



**For KCC Use:**

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

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

SGA?  Yes  No

**KANSAS CORPORATION COMMISSION      1023032**  
**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:**

**Well Class:**

**Type Equipment:**

- |   |                                   |                                    |                                     |
|---|-----------------------------------|------------------------------------|-------------------------------------|
| <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"/> Disposal | <input type="checkbox"/> Wildcat   | <input type="checkbox"/> Cable      |
| <input type="checkbox"/> Seismic ; _____ # of Holes | <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  
(00/00)

\_\_\_\_\_ 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: \_\_\_\_\_

E  
 W



1023032

### 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

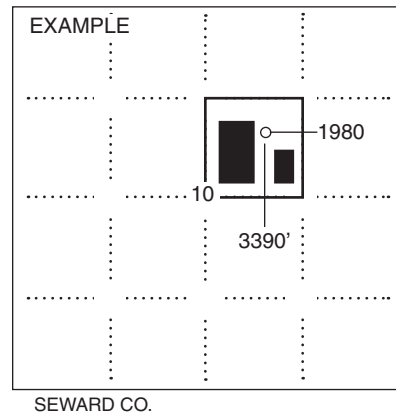
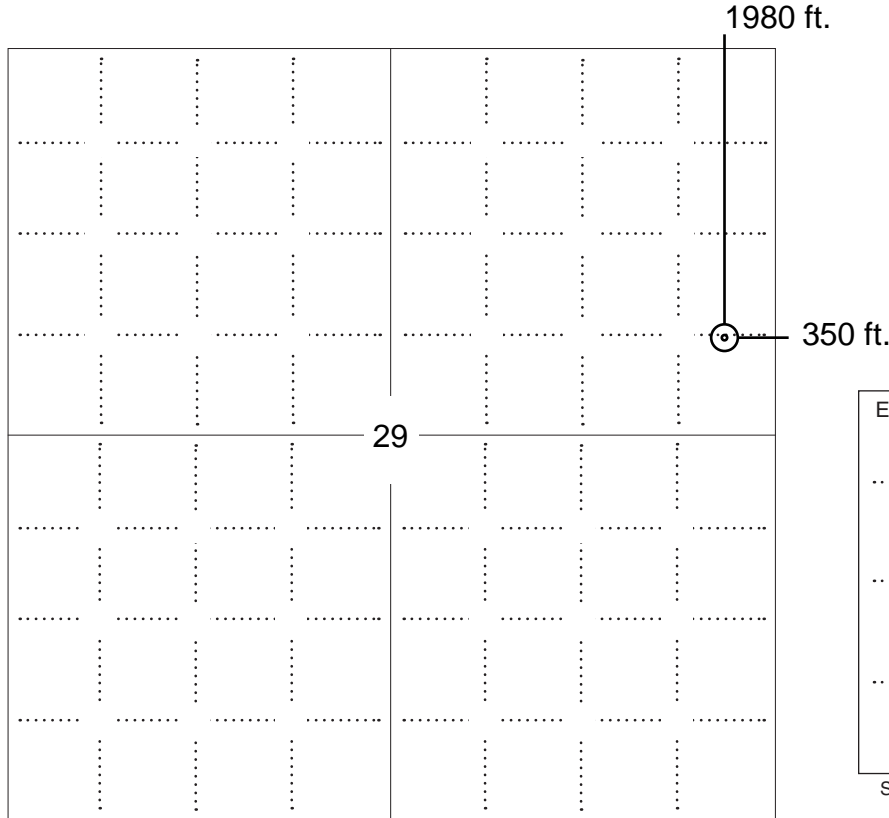
**If Section is Irregular, locate well from nearest corner boundary.**

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 1023032  
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	
<b>Emergency, Settling and Burn Pits ONLY:</b> 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		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> 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:  Yes     No



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

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October 07, 2008

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

Re: Intent to Drill  
S STATON Lease Well No. 8-29  
NE/4 Sec.29-33S-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 gas 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

Tuesday, October 14, 2008

Attn: Doug Shatas  
Atmos Energy Corporation  
25090 W. 110<sup>th</sup> 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.

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

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.

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***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.

