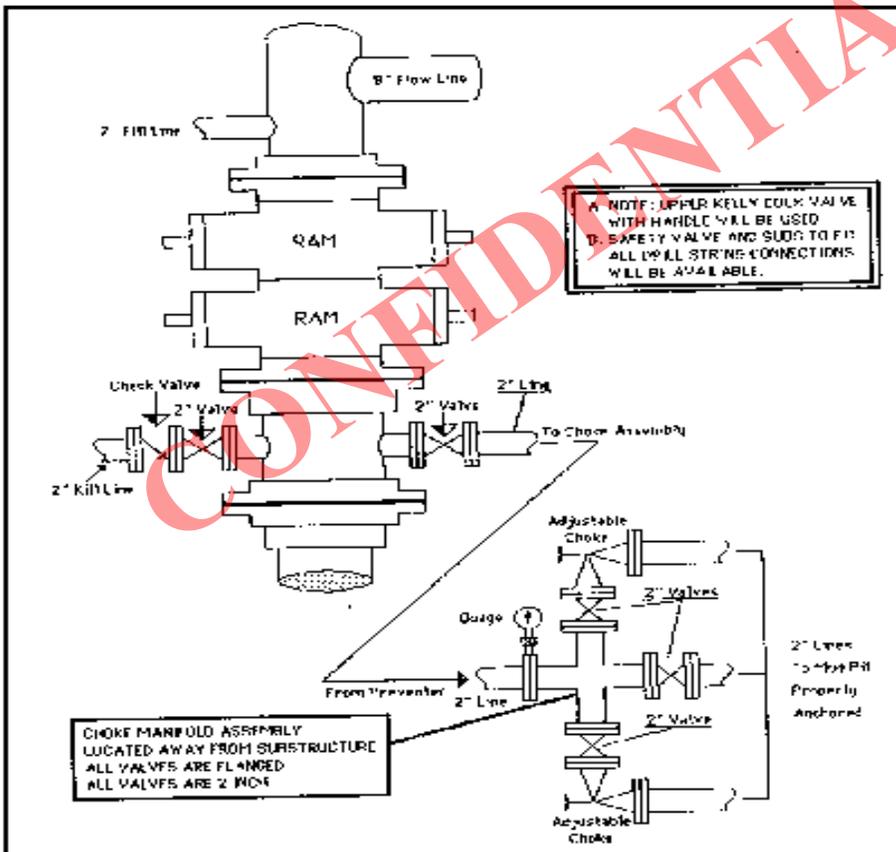
NOTE: End and outlet connections on each piece of equipment are optional with the purchaser. (See Section 2)

NOTE: Intermediate and inner casing string may be cut off flush with the face of the flange of the bottom head or may extend above the face of the flange of the supporting head.

KP Operations Corp  
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 850'FNL and 1983'FWL  
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 San Juan County, Utah

Confidential-Tight Hole

**KP Operations**  
 San Juan CO., Utah  
 1M BOPE - Class 1 BOPE  
 Minimum of 1000 psi Working Pressure



A BOP Stack consisting of either a manual two(2) ram preventer, (double or 2 singles) or a single Hydraulic annular preventer with a minimum of 1000 psi working pressure. The upper ram cavity shall contain pipe rams to fit the drill pipe in use. The lower cavity shall contain blind rams.

The choke and kill manifold shall be minimum 2" in diameter and rated to minimum of 1000#.

TEM - 2006

**BOP and MANIFOLD WILL BE RATED MINIMUM 3000#**

**KP Operations Corp  
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San Juan County, Utah**

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**Confidential-Tight Hole**

**F. Circulating Medium.**

Well will be drilled on air (underbalanced) with a misting unit to control dust, with air hammer bits, tri-cone or PDC bits.

**G. Logging, Testing and Coreing Program.**

No logs, tests or cores are anticipated other than recorded pressures during drilling operations. All information needed has been acquired from Cedar Mesa 1 well drilled 200' north, with using same geologist used on both wells.

