For KCC Use:
Effective Date: 12/22/2008
District # 3
SGA? ☐ Yes ☐ No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

1023876

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: 02/12/2009 (month / day / year)

OPERATOR: License# 5150
Name: Colt Energy Inc
Address 1: PO BOX 388
Address 2:
City: IOLA State: KS Zip: 66749 + 0388
Contact Person: Dennis Kershner
Phone: 620-365-3111

CONTRACTOR: License# 5989
Name: Finney, Kurt dba Finney Drilling Co.

Well Drilled For:	Well Class:	Type Equipment:
☐ Oil	☐ Enh Rec	☐ Infield	☐ Mud Rotary
☐ Gas	☐ Storage	☐ Pool Ext.	☐ Air Rotary
	☐ Disposal	☐ Wildcat	☐ Cable
☐ Seismic ; ____ # of Holes		☐ Other	
☐ 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 #:

GAS STORAGE AREA - BLOWOUT PREVENTER REQUIRED.

Spot Description:
SW - NE - NE - SE (Q/Q/Q/Q) Sec. 28 Twp. 33 S. R. 17 ☐ E ☐ W
2075 feet from ☐ N / ☐ S Line of Section
375 feet from ☐ E / ☐ W Line of Section
Is SECTION: ☐ Regular ☐ Irregular?

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

County: Montgomery
Lease Name: Schabel Well #: 9-28
Field Name: Cherokee Basin Coal Area
Is this a Prorated / Spaced Field? ☐ Yes ☐ No
Target Formation(s): Pennsylvanian Coals
Nearest Lease or unit boundary line (in footage): 375
Ground Surface Elevation: 751 Estimated 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: 100
Depth to bottom of usable water: 150
Surface Pipe by Alternate: ☐ I ☐ II
Length of Surface Pipe Planned to be set: 250
Length of Conductor Pipe (if any): 20
Projected Total Depth: 1200
Formation at Total Depth: Mississippian
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 - 15-125-31855-00-00
Conductor pipe required 0 feet
Minimum surface pipe required 20 feet per ALT. ☐ I ☐ II
Approved by: Rick Hestermann 12/17/2008
This authorization expires: 12/17/2009
(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:

28 33 17 ☐ E ☐ W

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

Side Two

1023876

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 - 15-125-31855-00-00

Operator: Colt Energy Inc

Lease: Schabel

Well Number: 9-28

Field: Cherokee Basin Coal Area

Number of Acres attributable to well: _____

QTR/QTR/QTR/QTR of acreage: SW - NE - NE - SE

Location of Well: County: Montgomery

2075 feet from ☐ N / ☐ S Line of Section

375 feet from ☐ E / ☐ W Line of Section

Sec. 28 Twp. 33 S. R. 17 ☐ E ☐ W

Is Section: ☐ Regular or ☐ Irregular

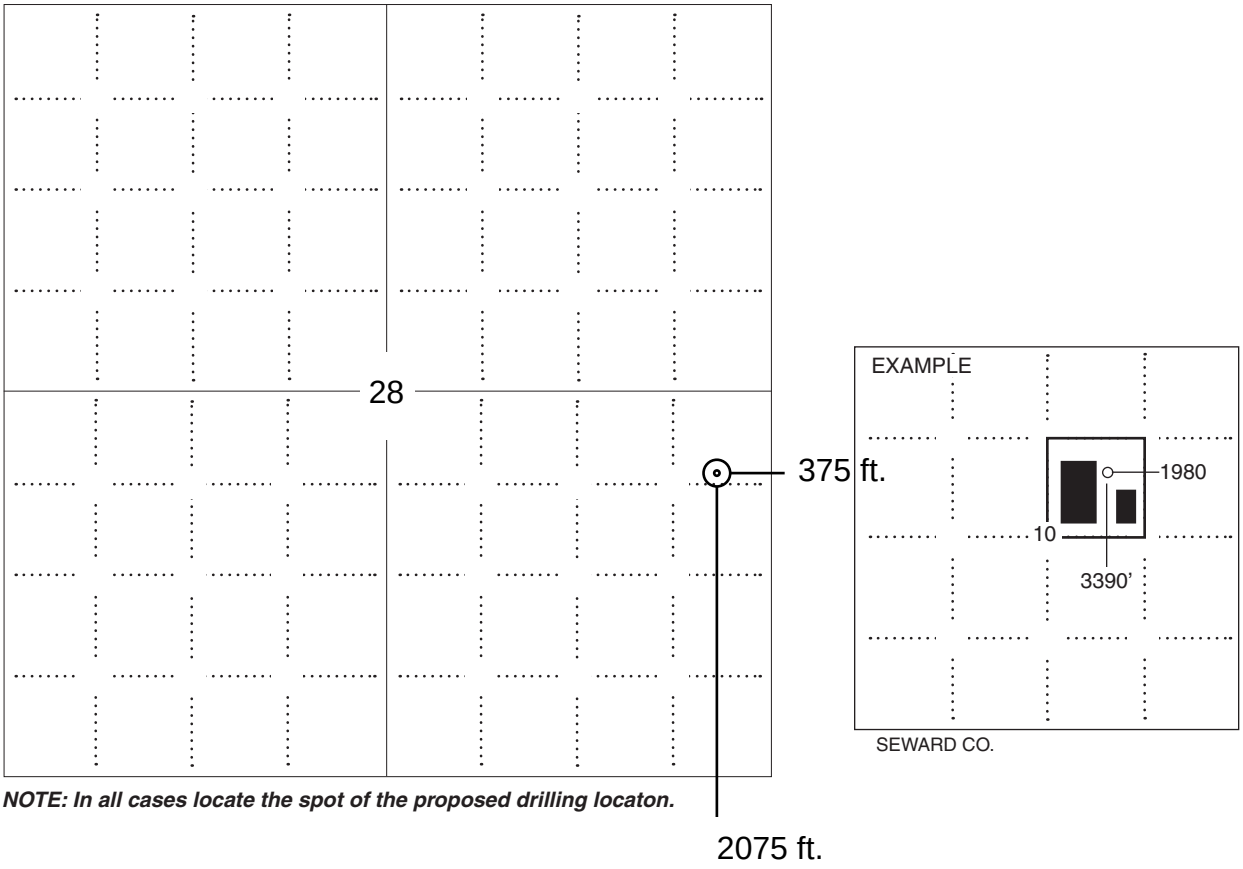
If Section is Irregular, locate well from nearest corner boundary.

