



For KCC Use:

Effective Date: \_\_\_\_\_

District # \_\_\_\_\_

SGA?  Yes  No

KANSAS CORPORATION COMMISSION 1019286  
OIL & GAS CONSERVATION DIVISION

Form C-1

October 2007

Form must be Typed  
Form must be Signed  
All blanks must be Filled

NOTICE OF INTENT TO DRILL

Must be approved by KCC five (5) days prior to commencing well

Expected Spud Date: \_\_\_\_\_  
month day year

OPERATOR: License# \_\_\_\_\_

Name: \_\_\_\_\_

Address 1: \_\_\_\_\_

Address 2: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_\_\_\_\_

Contact Person: \_\_\_\_\_

Phone: \_\_\_\_\_

CONTRACTOR: License# \_\_\_\_\_

Name: \_\_\_\_\_

Well Drilled For:

- |   |                                   |                                    |                                     |
|---|-----------------------------------|------------------------------------|-------------------------------------|
| <input type="checkbox"/> Oil                        | <input type="checkbox"/> Enh Rec  | <input type="checkbox"/> Infield   | <input type="checkbox"/> Mud Rotary |
| <input type="checkbox"/> Gas                        | <input type="checkbox"/> Storage  | <input type="checkbox"/> Pool Ext. | <input type="checkbox"/> Air Rotary |
| <input type="checkbox"/> Seismic ; _____ # of Holes | <input type="checkbox"/> Disposal | <input type="checkbox"/> Wildcat   | <input type="checkbox"/> Cable      |
| <input type="checkbox"/> Other: _____               | <input type="checkbox"/> Other    |                                    |                                     |

If OWWO: old well information as follows:

Operator: \_\_\_\_\_

Well Name: \_\_\_\_\_

Original Completion Date: \_\_\_\_\_ Original Total Depth: \_\_\_\_\_

Directional, Deviated or Horizontal wellbore?  Yes  No

If Yes, true vertical depth: \_\_\_\_\_

Bottom Hole Location: \_\_\_\_\_

KCC DKT #: \_\_\_\_\_

Spot Description: \_\_\_\_\_

\_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ Sec. \_\_\_\_\_ Twp. \_\_\_\_\_ S. R. \_\_\_\_\_  E  W  
(000/00)

\_\_\_\_\_ feet from  N /  S Line of Section  
\_\_\_\_\_ feet from  E /  W Line of Section

Is SECTION:  Regular  Irregular?

(Note: Locate well on the Section Plat on reverse side)

County: \_\_\_\_\_

Lease Name: \_\_\_\_\_ Well #: \_\_\_\_\_

Field Name: \_\_\_\_\_

Is this a Prorated / Spaced Field?  Yes  No

Target Formation(s): \_\_\_\_\_

Nearest Lease or unit boundary line (in footage): \_\_\_\_\_

Ground Surface Elevation: \_\_\_\_\_ feet MSL

Water well within one-quarter mile:  Yes  No

Public water supply well within one mile:  Yes  No

Depth to bottom of fresh water: \_\_\_\_\_

Depth to bottom of usable water: \_\_\_\_\_

Surface Pipe by Alternate:  I  II

Length of Surface Pipe Planned to be set: \_\_\_\_\_

Length of Conductor Pipe (if any): \_\_\_\_\_

Projected Total Depth: \_\_\_\_\_

Formation at Total Depth: \_\_\_\_\_

Water Source for Drilling Operations:

Well  Farm Pond Other: \_\_\_\_\_

DWR Permit #: \_\_\_\_\_

(Note: Apply for Permit with DWR  )

Will Cores be taken?  Yes  No

If Yes, proposed zone: \_\_\_\_\_

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq.