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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:

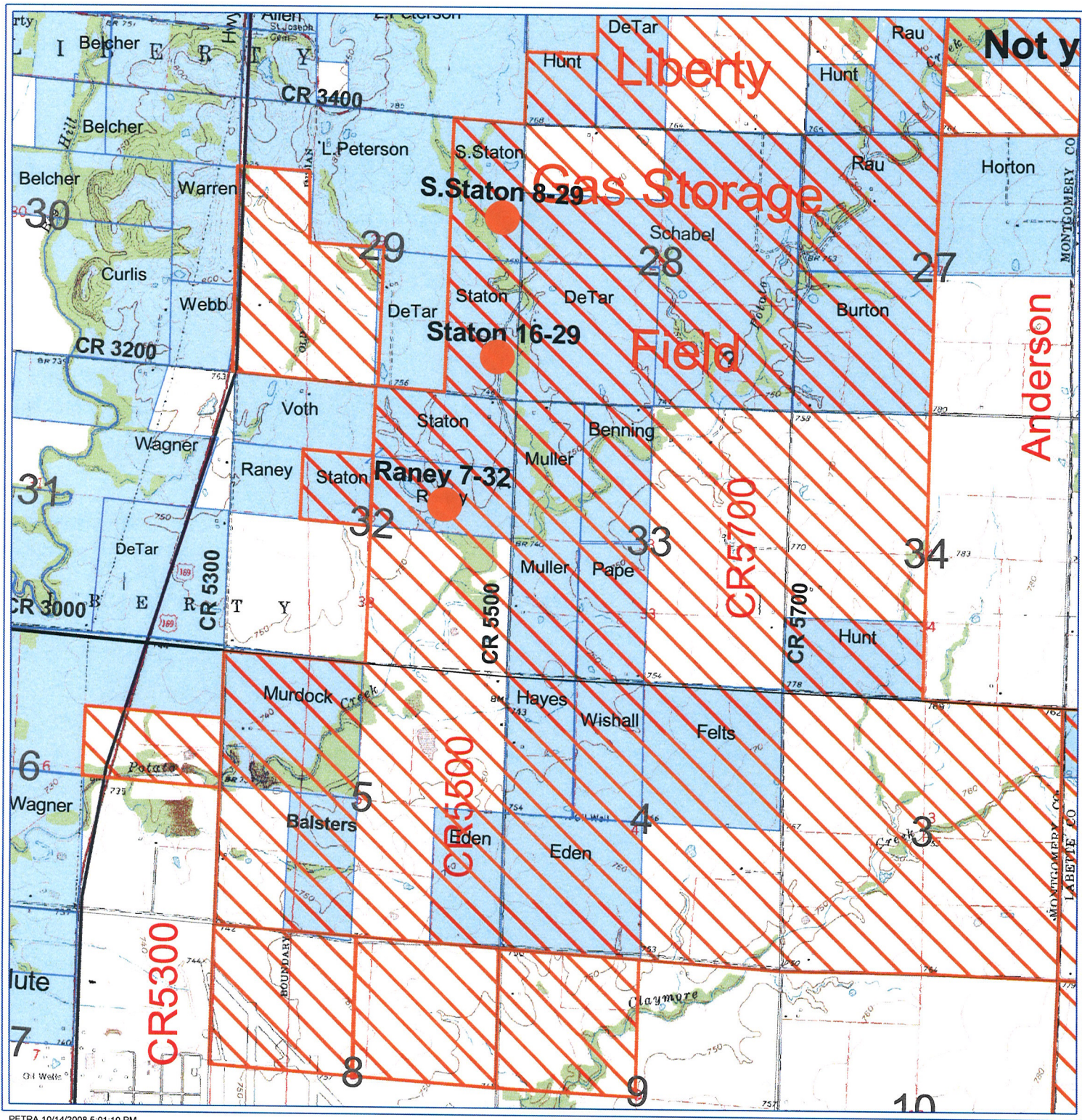
I just received your June 30th letter regarding Colt Energy's notice of intent to drill four wells in the proximity of Liberty Storage. The delay in reaching me was due to my relocation to our Dallas office and the problem with getting the certified letter routed correctly. Doug Shatas in our Olathe, 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*

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October 16, 2008

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

Re: Drilling Pit Application  
S STATON Lease Well No. 8-29  
NE/4 Sec.29-33S-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/](http://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".

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