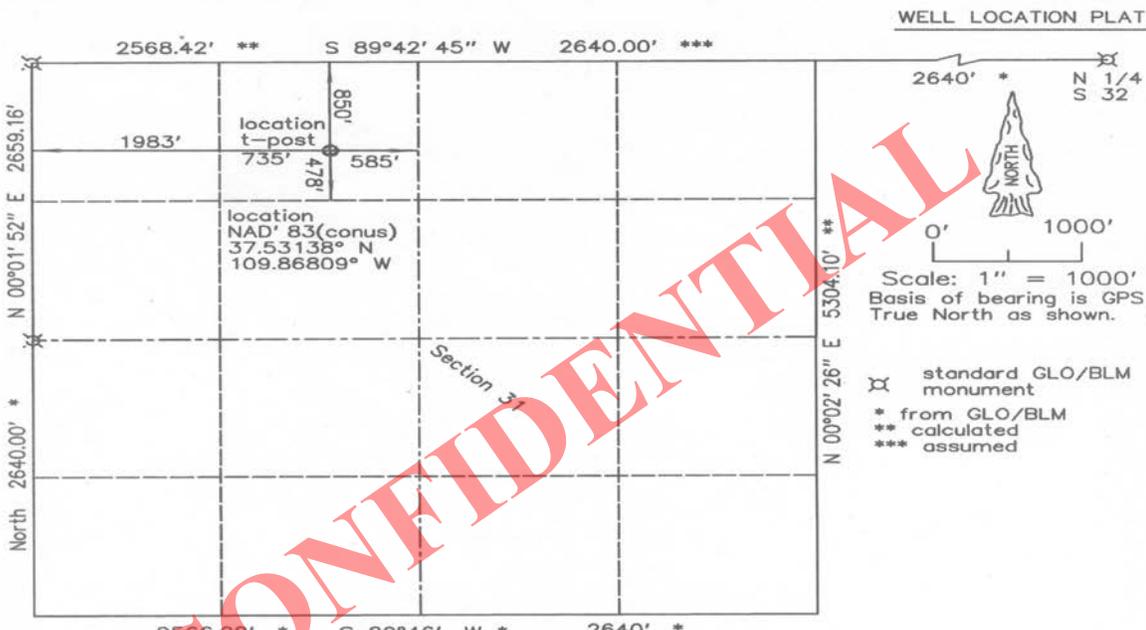
**H. Anticipated Reservoir Pressures and Temperatures.**

The Upper Ismay and Lower Ismay zones are expected to have sub-normal pressure based on information obtained from Cedar Mesa 1 well project and gradient pressures. Anticipated bottom-hole pressure is less than 1500psi. at 2470'.

No Hydrogen Sulfide (H<sub>2</sub>S) is expected or anticipated as per Cedar Mesa 1 well information although gas sniffers, testers and windsocks will be used. A safety program will include measures for dealing with any gas kicks or H<sub>2</sub>S if encountered, but operator and geologist are confident gas kicks will be minute and H<sub>2</sub>S will not be present.

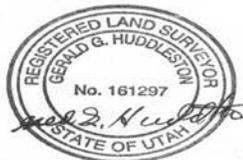
**KP Operations Corp  
Hite #1  
850' FNL and 1983' FWL  
Sec. 31-T37S-R19E  
San Juan County, Utah**

**Confidential-Tight Hole**



K.P. OPERATIONS CORP.  
Hite # 1  
850' FNL & 1983' FWL  
Section 31, T.37 S., R.19 E., SLM  
San Juan County, UT  
6652' grd. el. NAVD '88 (from OPUS)

Notes:  
Distances/dimensions are perpendicular  
to section/aliquot lines.

