



1023016

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

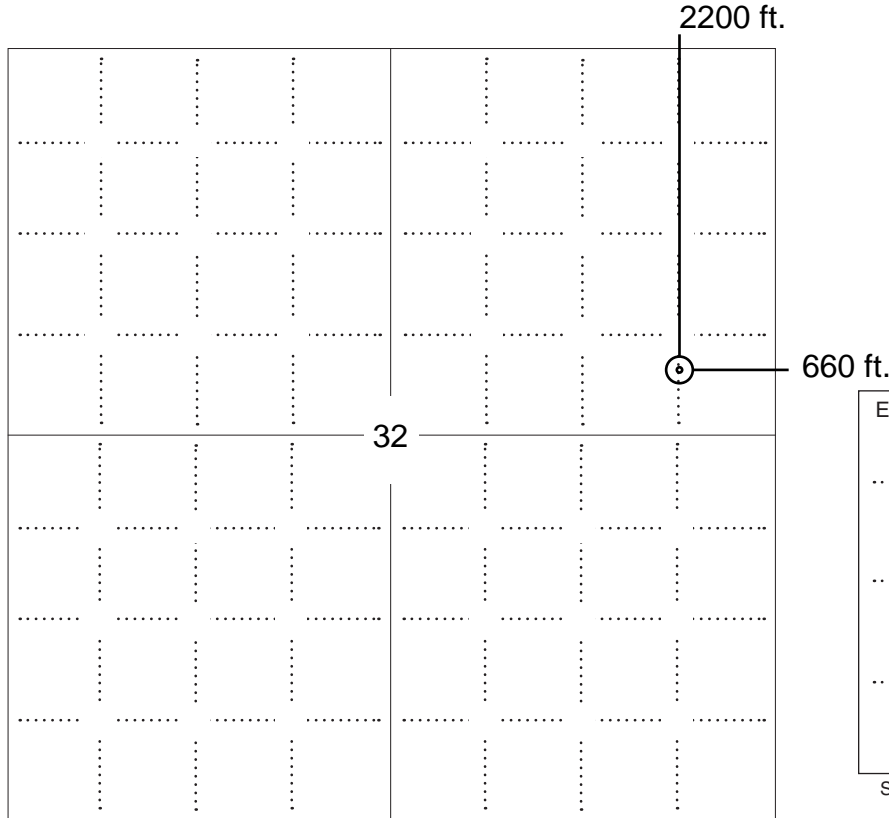
If Section is Irregular, locate well from nearest corner boundary.

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 locaton.

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 1023016
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): _____ - _____ - _____ - _____	
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <i>(If WP Supply API No. or Year Drilled)</i>		Pit is: <input type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: _____ (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: _____ mg/l <i>(For Emergency Pits and Settling Pits only)</i>	
Is the bottom below ground level? <input type="checkbox"/> Yes <input type="checkbox"/> No		Artificial Liner? <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 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 _____ feet Depth of water well _____ feet		Depth to shallowest fresh water _____ feet. Source of information: _____ measured _____ well owner _____ electric log _____ KDWR	
Emergency, Settling and Burn Pits ONLY: Producing Formation: _____ Number of producing wells on lease: _____ Barrels of fluid produced daily: _____ Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: _____ Number of working pits to be utilized: _____ Abandonment procedure: _____ _____ Drill pits must be closed within 365 days of spud date.	
Submitted Electronically			

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



*Kathleen Sebelius, Governor
Thomas E. Wright, Chairman
Michael C. Moffet, Commissioner
Joseph F. Harkins, Commissioner*

October 07, 2008

Dennis Kershner
Colt Energy Inc
PO BOX 388
IOLA, KS66749-0388

Re: Intent to Drill
RANEY Lease Well No. 7-32
NE/4 Sec.32-33S-17E
Montgomery County, Kansas

Dear Mr. Kershner:

After reviewing your intent to drill, it was noted that the location falls within the boundaries of the Liberty Fgas storage field operated by Atmos Energy. Please refer to K.A.R.82-3-311 of the KCC rules and regulations, which outlines the procedure to be used for wells to be drilled in underground gas storage areas. Please review this regulation and take the appropriate steps as outlined in the regulation. Matthew Frihart with Atmos Energy may be contacted at the following address and phone number:

Atmos Energy
377 Riverside Drive, Suite 201
Franklin, Tennessee 37064-5393
615-261-2264

I may be contacted at 316-337-6200 if you need additional information.