It is agreed that the following minimum requirements will be met:

1. Notify the appropriate district office **prior** to spudding of well;
2. A copy of the approved notice of intent to drill **shall be** posted on each drilling rig;
3. The minimum amount of surface pipe as specified below **shall be set** by circulating cement to the top; in all cases surface pipe **shall be set** through all unconsolidated materials plus a minimum of 20 feet into the underlying formation.
4. If the well is dry hole, an agreement between the operator and the district office on plug length and placement is necessary **prior to plugging**;
5. The appropriate district office will be notified before well is either plugged or production casing is cemented in;
6. If an ALTERNATE II COMPLETION, production pipe shall be cemented from below any usable water to surface within **120 DAYS** of spud date. Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC District 3 area, alternate II cementing must be completed within 30 days of the spud date or the well shall be plugged. **In all cases, NOTIFY district office** prior to any cementing.

Submitted Electronically

**For KCC Use ONLY**

API # 15 - \_\_\_\_\_

Conductor pipe required \_\_\_\_\_ feet

Minimum surface pipe required \_\_\_\_\_ feet per ALT. I II

Approved by: \_\_\_\_\_

**This authorization expires:** \_\_\_\_\_  
(This authorization void if drilling not started within 12 months of approval date.)

Spud date: \_\_\_\_\_ Agent: \_\_\_\_\_

Remember to:

- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spud date;
- File acreage attribution plat according to field proration orders;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CP-4) after plugging is completed (within 60 days);
- Obtain written approval before disposing or injecting salt water.
- If this permit has expired (See: authorized expiration date) please check the box below and return to the address below.

Well Not Drilled - Permit Expired Date: \_\_\_\_\_  
Signature of Operator or Agent: \_\_\_\_\_



1019286

**IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW**

*Plat of acreage attributable to a well in a prorated or spaced field*

**If the intended well is in a prorated or spaced field, please fully complete this side of the form.** If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please show all the wells and within 1 mile of the boundaries of the proposed acreage attribution unit for gas wells and within 1/2 mile of the boundaries of the proposed acreage attribution unit for oil wells.

API No. 15 - \_\_\_\_\_

Operator: \_\_\_\_\_

Lease: \_\_\_\_\_

Well Number: \_\_\_\_\_

Field: \_\_\_\_\_

Number of Acres attributable to well: \_\_\_\_\_

QTR/QTR/QTR/QTR of acreage: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

Location of Well: County: \_\_\_\_\_

\_\_\_\_\_ feet from  N /  S Line of Section

\_\_\_\_\_ feet from  E /  W Line of Section

Sec. \_\_\_\_\_ Twp. \_\_\_\_\_ S. R. \_\_\_\_\_  E  W

Is Section:  Regular or  Irregular

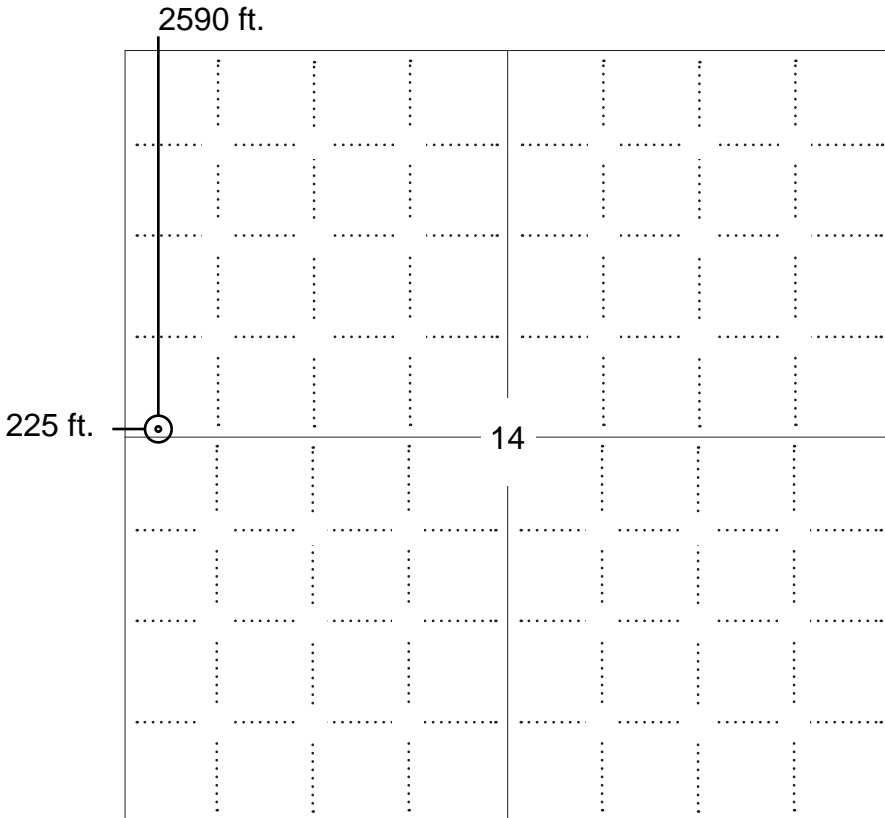
**If Section is Irregular, locate well from nearest corner boundary.**