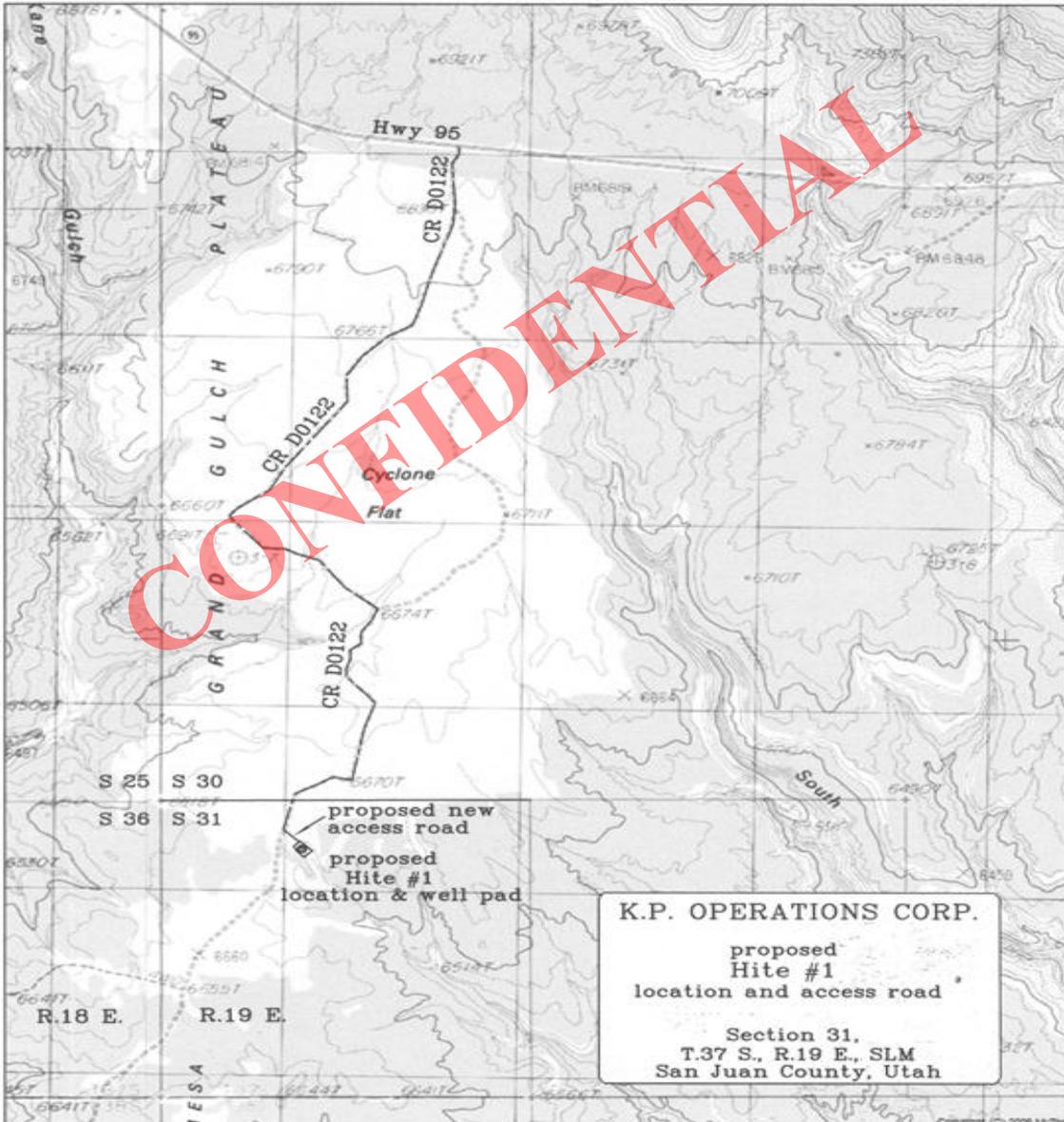


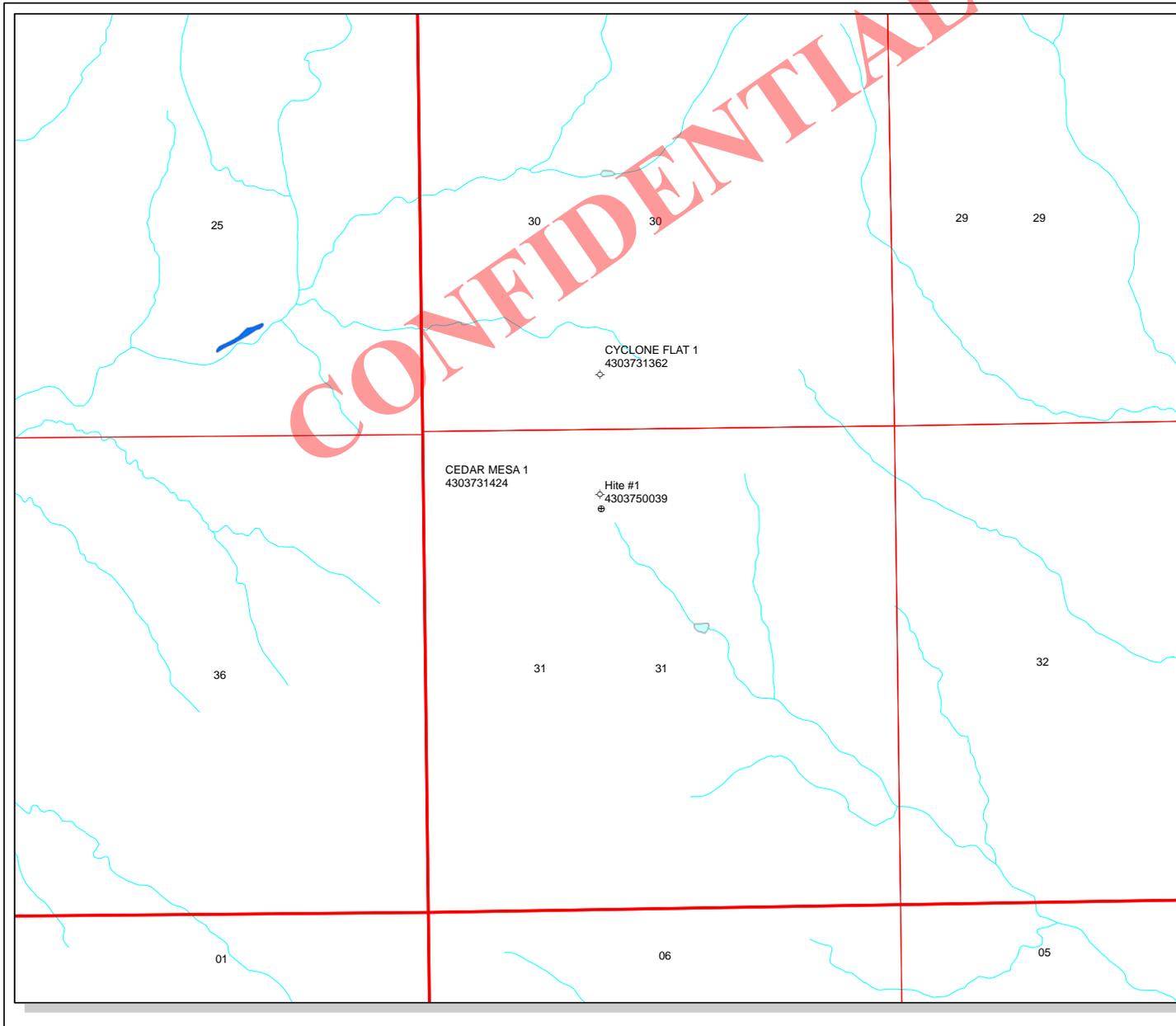
SURVEYORS CERTIFICATE: I, Gerald G. Huddleston, do hereby certify that I am a registered Utah land surveyor holding certificate number 161297 as prescribed under the laws of the State of Utah, and I further certify that under authority of the operator I have surveyed the well location shown hereon and that the same is correct and true to the best of my knowledge and belief. date of survey : 04/19/2012