Rick Hestermann
Production Department

Monday, June 30, 2008

Attn: Matt Frihart
Atmos Energy Corporation
377 Riverside Dr. Ste 201
Franklin, TN 37064-5393

Dear Mr. Frihart,

This letter serves as a **30 day notification** to Atmos Energy as required by Kansas Corporation Commission Regulation 82-3-311 concerning the Staton 16-29, S.Staton 7-29, and Raney 7-32 wells to be drilled within the boundaries of the Liberty Gas Storage Field. A copy has been sent to your Independence, Kansas office.

Enclosed with this letter is a map evidencing Colt Energy's proposed and existing wellsites in and around your Liberty, Kansas Gas Storage Field. Colt Energy, Inc. is planning to drill three wells, at this time, within the limits of leased storage land. The Staton 16-29 well is located approximately 635 feet from the south section line and 410 feet from the east section line of Section 29, Township 33 South, Range 17 East, in Montgomery County, Kansas. The Staton 7-29 well is located approximately 1980 feet from the north section line and 350 feet from the east section line of Section 29, Township 33 South, Range 17 East. The Raney 7-32 well is located approximately 2200 feet from the north section line and 660 feet from the east section line of Section 32, Township 33 South, Range 17 East. At least, 6 additional wells are to be located 1000 feet or less from Atmos storage field property lines. Our primary purpose for drilling is to exploit and produce coalbed methane gas in numerous coal seams in the Marmaton and Cherokee Groups of Pennsylvanian age.

It is our understanding that there could be buried gas storage gathering lines or transmission lines near these well locations. Colt Energy will contact Kansas One Call (1-800-DIG-SAFE) to have lines located by July 15, 2008.

Colt Energy, Inc. intends to comply fully with state regulations and requirements of Atmos Energy within the gas storage unit. In addition, we are willing to share information with Atmos only, regarding any wells drilled surrounding your storage field.

The spud date and anticipated drilling is between August 1, 2008 and September 1, 2008. Timing of drilling depends on your response to us and rig availability. Kurt Finney Drilling has been contacted. This driller has drilled in the Liberty Gas Storage with mud within the past 1 year.

In addition to attempting to contact you, Colt Energy has contacted your Independence office. We certainly can move the locations if we find pipelines too close to the proposed wellsites.

In the event of a blow-out, Colt's procedure is to close the BOP, kill the well with gelled and weighted mud and finish drilling the well to total depth 60- 100 feet into the Mississippian Limestone. An open hole log will be attempted (CDL and DIL) and the well will be cemented with a sodium metasilicate flush and thixotropic cement using Consolidated Oil Well Services. This will be done by maintaining the mudweight required to kill the well.

Drilling intents are filed at the time of this notice.

I look forward to your reply.

Respectfully,

Jim Stegeman
Director of Geology
Colt Energy, Inc.
913-236-0016
620-365-9807 (c)
jstegeman@coltenergyinc.com

CC: Atmos Energy
Independence Field Office
1509 W. Maple St.
Independence, KS 67301-8423

Tuesday, October 14, 2008

Attn: Doug Shatas
Atmos Energy Corporation
25090 W. 110th Terrace
Olathe, KS, 66061

Dear Mr. Shatas,

This letter serves as a **30 day notification** to Atmos Energy as required by Kansas Corporation Commission Regulation 82-3-311 concerning the Staton 16-29, S. Staton 8-29, and Raney 7-32 wells to be drilled within the boundaries of the Liberty Gas Storage Field. A copy has been sent to your Independence, Kansas office.