Section corner used:  NE  NW  SE  SW

**PLAT**

*(Show location of the well and shade attributable acreage for prorated or spaced wells.)*

*(Show footage to the nearest lease or unit boundary line.)*



**NOTE: In all cases locate the spot of the proposed drilling location.**

**In plotting the proposed location of the well, you must show:**

1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the south / north and east / west outside section lines.
3. The distance to the nearest lease or unit boundary line (in footage).
4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (C0-7 for oil wells; CG-8 for gas wells).



KANSAS CORPORATION COMMISSION 1019286  
OIL & GAS CONSERVATION DIVISION

Form CDP-1  
April 2004  
Form must be Typed

**APPLICATION FOR SURFACE PIT**

*Submit in Duplicate*

|   |  |  |  |
|---|--|--|--|
| Operator Name: _____  |  | License Number: _____  |  |
| Operator Address: _____   |  |  |  |
| Contact Person: _____   |  | Phone Number: _____  |  |
| Lease Name & Well No.: _____  |  | Pit Location (QQQQ):<br>_____ - _____ - _____ - _____  |  |
| Type of Pit:<br><input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit<br><input type="checkbox"/> Settling Pit <input type="checkbox"/> Drilling Pit<br><input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit<br><i>(If WP Supply API No. or Year Drilled)</i>             |  | Pit is:<br><input type="checkbox"/> Proposed <input type="checkbox"/> Existing<br>If Existing, date constructed:<br>_____<br>Pit capacity:<br>_____ (bbls)   |  |
| Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input type="checkbox"/> No   |  | Chloride concentration: _____ mg/l<br><i>(For Emergency Pits and Settling Pits only)</i>   |  |
| Is the bottom below ground level?<br><input type="checkbox"/> Yes <input type="checkbox"/> No   |  | Artificial Liner?<br><input type="checkbox"/> Yes <input type="checkbox"/> No  |  |
| How is the pit lined if a plastic liner is not used?  |  | _____  |  |
| Pit dimensions (all but working pits): _____ Length (feet)    _____ Width (feet)    _____ N/A: Steel Pits<br>Depth from ground level to deepest point: _____ (feet)    _____ No Pit   |  |  |  |
| If the pit is lined give a brief description of the liner material, thickness and installation procedure.   |  | Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.  |  |
| Distance to nearest water well within one-mile of pit<br>_____ feet    Depth of water well _____ feet   |  | Depth to shallowest fresh water _____ feet.<br>Source of information:<br>_____ measured    _____ well owner    _____ electric log    _____ KDWR  |  |
| <b>Emergency, Settling and Burn Pits ONLY:</b><br>Producing Formation: _____<br>Number of producing wells on lease: _____<br>Barrels of fluid produced daily: _____<br>Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No |  | <b>Drilling, Workover and Haul-Off Pits ONLY:</b><br>Type of material utilized in drilling/workover: _____<br>Number of working pits to be utilized: _____<br>Abandonment procedure: _____<br>_____<br>Drill pits must be closed within 365 days of spud date. |  |
| Submitted Electronically  |  |  |  |

|                            |                      |                    |  |      |
|----------------------------|----------------------|--------------------|--|------|
| <b>KCC OFFICE USE ONLY</b> |                      | Steel Pit          | RFAC   | RFAS |
| Date Received: _____       | Permit Number: _____ | Permit Date: _____ | Lease Inspection: <input type="checkbox"/> Yes <input type="checkbox"/> No |      |