HUDDLESTON LAND SURVEYING - POD KK, CORTEZ, CO 81321 - 970 565 3330

**KP Operations Corp  
Hite #1  
850'FNL and 1983'FWL  
Sec. 31-T37S-R19E  
San Juan County, Utah**

**Confidential-Tight Hole**

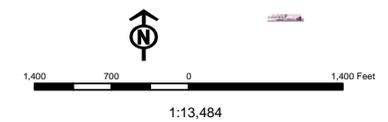




**API Number: 4303750039**  
**Well Name: Hite #1**  
**Township T37.0S Range R19.0E Section 31**  
**Meridian: SLBM**  
 Operator: KP OPERATIONS CORP

Map Prepared:  
 Map Produced by Diana Mason

Units	Wells Query
<b>STATUS</b>	<b>STATUS</b>
ACTIVE	APD - Approved Permit
EXPLORATORY	DRL - Spudded (Drilling Commenced)
GAS STORAGE	GIW - Gas Injection
NF PP OIL	GS - Gas Storage
NF SECONDARY	LOC - New Location
P1 OIL	OPS - Operation Suspended
PP GAS	PA - Plugged Abandoned
PP GEOTHERM.	PGW - Producing Gas Well
PP OIL	POW - Producing Oil Well
SECONDARY	SGW - Shut-in Gas Well
TERMINATED	SOW - Shut-in Oil Well
<b>Fields</b>	TA - Temp. Abandoned
Unknown	TW - Test Well
ABANDONED	WDW - Water Disposal
ACTIVE	WW - Water Injection Well
COMBINED	WSW - Water Supply Well
INACTIVE	Bottom Hole Location - OilGasDb
STORAGE	
TERMINATED	



## WORKSHEET APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 11/19/2012

API NO. ASSIGNED: 43037500390000

WELL NAME: Hite #1

OPERATOR: KP OPERATIONS CORP (N3725)

PHONE NUMBER: 435 459-9401

CONTACT: David Perkins

PROPOSED LOCATION: NENW 31 370S 190E

Permit Tech Review: 

SURFACE: 0850 FNL 1983 FWL

Engineering Review: 

BOTTOM: 0850 FNL 1983 FWL

Geology Review: 

COUNTY: SAN JUAN

LATITUDE: 37.53140

LONGITUDE: -109.86810

UTM SURF EASTINGS: 600008.00

NORTHINGS: 4154427.00

FIELD NAME: WILDCAT

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU 80687

PROPOSED PRODUCING FORMATION(S): ISMAY

SURFACE OWNER: 1 - Federal

COALBED METHANE: NO

## RECEIVED AND/OR REVIEWED:

- PLAT
- Bond: FEDERAL - UTB000521
- Potash
- Oil Shale 190-5
- Oil Shale 190-3
- Oil Shale 190-13
- Water Permit: 09-447
- RDCC Review:
- Fee Surface Agreement
- Intent to Commingle

Commingling Approved

## LOCATION AND SITING:

- R649-2-3.
- Unit:
- R649-3-2. General
- R649-3-3. Exception
- Drilling Unit
- Board Cause No: R649-3-2
- Effective Date:
- Siting:
- R649-3-11. Directional Drill

Comments: Presite Completed

Stipulations: 4 - Federal Approval - dmason  
23 - Spacing - dmason



GARY R. HERBERT  
*Governor*

GREGORY S. BELL  
*Lieutenant Governor*

# State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
*Executive Director*

Division of Oil, Gas and Mining

JOHN R. BAZA  
*Division Director*

## Permit To Drill

\*\*\*\*\*

**Well Name:** Hite #1

**API Well Number:** 43037500390000

**Lease Number:** UTU 80687

**Surface Owner:** FEDERAL

**Approval Date:** 11/26/2012

### Issued to:

KP OPERATIONS CORP, 1777 N Reservoir Rd, Blanding, UT 84511

### Authority:

Pursuant to Utah Code Ann. 40-6-1 et seq., and Utah Administrative Code R649-3-1 et seq., the Utah Division of Oil, Gas and Mining issues conditions of approval, and permit to drill the listed well. This permit is issued in accordance with the requirements of R649-3-2. The expected producing formation or pool is the ISMAY Formation(s), completion into any other zones will require filing a Sundry Notice (Form 9). Completion and commingling of more than one pool will require approval in accordance with R649-3-22.