Enclosed with this letter is a map evidencing Colt Energy's proposed and existing wellsites in and around your Liberty, Kansas Gas Storage Field. Colt Energy, Inc. is planning to drill three wells, at this time, within the limits of leased storage land. The Staton 16-29 well is located approximately 635 feet from the south section line and 410 feet from the east section line of Section 29, Township 33 South, Range 17 East, in Montgomery County, Kansas. The Staton 8-29 well is located approximately 1980 feet from the north section line and 350 feet from the east section line of Section 29, Township 33 South, Range 17 East. The Raney 7-32 well is located approximately 2200 feet from the north section line and 660 feet from the east section line of Section 32, Township 33 South, Range 17 East. At least, 6 additional wells are to be located 1000 feet or less from Atmos storage field property lines. Our primary purpose for drilling is to exploit and produce coalbed methane gas in numerous coal seams in the Marmaton and Cherokee Groups of Pennsylvanian age.

It is our understanding that there could be buried gas storage gathering lines or transmission lines near these well locations. Colt Energy will contact Kansas One Call (1-800-DIG-SAFE) to have lines located by October 15, 2008.

Colt Energy, Inc. intends to comply fully with state regulations and requirements of Atmos Energy within the gas storage unit. In addition, we are willing to share information with Atmos only, regarding any wells drilled surrounding your storage field.

The spud date and anticipated drilling is between November 1, 2008 and December 1, 2008. **Atmos Energy Was first contacted concerning these wells June 30, 2008.** Timing of drilling depends on your response to us and rig availability. Kurt Finney Drilling has been contacted and has stated he is now available. This driller has drilled in the Liberty Gas Storage with mud within the past 1 year.

In addition to attempting to contact you, Colt Energy has contacted your Independence office. We certainly can move the locations if we find pipelines too close to the proposed wellsites.

In the event of a blow-out, Colt's procedure is to close the BOP, kill the well with gelled and weighted mud and finish drilling the well to total depth 60- 100 feet into the Mississippian Limestone. An open hole log will be attempted (CDL and DIL) and the well will be cemented with a sodium metasilicate flush and thixotropic cement using Consolidated Oil Well Services. This will be done by maintaining the mudweight required to kill the well.

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I look forward to your reply.

Respectfully,

Jim Stegeman
Director of Geology
Colt Energy, Inc.
913-236-0016
620-365-9807 (c)
jstegeman@coltenergyinc.com

CC: Atmos Energy
Independence Field Office
1509 W. Maple St.
Independence, KS 67301-8423

be conducted by the Lessor, its successors, assigns, or subsequent lessees, the party undertaking such operations (Operator) shall perform the following acts:

- a. Operator shall deliver to Union Gas System, Inc., a copy of Kansas Notice of Intent to Drill no less than five (5) days prior to spudding in any well;
- b. Operator shall not drill any well within 440 feet of gas storage wells of Union Gas System, Inc.;
- c. Operator shall grant free access to Union Gas System, Inc., to the well site and the drilling platform during the conduct of any operations for the purpose of inspections;
- d. Operator shall set and cement surface casing to a depth of 250 feet below the surface and maintain good industry standards of operation at all times;
- e. Operator shall immediately install and use a blowout preventer upon the surface pipe before drilling below the surface casing;
- f. If in testing for oil or gas the gas storage zone is penetrated, Operator shall set production casing of not less than 4 1/2 inches diameter to a depth not less than 50 feet below the base of the Squirrel Sandstone, and shall circulate cement to the surface.
- g. Operator shall perform Gamma Ray/Neutron and Cement Bond logs from Total Depth to Surface and promptly furnish Union Gas System, Inc., with two field and two final correct copies of each, as well as two copies of the operator's log and the KCC Completion Forms.
- h. Operator shall notify Union Gas System, Inc., at its Independence, Kansas, office three (3) days in advance of commencing well completion or workover operations of any sort as well as the methods to be employed therein; Operator shall also furnish Union a copy of Kansas Notice of Intent to Abandon Well five (5) days in advance of commencing plugging operations, and, subsequent to plugging, furnish Union a copy of Affidavit of Plugging

