

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

257794
APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | | |
|--|-------------------------------------|--|
| ¹ Operator Name and Address Kodiak Petroleum (Montana), Inc. Suite 460, 734-7 th Ave. SW, Calgary, Alberta, Canada, T2P3P8 | | ² OGRID Number 250434 |
| ³ Property Code 370145 | ³ Property Name SOFIA | ³ API Number 30 - 059-20488 |
| ⁹ Proposed Pool 1 GLORIETA | | ¹⁰ Proposed Pool 2 YESO |

⁷ Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| C | 20 | 26N | 30E | | 282' | North | 1682' | West | UNION |

⁸ Proposed Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

Additional Well Information

| | | | | |
|--|---------------------------------------|--|---|---|
| ¹¹ Work Type Code N | ¹² Well Type Code C | ¹³ Cable/Rotary R | ¹⁴ Lease Type Code Private | ¹⁵ Ground Level Elevation 6200' |
| ¹⁶ Multiple N | ¹⁷ Proposed Depth 2086' | ¹⁸ Formation Yeso | ¹⁹ Contractor Scorpion Drilling | ²⁰ Spud Date End of February |
| Depth to Groundwater: Max depth to water from NM office of state engineer report is 275' | | Distance from nearest fresh water well: 3280' | | Distance from nearest surface water: No surface water found within 4000' |
| Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 mils thick Clay <input type="checkbox"/> Pit Volume: 500 bbls Drilling Method: Closed-Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input checked="" type="checkbox"/> | | | | |

²¹ Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|---------------|-----------------|---------------|
| 9.875 | 7 | 17 | 350 | 125 | surface |
| 6.25 | 4.5 | 9.5 | 2086 | 225 | surface |
| | | | | | |
| | | | | | |

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

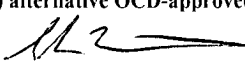
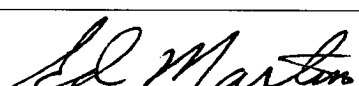
Drill new well to evaluate the Glorieta and Yeso formations. Drill surface hole with fresh water using some bentonite if needed for hole stability. Run surface casing and cement to surface. Air drill main hole to TD. Run production casing and cement to surface.

BOP Program:
2000 pound double ram BOP system with nitrogen backup rented from Weatherford.
RBOP and blooie line used for air drilling main hole.

COLLECT AND SACK SAMPLES FOR
NEW MEXICO BUREAU OF MINES, SOCORRO
AT AT LEAST TEN FOOT INTERVALS

Please keep this well licence classified for 90 days.

OIL CONSERVATION COMMISSION TO BE NOTIFIED
WITHIN 24 HOURS OF BEGINNING OPERATIONS

| | | |
|--|---|--|
| ²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . | OIL CONSERVATION DIVISION | |
| Signature:  | Approved by:  | |
| Printed name: Glenn Watt | Title: DISTRICT SUPERVISOR | |
| Title: V.P. Operations | Approval Date: 2/22/08 | Expiration Date: 2/22/10 |
| E-mail Address: g.watt@kodiakpetroleum.com | | |
| Date: February 4, 2008 | Phone: 403-262-8044 | Conditions of Approval Attached <input type="checkbox"/> |

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240.

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised October 12, 2005

DISTRICT II
1301 W. Grand Avenue, Artesia, N.M. 88210

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|---|---------------------------------------|------------|---------------------|
| *API Number 30-059-20488 | | *Pool Code | *Pool Name |
| *Property Code 370145 | *Property Name SOFIA | | *Well Number 4 |
| *OGRID No. 257794 250434 | *Operator Name KODIAK ENERGY, INC. | | *Elevation 6200' |

10 Surface Location.

| | | | | | | | | | |
|---------------|---------|----------|-------|----------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot Idn. | Feet from the | North/South line | Feet from the | East/West line | County |
| C | 20 | 26N | 30E | | 282' | NORTH | 1682' | WEST | UNION |

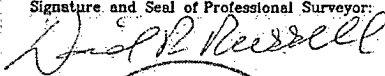

¹¹ Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|

| | | | |
|-------------------------------|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. |
|-------------------------------|-------------------------------|----------------------------------|-------------------------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16

| | | | |
|------------------------------|--|-----------|--|
| CALC: S 89°58'00" W 1682' | 282' 2648.25' (R&M) LAT. 36.48014' N LONG. 103.76965' W DATUM: (NAD 1983) | FND STONE | 17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge, and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner or a compulsory pooling order heretofore entered by the division. Signature _____ Date _____ Printed Name _____ |
| 5280.00' (R&M) | 20 | | 18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. DECEMBER 17, 2007 Date of Survey Signature and Seal of Professional Surveyor:   DAVID RUSSELL Certificate Number 10201 |
| CALC: N 0°00'00" E | | | |