J. Fred Hambright, Inc.  
125 North Market, Suite 1415  
Wichita, Kansas 67202  
Form 88 - (Producers Modified)  
Plus (C&S GAS)

# OIL AND GAS LEASE

✓ \$8.00 LEASE  
19 MAR 1999 10:12:55 AM Receipt #139  
STATE OF KANSAS MONTGOMERY COUNTY  
RECORDED BOOK PAGE  
JEANNE EASTMAN, REGISTER OF DEEDS

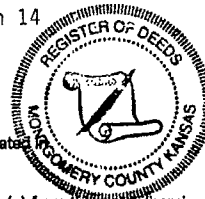
AGREEMENT, Made and entered into this 11th day of December, 1998, by and between BOOK 481 PAGE 163  
Charles Hinthorn and Barbara A. Hinthorn,, husband and wife

hereinafter called Lessor (whether one or more), and Colt Energy, Inc., P.O. Box 388, Iola, Kansas 66749 hereinafter called Lessee.

**WITNESSETH:**

1. **GRANT.** That the Lessor, for and in consideration of the sum of TEN AND MORE DOLLARS (\$10.00) and other good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, and of the covenants and agreements hereinafter contained, does hereby grant, demise, lease and let unto said Lessee, exclusively, its successors and assigns, the following described land for the purpose of conducting geological, geophysical and other exploratory work, including drilling, mining and operating for, producing, saving, storing and marketing the oil and all gas of whatsoever nature or kind including but not limited to coalbed gas, shale gas or casinghead gas and all other hydrocarbons and their respective constituent products, and the exclusive right of injecting gas, air, water, brine and other fluids and substances into the subsurface strata, and constructing roads, laying pipe lines, electric lines and other utilities, building tanks and erecting other structures thereon, necessary or convenient to produce, save and take care of, treat, dewatering any gas formations and market said substances and products, all that certain tract of land together with any reversionary rights and after-acquired interests therein, described as follows:

The S/2NW/4; SW/4 North of the Railroad and the E/2SW/4 of Section 14  
and  
The West 1056' of the NW/4SW/4 of  
Section 22 Township 32S Range 16E, containing 200 acres more or less located  
the County of MONTGOMERY State of KANSAS



2. **PRIMARY TERM.** It is agreed that this Lease shall remain in full force for a term of FOUR AND A HALF (4 1/2) year(s) from this date, (herein called "primary term"), and as long thereafter as oil or gas, or any of the substances covered by this lease, is produced from said land by the Lessee, or the premises are being developed or operated.

3. **ROYALTY.** Lessee agrees to pay Lessor a royalty on this Lease as follows:

(A) Lessee shall deliver to the credit of Lessor as royalty, free of costs of production, storage or treatment on the leased premises, into the pipe line or storage tanks to which lessee may connect its wells, the equal ONE-EIGHTH (1/8) part of all oil produced, saved and marketed from the leased premises.

(B) Lessee shall pay to Lessor as royalty on all gas of whatsoever nature or kind, including but not limited to coalbed gas, shale gas or casinghead gas, liquid hydrocarbons and their respective constituent elements or other gaseous substances ("Gas"), produced and marketed from the leased premises ONE-EIGHTH (1/8) of the proceeds paid by the purchaser at the point of sale or delivery.

(C) Lessee shall pay to Lessor ONE-EIGHTH (1/8) of the proceeds from the sale of all other products of oil and gas not otherwise referred to herein.

(D) Where Gas from a well capable of producing Gas (or from a well in which dewatering operations have commenced), is not sold or used after the expiration of the Primary Term, Lessee shall pay as royalty to Lessor ONE DOLLAR (\$1.00) per year per net mineral acre, such payment or tender to be made on or before the anniversary date of this Lease next ensuing after the expiration of 90 days from the date such well is shut in or dewatering operations are commenced and thereafter on or before the anniversary date of this lease during the period such well is shut in or dewatering operations are being conducted. Upon such payment this lease shall remain in full force and effect.