B. OIL AND GAS LEASE PROVISIONS:

1. Continuing Term. Lessee shall have the continuing Oil and Gas Lease rights to explore, prospect, drill, develop, operate, produce, and save oil, gas and other hydrocarbons for a primary term of three (3) years from the date hereof, and as long thereafter as oil, gas, or other hydrocarbons are produced in paying quantities. Upon expiration of the Oil and Gas Lease rights, the oil and gas rights below the Gas Storage zone shall revert to Lessor, subject to Lessee's

jim.stegeman

From: Frihart, Matthew C [Matthew.Frihart@AtmosEnergy.com]
Sent: Tuesday, July 29, 2008 7:17 AM
To: jim.stegeman
Cc: Shatas, Douglas L.; Harsin, C David; Powell, Scott
Subject: Liberty Storage

Jim:

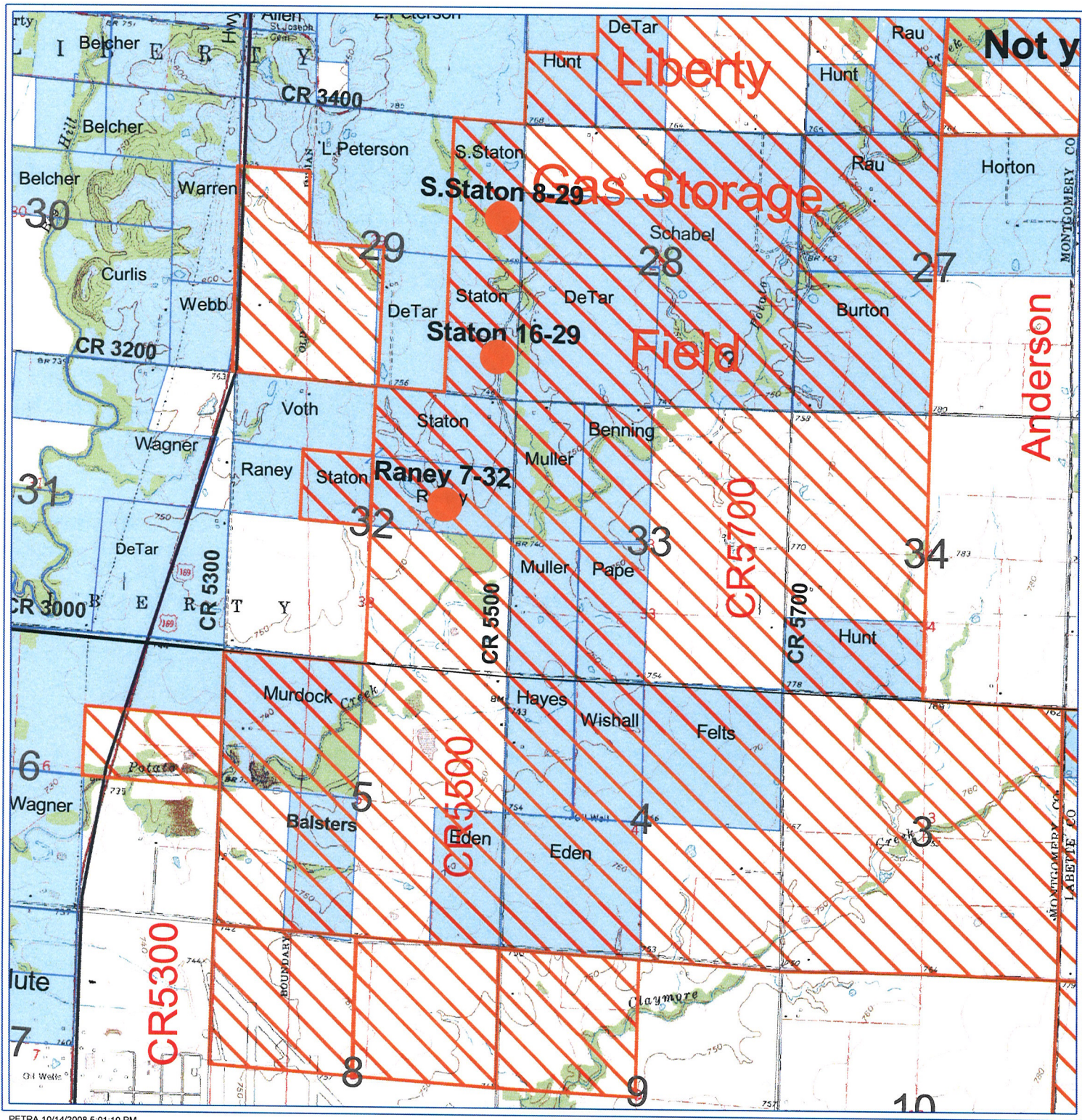
I just received your June 30th letter regarding Colt Energy's notice of intent to drill four wells in the proximity of Liberty Storage. The delay in reaching me was due to my relocation to our Dallas office and the problem with getting the certified letter routed correctly. Doug Shatas in our Olathe, KS office has taken over responsibility for the Kansas storage facilities, and will be your new contact. Dave Harsin will continue to be your local contact in Independence, KS.