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
OIL & GAS CONSERVATION DIVISION

1023876

Form CDP-1
April 2004
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: Colt Energy Inc | License Number: 5150

Operator Address: PO BOX 388 IOLA KS 66749

Contact Person: Dennis Kershner | Phone Number: 620-365-3111

Lease Name & Well No.: Schabel 9-28

Pit Location (QQQQ): SW - NE - NE - SE

Sec. 28 Twp. 33 R. 17 ☐ East ☐ West

2075 Feet from ☐ North / ☐ South Line of Section

375 Feet from ☐ East / ☐ West Line of Section

Montgomery County

Type of Pit:
☐ Emergency Pit ☐ Burn Pit
☐ Settling Pit ☐ Drilling Pit
☐ Workover Pit ☐ Haul-Off Pit
(If WP Supply API No. or Year Drilled)

Pit is:
☐ Proposed ☐ Existing
If Existing, date constructed:

Pit capacity: 160 (bbls)

Is the pit located in a Sensitive Ground Water Area? ☐ Yes ☐ No

Chloride concentration: _____ mg/l
(For Emergency Pits and Settling Pits only)

Is the bottom below ground level? ☐ Yes ☐ No

Artificial Liner? ☐ Yes ☐ No

How is the pit lined if a plastic liner is not used?
native soil

Pit dimensions (all but working pits): 30 Length (feet) 8 Width (feet) ☐ N/A: Steel Pits

Depth from ground level to deepest point: 5 (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
na 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? ☐ Yes ☐ No

Drilling, Workover and Haul-Off Pits ONLY:

Type of material utilized in drilling/workover: bentonite

Number of working pits to be utilized: 1

Abandonment procedure: evaporation & fill

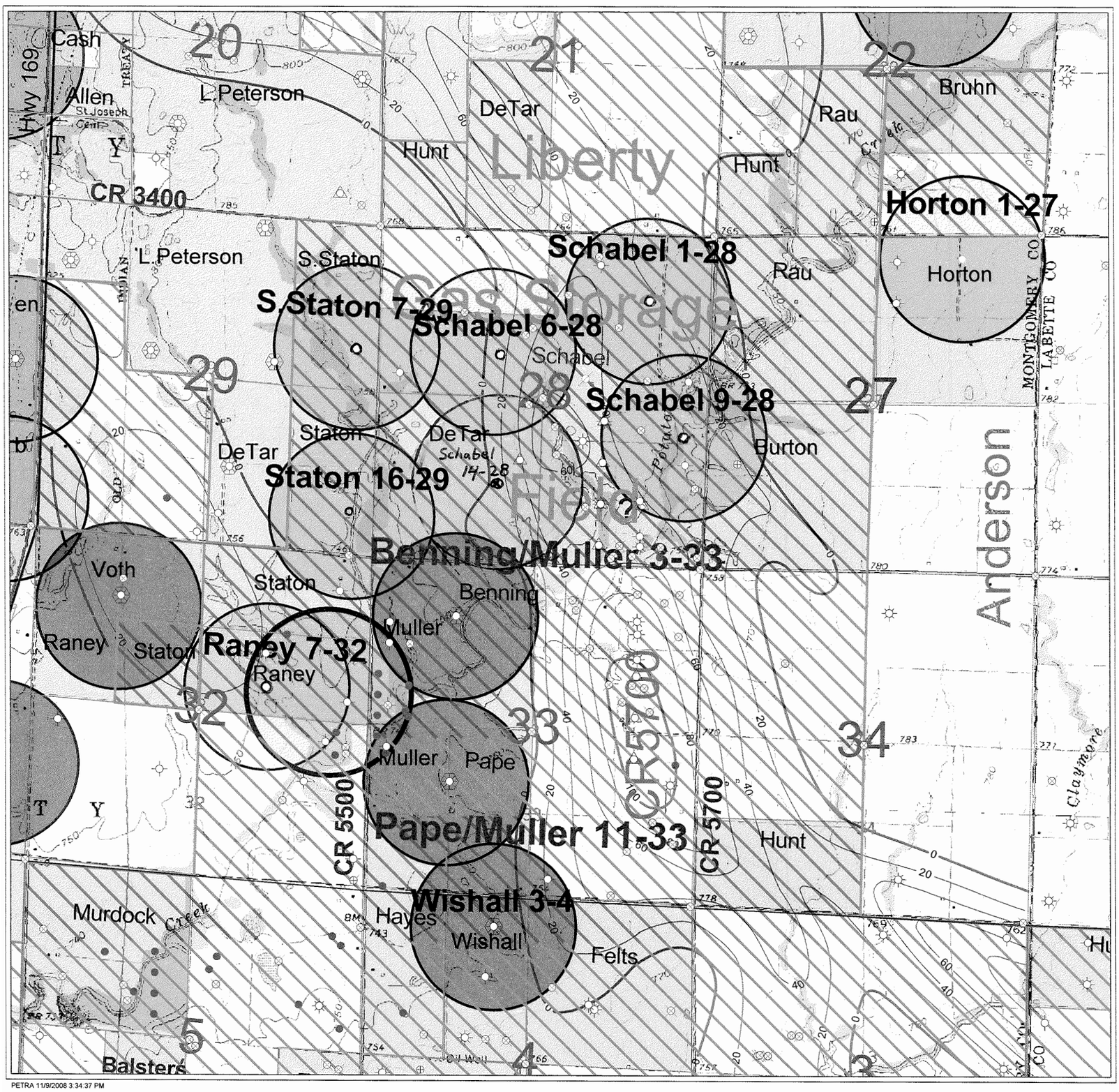
Drill pits must be closed within 365 days of spud date.

Submitted Electronically

KCC OFFICE USE ONLY Steel Pit ☐ RFAC ☐ RFAS ☐

Date Received: 12/16/2008 Permit Number: 15-125-31855-00-00 Permit Date: 12/17/2008 Lease Inspection: ☐ Yes ☐ No

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202


Cash
Hwy 169
Allen
St Joseph Cem
T Y
CR 3400
L.Peterson
S.Staton
S.Staton 7-29
Schabel 1-28
Schabel 6-28
Schabel
Schabel 9-28
Horton 1-27
Horton
Rau
Hunt
DeTar
Liberty
Gas Storage
Field
Staton
DeTar
Staton 16-29
Schabel 14-28
Burton
Potter
Benning/Muller 3-33
Voth
Staton
Benning
Muller
Raney
Staton
Raney 7-32
Raney
Muller
Pape
Pape/Muller 11-33
CR 5500
CR 5700
Hunt
Wishall 3-4
Murdock Creek
Hayes
Wishall
Felts
Balsters
Oil Well
Anderson
Claymore
MONTGOMERY CO
LABETTE CO
PETRA 11/9/2008 3:34:37 PM

COLT
ENERGY, INC.

CORPORATE OFFICE
P.O. Box 388 • 1112 Rhode Island Rd. • Iola, Ks. 66749-0338
Phone (620) 365-3111 • Fax (620) 365-3170

Sunday, November 09, 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 Schabel 1-28, Schabel 6-28, Schabel 9-28 and Schabel 14-28 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 four more wells, at this time, within the limits of leased storage land. The Schabel 1-28 well is located approximately 1070 feet from the north section line and 1000 feet from the east section line of Section 28, Township 33 South, Range 17 East, in Montgomery County, Kansas. The Schabel 6-28 well is located approximately 2000 feet from the north section line and 1950 feet from the west section line of Section 28, Township 33 South, Range 17 East. The Schabel 9-28 well is located approximately 2075 feet from the south section line and 375 feet from the east section line of Section 28, Township 33 South, Range 17 East. The Schabel 14-28 well is located approximately 1300 feet from the south section line and 1900 feet from the west section line of Section 28, Township 33 South, Range 17 East.Our primary purpose for drilling is to exploit and produce coalbed methane gas in numerous coal seams in the Cherokee Group 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 December 5, 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 December 15, 2008 and December 27, 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 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

ATMOS energy

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,

Doug Shatas
Manager Compliance

25090 W 110 Terr, Olathe, KS 66061
P 913-254-6363; F 913-768-4924; C 816-863-0951; Doug.Shatas@AtmosEnergy.com

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