### Duration:

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date

### General:

Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

### Conditions of Approval:

State approval of this well does not supercede the required federal approval, which must be obtained prior to drilling.

This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

**Notification Requirements:**

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- Within 24 hours following the spudding of the well - contact Carol Daniels at 801-538-5284

(please leave a voicemail message if not available)

OR

submit an electronic sundry notice (pre-registration required) via the Utah Oil & Gas website

at <http://oilgas.ogm.utah.gov>

**Reporting Requirements:**

All reports, forms and submittals as required by the Utah Oil and Gas Conservation General Rules will be promptly filed with the Division of Oil, Gas and Mining, including but not limited to:

- Entity Action Form (Form 6) - due within 5 days of spudding the well
- Monthly Status Report (Form 9) - due by 5th day of the following calendar month
- Requests to Change Plans (Form 9) - due prior to implementation
- Written Notice of Emergency Changes (Form 9) - due within 5 days
- Notice of Operations Suspension or Resumption (Form 9) - due prior to implementation
- Report of Water Encountered (Form 7) - due within 30 days after completion
- Well Completion Report (Form 8) - due within 30 days after completion or plugging

**Approved By:**



For John Rogers  
Associate Director, Oil & Gas

<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	<b>FORM 9</b>
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>  Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.	5. LEASE DESIGNATION AND SERIAL NUMBER: UTU 80687
1. TYPE OF WELL Oil Well	6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
2. NAME OF OPERATOR: KP OPERATIONS CORP	7. UNIT or CA AGREEMENT NAME:
3. ADDRESS OF OPERATOR: 1777 N Reservoir Rd , Blanding, UT, 84511	8. WELL NAME and NUMBER: Hite #1
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0850 FNL 1983 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NENW Section: 31 Township: 37.0S Range: 19.0E Meridian: S	9. API NUMBER: 43037500390000
PHONE NUMBER: 435 453-9401 Ext	9. FIELD and POOL or WILDCAT: WILDCAT
COUNTY: SAN JUAN	STATE: UTAH

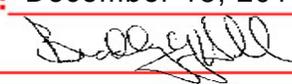
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 11/1/2013	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input checked="" type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER: <input style="width: 100px;" type="text"/>

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

**Approved by the  
Utah Division of  
Oil, Gas and Mining**

**Date:** December 18, 2013

**By:** 

NAME (PLEASE PRINT) David Perkins	PHONE NUMBER 435 459-9401	TITLE President
SIGNATURE N/A	DATE 12/13/2013	



**The Utah Division of Oil, Gas, and Mining**

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

**Request for Permit Extension Validation Well Number 43037500390000**

API: 43037500390000

Well Name: Hite #1

Location: 0850 FNL 1983 FWL QTR NENW SEC 31 TWNP 370S RNG 190E MER S

Company Permit Issued to: KP OPERATIONS CORP

Date Original Permit Issued: 11/26/2012

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision. Following is a checklist of some items related to the application, which should be verified.

- If located on private land, has the ownership changed, if so, has the surface agreement been updated?  Yes  No
- Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?  Yes  No
- Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?  Yes  No
- Have there been any changes to the access route including ownership, or rightof- way, which could affect the proposed location?  Yes  No
- Has the approved source of water for drilling changed?  Yes  No
- Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation?  Yes  No
- Is bonding still in place, which covers this proposed well?  Yes  No

Signature: David Perkins

Date: 12/13/2013

Title: President

Representing: KP OPERATIONS CORP

RESET

**Application for Permit to Drill  
Request for Permit Extension  
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

**API:** 43037500390000  
**Well Name:** Hite#1  
**Location:** 850" fnl 1983" fwl sec.31., T37s R19e slbm, NENW  
**Company Permit Issued to:** KP Operations  
**Date Original Permit Issued:** 11/23/2012

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

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Has the approved source of water for drilling changed? Yes  No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes  No