Doug Shatas
Atmos Energy Corporation
25090 W. 110th Terrace
Olathe, KS 66061
913.254.6363 office
816.863.0951 mobile
913.768.4924 fax

I will forward your correspondence to Doug and Dave.

Thanks,

Matt Frihart





*Kathleen Sebelius, Governor
Thomas E. Wright, Chairman
Michael C. Moffet, Commissioner
Joseph F. Harkins, Commissioner*

October 16, 2008

Dennis Kershner
Colt Energy Inc
PO BOX 388
IOLA, KS66749-0388

Re: Drilling Pit Application
RANEY Lease Well No. 7-32
NE/4 Sec.32-33S-17E
Montgomery County, Kansas

Dear Dennis Kershner:

District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as practical after drilling operations have ceased.

If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

The fluids should be taken to an authorized disposal well. Please call the District Office at (620) 432-2300 when the fluids have been removed. Please file form CDP-5 (August 2004), Exploration and Production Waste Transfer, within 30 days of fluid removal. Conservation division forms are available through our office and on the KCC web site:
kcc.ks.gov/conservation/forms/

A copy of this letter should be posted in the doghouse along with the approved Intent to Drill. If you have any questions or concerns please feel free to contact the District Office at (620) 432-2300.



November 12, 2008

Mr. Rick Hestermann
Kansas Corporation Commission
130 S Market, Room 2078
Wichita, KS 67202

RE: Horton 1-27; Schabel 1-28; Schabel 6-28; Schabel 9-28; Schabel 14-28; Staton
16-29; S. Staton 8-29; Raney 7-32;

Dear Mr. Hestermann:

Atmos Energy Corporation, operator of the North Liberty Storage Field, does not protest the drilling of the aforementioned wells if the attached conditions are strictly followed. Colt Energy has been made aware of the restrictions and has agreed to their strict adherence.

Please advise if you require any further information.

Sincerely,

A handwritten signature in black ink, appearing to read "Doug Shatas", written over a horizontal line.

Doug Shatas
Manager Compliance

ATMOS GAS STORAGE REQUIREMENTS

- 1 Completion Requirements allow for completing 50 feet below Squirrel or 200 below base of Oswego
- 2 Copy of Intent To Drill 5 days prior to drilling w/proposed depth and zones of interest
- 3 Drill with chemical mud only exceptions outside active storage w/ permission
- 4 No well within 400 feet of gas storage well
- 5 Free access to wellsite
- 6 BOP
- 7 Supply daily drilling and progress reports
- 8 Run open hole CDL and DIL logs
- 9 10 foot drill cutting samples from 200 feet to TD
- 10 Atmos may request at their expense a core of the squirrel section
- 11 4 1/2 inch casing requirement
- 12 Centralizers to straddle the storage sandstone
- 13 Bond Log
- 14 Copy of complete file to Atmos
- 15 3 day prior notification of plans to drill and 5 days for plugging plus copy of plugging affidavit
- 16 Option to take possession of well to Atmos at salvage value
- 17 Do not complete any wells in the gas storage reservoir, the squirrel sandstone
- 18 If a zone is completed, prior to sales provide copy of gas analysis, SIP, flow test, & perfs
- 19 Shut-in or squeeze or plug any well in communication with the storage sandstone
- 20 To furnish upon request: drilling samples, cores, and reports, copies of drillstem or prod tests reports
- 21 GRN logs to total depth and furnish two field and two final copies to Atmos
- 22 \$250 dollars per well damages prior to drilling operations