Peterson Energy Operating, Inc.
Timnath Project Presentation

January 8, 2015
Peterson Energy Operating, Inc.

Company History

• Headquartered in Loveland
• Family owned
• 20 year operating history
• Licensed and bonded in CO, WY, NE
• 60 producing wells
Peterson Energy Operating, Inc.

Project Overview and Well Construction
View from Bethke School, looking northeast to pad site
Scale 1 cm = 200 ft

Surface 11.38 N 72.22 E

AKAE 42-1 - T1
AKAE 42-1 - T2

8 5/8in Surface Casing
3DS Kick off Point - 0.00 Inc, 1000.00 MD, 1000.00 TVD, -0.00 VS

End of Build - 9.73 Inc, 1486.54 MD, 1484.20 TVD, 41.22 VS

End of Hold - 9.73 Inc, 6084.28 MD, 6015.80 TVD, 818.32 VS

S/C Kick off Point - 0.00 Inc, 6570.82 MD, 6500.00 TVD, 859.53 VS

4 1/2in Production Casing
T.D. & End of Hold - 7100.00 TVD, 808.94 S 181.23 W

Created By: John Doe
Date Plotted: 24-Oct-2014
Plot Reference is AKAE 42-1 (PWB).
Ref wellpath is AKAE 42-1 (PWB). The coordinates are in Feet reference Installation Centre.
True Vertical Depths are reference Rig Datum. Measured Depths are reference Rig Datum.
Rig Datum: Planned Datum #1
Rig Datum to Mean Sea Level: 4883.40 ft
Plot North is aligned to GRID North.
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Project Timing
Multiple Phases of Oil and Gas Operations

- Permitting: Operator applies to COGCC for Permit to Drill (includes local government and nearby neighborhood notification and consultation): 3-6 months

- Surface Location Construction: (one week)

- Drilling: (6 days per well)

- Production Facility Construction: (tank battery): (1-2 weeks)

- Frac Prep: (3-4 days)

- Hydraulic fracturing: (1 day per well)

- Production: (20 years)
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Company Safety Record Review

• 20 year operating history
• Numerous Inspections
• Two minor violations in past 24 months
• Nine older facilities with “Action Required”
• No citations for significant environmental issues
<table>
<thead>
<tr>
<th>Inspection Date</th>
<th>Well Name</th>
<th>Inspect. Name</th>
<th>Overall Inspection Status</th>
<th>Violation Status (Y/N)</th>
<th>Inspection Status</th>
<th>Date of Resolution</th>
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</thead>
<tbody>
<tr>
<td>03/18/2014</td>
<td>Rasmussen 1</td>
<td>SI</td>
<td>Violation</td>
<td>Y</td>
<td>Need MIT, new wellsign</td>
<td>6/13/2014</td>
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<tr>
<td>03/18/2014</td>
<td>Rasmussen 3</td>
<td>SI</td>
<td>Violation</td>
<td>Y</td>
<td>Need MIT</td>
<td>6/13/2014</td>
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<tr>
<td>11/07/2014</td>
<td>Cimyotte</td>
<td>PR</td>
<td>Action Required</td>
<td>N</td>
<td>Missing signs, clean up site</td>
<td>12/23/2014</td>
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<tr>
<td>06/27/2014</td>
<td>Anselmi</td>
<td>PA</td>
<td>Action Required</td>
<td>N</td>
<td>Finish reclaiming location</td>
<td>Nov-14</td>
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<tr>
<td>06/05/2014</td>
<td>Mapelli</td>
<td>SI</td>
<td>Action Required</td>
<td>N</td>
<td>Repaint tanks, weeds on road</td>
<td>12/1/2014</td>
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<tr>
<td>03/28/2014</td>
<td>MFM Farms</td>
<td>SI</td>
<td>Action Required</td>
<td>N</td>
<td>Missing signs, clean up site</td>
<td>6/10/2014</td>
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<td>03/18/2014</td>
<td>Rasmussen 2</td>
<td>PR</td>
<td>Action Required</td>
<td>N</td>
<td>Missing signs, paint tanks</td>
<td>6/13/2014</td>
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<tr>
<td>07/30/2013</td>
<td>Knowlton #13</td>
<td>AC</td>
<td>Action Required</td>
<td>N</td>
<td>Bring production reports up to date</td>
<td>Aug-13</td>
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<tr>
<td>07/01/2013</td>
<td>Dowdy #1</td>
<td>SI</td>
<td>Action Required</td>
<td>N</td>
<td>Install signs, cut weeds</td>
<td>Jul-13</td>
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<tr>
<td>06/14/2013</td>
<td>Burkhardt-Seltzer #2</td>
<td>PA</td>
<td>Action Required</td>
<td>N</td>
<td>Riser left on location, not Peterson's</td>
<td>Jul-13</td>
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<tr>
<td>06/14/2013</td>
<td>Burkhardt #2</td>
<td>PA</td>
<td>Action Required</td>
<td>N</td>
<td>Finish reclaiming location</td>
<td>checking</td>
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<tr>
<td>06/08/2014</td>
<td>Knowlton 5</td>
<td>Satisfactory</td>
<td></td>
<td>N</td>
<td>Missing signs, clean up site</td>
<td>7/24/2014</td>
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<tr>
<td>02/18/2014</td>
<td>Anselmi #1</td>
<td>FR</td>
<td>Satisfactory</td>
<td>N</td>
<td>Road washed out from flood</td>
<td>Nov-14</td>
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</tbody>
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Review of Peterson Energy’s newer facilities

• 392 Ventures Pad
  • 16 wells approved
  • 11 wells drilled to date
  • In Town of Windsor boundaries
  • Drilled in 2011
  • 1400’ from Windsor Academy K-8 school
  • No Violations or “Action Required” inspections

• RBF Minerals Pad
  • 6 wells approved and drilled
  • In Town of Windsor boundaries
  • Drilled in 2010
  • 500’ from houses in Peakview Estates subdivision
  • No Violations or “Action Required” inspections
  • Trees on landscape berms have required replanting
6 well RBF Pad
HWY 257 & 392, Peakview Estates Subdivision
Peterson Energy Operating, Inc.

Mitigation Efforts

• Public discussions
• Moving the site
• Additional surface casing
• MOU with Timnath
• Noise barriers
• Low profile equipment
• Emissions control equipment
• Emissions monitoring
Peterson Energy Contact Information:

• Office Phone: 970-669-7411  
  Address: 2154 West Eisenhower Blvd., Loveland, 80537

• Andy Peterson’s cell phone: 970-203-4263

• website: www.petersonenergyoperating.com
Takeaways:

Peterson Energy is:

• Safe
• Reliable
• A Good Neighbor