Is bonding still in place, which covers this proposed well? Yes  No

David Leri  
Signature

11/23/2012  
Date

Title: President

Representing: KP Operations corp

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9	
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>  Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		<b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> UTU 80687	
		<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>	
<b>1. TYPE OF WELL</b> Oil Well		<b>7. UNIT or CA AGREEMENT NAME:</b>	
<b>2. NAME OF OPERATOR:</b> KP OPERATIONS CORP		<b>8. WELL NAME and NUMBER:</b> Hite #1	
<b>3. ADDRESS OF OPERATOR:</b> 1777 N Reservoir Rd , Blanding, UT, 84511		<b>9. API NUMBER:</b> 43037500390000	
<b>PHONE NUMBER:</b> 435 453-9401 Ext		<b>9. FIELD and POOL or WILDCAT:</b> WILDCAT	
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 0850 FNL 1983 FWL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: NENW Section: 31 Township: 37.0S Range: 19.0E Meridian: S		<b>COUNTY:</b> SAN JUAN	
		<b>STATE:</b> UTAH	
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT Approximate date work will start:  <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:  <input checked="" type="checkbox"/> SPUD REPORT Date of Spud: 12/2/2013  <input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> ACIDIZE  <input type="checkbox"/> CHANGE TO PREVIOUS PLANS  <input type="checkbox"/> CHANGE WELL STATUS  <input type="checkbox"/> DEEPEN  <input type="checkbox"/> OPERATOR CHANGE  <input type="checkbox"/> PRODUCTION START OR RESUME  <input type="checkbox"/> REPERFORATE CURRENT FORMATION  <input type="checkbox"/> TUBING REPAIR  <input type="checkbox"/> WATER SHUTOFF  <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING  <input type="checkbox"/> CHANGE TUBING  <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS  <input type="checkbox"/> FRACTURE TREAT  <input type="checkbox"/> PLUG AND ABANDON  <input type="checkbox"/> RECLAMATION OF WELL SITE  <input type="checkbox"/> SIDETRACK TO REPAIR WELL  <input type="checkbox"/> VENT OR FLARE  <input type="checkbox"/> SI TA STATUS EXTENSION  <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR  <input type="checkbox"/> CHANGE WELL NAME  <input type="checkbox"/> CONVERT WELL TYPE  <input type="checkbox"/> NEW CONSTRUCTION  <input type="checkbox"/> PLUG BACK  <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION  <input type="checkbox"/> TEMPORARY ABANDON  <input type="checkbox"/> WATER DISPOSAL  <input type="checkbox"/> APD EXTENSION  OTHER: <input style="width: 100px;" type="text"/>
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.			
Well spudded on 12/02/2013			
<b>Accepted by the Utah Division of Oil, Gas and Mining FOR RECORD ONLY October 01, 2014</b>			
<b>NAME (PLEASE PRINT)</b> David Perkins		<b>PHONE NUMBER</b> 435 459-9401	<b>TITLE</b> President
<b>SIGNATURE</b> N/A		<b>DATE</b> 10/1/2014	

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9	
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completion is on going. Current TD is 2609' ran 20' of 10.75" H40 40.5# casing ran 1120' of 7" J55 20# casing Ran 2651' of 4.5" J55 11.6# See attachment A			
<b>Accepted by the Utah Division of Oil, Gas and Mining FOR RECORD ONLY October 01, 2014</b>			
<b>NAME (PLEASE PRINT)</b> David Perkins	<b>PHONE NUMBER</b> 435 459-9401	<b>TITLE</b> President	
<b>SIGNATURE</b> N/A		<b>DATE</b> 10/1/2014	