4. **RENTAL.** If operations to drill a well, or to rework or recomplete an existing well, if any, for oil or gas of whatsoever nature or kind are not commenced on said land on or before the expiration of six (6) months from the date of this Lease, this Lease shall terminate as to both parties, unless the Lessee shall on or before said expiration date pay or tender to the Lessor, or to the Lessor's credit in The Citizens Bank at Independence, Kansas 67301

or its successors, which Depository Bank and its successors shall be the Lessor's agent for the purpose of receiving funds payable to Lessor under this Lease, the sum of FIVE DOLLARS (\$5.00) per year per net mineral acre, hereinafter called "rental", which shall operate as rental and cover the privilege of deferring the commencement of such operations for a period of TWELVE (12) months from said expiration date. Thereafter, annually, in like manner and upon like payments or tenders the commencement of operations may be further deferred for periods of TWELVE (12) months each during the primary term. Said Depository Bank shall continue as depository of any and all sums payable to Lessor under this Lease regardless of change of ownership of said land, or in the oil and gas or in the rentals or royalties accrued hereunder. All payments or tenders may be made by check or draft of Lessee or Lessee's agent, mailed or delivered on or before the delay rental due date, either directly to the Lessor, or to said Depository Bank; and it is understood and agreed that the consideration first recited herein, the down payment (lease bonus) for this Lease, covers not only the privileges granted to the date when said first rental is payable as aforesaid, but also the Lessee's option of extending that period as aforesaid and any and all other rights conferred herein. Notwithstanding the death of Lessor, the payment or tender of rentals in the manner herein provided for shall be binding on the heirs, devisees, executors, administrators, and legal representatives of such persons. If at any time during the primary term of this Lease the Lessee drills a dry hole or holes on the leased premises, or production ceases for any reason, this Lease shall not terminate, provided that the rentals are paid as provided herein and, in the event of cessation of production during the primary term, any royalties paid in respect to production prior to such cessation, or shut-in royalties paid after such cessation, shall be credited against the next rental payment due, if any. Operations shall be deemed to be commenced when the drilling or workover rig is on the well site. Lessee may at any time surrender or cancel this Lease in whole or in part by delivering or mailing such release to the Lessor, or by placing the release of record in the County where said land is situated. If this Lease is surrendered or canceled as to only a portion of the acreage covered hereby, then all payments and liabilities thereafter accruing under the terms of this lease as to the portion surrendered or canceled shall cease and terminate, and any rentals thereafter due shall be apportioned by acreage and adjusted accordingly; but as to the portion of the acreage not released the terms and provisions of this Lease shall continue and remain in full force and effect for all purposes.

5. **FORCE MAJEURE.** All provisions hereof, express or implied, shall be subject to all federal and state laws, and the orders, rules, or regulations of all governmental agencies administering the same, and this Lease shall not be in any way terminated wholly or partially, nor shall the Lessee be liable in damages for failure to comply with any of the express or implied provisions hereof if such failure accords with any such laws, orders, rules or regulations. Lessee shall not be liable in damages, forfeiture or termination, on account of breach of covenant, express or implied, or failure or any condition necessary to keep the lease in force, which results from force majeure; and the obligations of Lessee shall be suspended if and while drilling or other operations are delayed or interrupted by force majeure. Force majeure includes Act of God, storm, flood, strike, scarcity of labor or material, lockout, blowout, breach of contract by drillers, subcontractors or suppliers, surface or subsurface conditions which impede normal operations or which would result in other damages or waste, or other bona fide cause beyond the reasonable control of Lessee. Lessee shall have a reasonable time after the removal or cessation of force majeure within which to commence or resume performance under the lease. If force majeure occurs during the primary term, the time such force majeure exists shall be added to the primary term.

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6. CESSATION OF PRODUCTION. If after the primary term of this Lease, production of the leased premises shall cease for a continuous period in excess of ONE HUNDRED TWENTY (120) days, this Lease shall not terminate if Lessee commences or resumes operations to drill a well, or to rework, recomplete or dewater an existing well, if any, within such ONE HUNDRED TWENTY (120) days, in which event this lease shall remain in force during the prosecution of such operations, and, if production results therefrom, then as long as production continues. Periods of time during which the well or wells are being dewatered, shut-in, or temporarily abandoned due to market conditions, or shut down incident to other operations or development of the Lessee on the leased premises, shall not constitute cessation for purposes hereof.