Attachment for Hite #1

7/31/14

- Dec. 2<sup>nd</sup> Rig up GD 1500 drill down 20 ft set 10 ¾ conductor casing cement back to surface
- Dec. 5<sup>th</sup> Set dead men, Rig up Wildcat rig
- Dec. 6<sup>th</sup> Spot in support equipment, rig up flow lines & bleed off lines
- Dec. 7<sup>th</sup> Trip collars in hole, rigged up swivel and prepped to start making hole 8 ¾ PDC
- Dec. 8<sup>th</sup> Rig up RH drilled down 1 JT and SDFN
- Dec. 9<sup>th</sup> Drilled down 5 JTS to 536' drained lines SDFN
- Dec. 10<sup>th</sup> Rigged up double stiff arm on swivel, drilled 4 JTS to 661' circulated hole clean, water delivered 1 load to reserve pit
- Dec. 11<sup>th</sup> Drilled down 250' to 911' swivel broke down, trucked new one in and SDFN
- Dec. 12<sup>th</sup> Drilled down 214' to 1125' for surface casing circulate well trip out 8 JTS and wait on casing
- Dec. 16<sup>th</sup> POOH w/DP & collars, removed RH. Tallied 29 JTS of 7" 20# J55 CSG hauled 3 loads of water
- Dec. 17<sup>th</sup> Rigged up Weatherford CSG crew RIH w/ 27 JTS of 7" 20# J55 CSG tagged bottom @ 1125' PU set slips RD Weatherford, rig up Haliburton cement per spec, cement to surface end of shoe 1120' from surface
- Dec. 18<sup>th</sup> Rigged up new wellhead and BOP stack
- Dec. 19<sup>th</sup> BOP test failed due to leaky groove ring, order new set of BOP's
- Dec. 20<sup>th</sup> Installed new BOP's, test successful. Noticed well head wasn't level, rig down BOP's, dig cellar out and cut off well head, sent off for repair.
- Dec 21<sup>st</sup> Well head in Grand Junction to be fixed
- Dec. 22<sup>nd</sup> Reweld well head and pressure test
- Dec. 23<sup>rd</sup> BOP nipple up and pressure test to 1900# hold for 30 mins. No bleed off
- Dec. 24<sup>th</sup> Need sundry approved
- Dec. 25<sup>th</sup> Need sundry approved
- Dec. 26<sup>th</sup> Sundry approved to commence drilling out cement shoe
- Dec. 27<sup>th</sup> Drill shoe out and drill to APX 1300' shut down

- Dec. 28<sup>th</sup> 1300' to 1440' 1440' to 1617.03
- Dec. 29<sup>th</sup> Drill from 1617' to 1832'
- Dec. 30<sup>th</sup> Drill from 1832' to 2018'
- Dec. 31<sup>st</sup> Drill from 2018' to 2242'
- Jan. 1<sup>st</sup> Drill from 2242' to 2368' tested zone for production
- Jan. 2<sup>nd</sup> Drill from 2368' to 2478' shut down to let formation build a static
- Jan. 3<sup>rd</sup> Drill from 2478' to 2505'
- Jan. 4<sup>th</sup> Meet w/ Geologist to go over possible risks of going deeper to check lower shows
- Jan. 5<sup>th</sup>-7<sup>th</sup> Geologist checking and testing samples from drilling to pin point oil shows apply for sundry notice on Jan. 6<sup>th</sup> to deepen well to the Akah
- Jan. 7<sup>th</sup> Blew well and recovered oil, cut water, slight sheen on pit
- Jan. 8<sup>th</sup> Blew well down and recovered black brine water, drill from 2505 to 2554 TD in chimney rock
- Jan. 16<sup>th</sup> Set casing 4.5" 16# to 2651 with stage tool
- Jan. 17<sup>th</sup> Cement casing using Haliburton
- Jan. 18<sup>th</sup> Drill out pump down plug and stage tool new plug back 2609
- Jan. 29<sup>th</sup> RMWS cement bond log and perf zones 2455 to 2467 & 2545 to 55'
- Jan 29<sup>th</sup> Swab water back and no shows of oil
- Feb. 6<sup>th</sup> RMWS perf from 2467 to 2479 & 2505 to 2595' kick registered on 2585-95 blast. Swab back water with no shows of oil, rig down until further info is noted
- June 26<sup>th</sup> Jet west perf 2450 to 2455 then Gasgun zone 2450 to 2460, swab water back no noticeable up tick in water or oil productions.

David Lewis