7. LESSOR INTEREST. If said Lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid to said Lessor only in the proportion that his/her interest bears to the whole and undivided fee title. If more than one party has executed this Lease as Lessor, then this provision applies to each such party.

8. OPERATIONS AND REMOVAL. Lessee shall have the right to use, free of cost, gas, oil, and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor. Lessee shall bury their pipe lines below plow depth where Lessee is able. No well shall be drilled nearer than TWO HUNDRED (200) feet to any house or barn on said premises as of the date of this Lease without the written consent of the lessor. Lessee shall pay for damages caused by its operations to said land. If the lessee shall commence operations to drill a well within the term of this Lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them be found, this Lease shall continue and be in force with the like effect as if such well had been completed within the term of years herein first mentioned. Lessee agrees to fill in drilling pits and restore well-location(s) to as close as possible to the general condition before drilling operations began, after a well has been plugged or completed. Lessee agrees to fence all tanks and wells when requested. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

9. BREACH. The breach of any obligation under any provision or covenant of this Lease, express or implied, shall not work a forfeiture or termination of the Lease nor be grounds for cancellation unless Lessor first notifies Lessee in writing of the breach and the facts relied upon as constituting such breach, together with a demand for the specific performance thereof, and the Lessee, if in default, fails within a reasonable time thereafter to commence compliance with the obligations imposed.

10. ASSIGNMENT AND ENTIRETY. If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals and/or royalties shall be binding on the Lessee until after the Lessee has been furnished with a written transfer or assignment or a true copy thereof; and it is hereby agreed in the event this Lease shall be assigned as to a part or as to parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the rentals and/or royalties due from him or them on an acreage basis, such default shall not operate to defeat or affect this Lease in so far as it covers a part or parts of said lands upon which the said Lessee or any assignee thereof shall make due payments of said rentals and/or royalties. If the leased premises are now or hereafter owned in severalty or in separate tracts, the premises, nevertheless, may be developed and operated as an entirety, and the rentals and/or royalties shall be paid to each separate owner in the proportion that the acreage owned by him bears to the entire leased area. There shall be no obligation on the part of the Lessee to offset wells on separate tracts into which the land covered by this Lease is now or may hereafter be divided by sale, devise, or otherwise, or to furnish separate meters, tanks or other measuring devices for oil and/or gas produced from such separate tracts.

11. POOLING OR UNITIZING. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this Lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in Lessee's judgement it is necessary or advisable to do so in order to properly develop and operate said Lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this Lease. If production is found on the pooled acreage, it shall be treated as if production is had from this Lease, whether the well or wells be located on the premises covered by this Lease or not. In lieu of the royalties elsewhere herein specified, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

12. WARRANTY AND SUBROGATION. Lessor hereby warrants and agree to defend the title to the lands herein described and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof, and in addition Lessee may reimburse itself for such payments out of any royalties or rentals payable to Lessor.

Whereof witness our hands as of the day and year first above written.

Charles Hinthorn  
Name: Charles Hinthorn  
S.S.# [REDACTED]  
Address: Rt. 2, Box 255  
Independence, Ks 67301

Barbara A. Hinthorn  
Name: Barbara A. Hinthorn  
S.S.# [REDACTED]  
Address: same

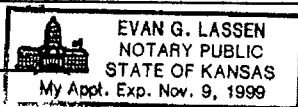
STATE OF Kansas  
COUNTY OF Montgomery

ss: ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this 11th day of December, 19 98,

by Charles Hinthorn and Barbara A. Hinthorn, husband and wife

My Appointment expires:



Evan G. Lassen  
Notary Public Evan G. Lassen

It is agreed and understood that no operations for the drilling of a well shall take place on the W. 1056' of the NW1/4 of Section 22-32S-16E portion of the leased premises without prior written consent of the Lessor.