

Well will not be drilled or Permit Expired Date: _

Signature of Operator or Agent:

For KCC	Use:
Effective	Date:
District #	
SGA?	Yes No

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

Form C-1 March 2010 Form must be Typed Form must be Signed All blanks must be Filled

NOTICE OF INTENT TO DRILL

month day year	Spot Description:
PERATOR: License#	feet from N / S Line of Section
ame:	
ddress 1:	
ddress 2:	
ity:	County:
ontact Person:hone:	Lease Name: Well #:
1016.	Field Name:
ONTRACTOR: License#	Is this a Prorated / Spaced Field?
ame:	Target Formation(s):
Well Drilled For: Well Class: Type Equipment:	Nearest Lease or unit boundary line (in footage):
Oil Enh Rec Infield Mud Rotary	Ground Surface Elevation:feet MS
Gas Storage Pool Ext. Air Rotary	Water well within one-quarter mile:
Disposal Wildcat Cable	Public water supply well within one mile:
Seismic ;# of Holes Other	Depth to bottom of fresh water:
Other:	Depth to bottom of usable water:
If OWWO: old well information as follows:	Surface Pipe by Alternate: III
U OVVVO. Old Well Information as follows:	Length of Surface Pipe Planned to be set:
Operator:	
Well Name:	Projected Total Depth:
Original Completion Date: Original Total Depth:	
Directional, Deviated or Horizontal wellbore?	Water Source for Drilling Operations:
Directional, Deviated or Horizontal wellbore? Yes No f Yes, true vertical depth:	Well Farm Pond Other:
Bottom Hole Location:	DWK Pellill #.
KCC DKT #:	(Note: Apply for 1 crimic with BWA
	- Will Cores be taken? Yes N
	ii 165, proposed 20116
AF	FIDAVIT
he undersigned hereby affirms that the drilling, completion and eventual p	lugging of this well will comply with K.S.A. 55 et. seq.
is agreed that the following minimum requirements will be met:	
1. Notify the appropriate district office <i>prior</i> to spudding of well;	
2. A copy of the approved notice of intent to drill shall be posted on each	
3. The minimum amount of surface pipe as specified below shall be se	
through all unconsolidated materials plus a minimum of 20 feet into the	, ,
through all unconsolidated materials plus a minimum of 20 feet into the 4. If the well is dry hole, an agreement between the operator and the distance of the control of th	strict office on plug length and placement is necessary prior to plugging;
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through all unconsolidated materials plus a minimum of 20 feet into the 4. If the well is dry hole, an agreement between the operator and the discontinuous formula to the discontinuous formula to the first term of the well is either plug formula to the first term of the well is either plug formula to the first term of the well is either plug formula to the first term of the well shall be completed within 30 days of the spud date or the well shall be submitted Electronically For KCC Use ONLY	strict office on plug length and placement is necessary <i>prior to plugging;</i> gged or production casing is cemented in; ged from below any usable water to surface within <i>120 DAYS</i> of spud date. \$133,891-C, which applies to the KCC District 3 area, alternate II cementing be plugged. <i>In all cases, NOTIFY district office</i> prior to any cementing. **Remember to: - File Certification of Compliance with the Kansas Surface Owner Notification Act (KSONA-1) with Intent to Drill; - File Drill Pit Application (form CDP-1) with Intent to Drill;
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through all unconsolidated materials plus a minimum of 20 feet into the 4. If the well is dry hole, an agreement between the operator and the disense in the appropriate district office will be notified before well is either plug for an ALTERNATE II COMPLETION, production pipe shall be cement. Or pursuant to Appendix "B" - Eastern Kansas surface casing order must be completed within 30 days of the spud date or the well shall be appropriately. The approved by:	strict office on plug length and placement is necessary <i>prior to plugging</i> ; gged or production casing is cemented in; ged from below any usable water to surface within <i>120 DAYS</i> of spud date. g133,891-C, which applies to the KCC District 3 area, alternate II cementing the plugged. <i>In all cases, NOTIFY district office</i> prior to any cementing. **Remember to: - File Certification of Compliance with the Kansas Surface Owner Notification Act (KSONA-1) with Intent to Drill; - 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;
through all unconsolidated materials plus a minimum of 20 feet into the 4. If the well is dry hole, an agreement between the operator and the displant of the specific plus of th	strict office on plug length and placement is necessary <i>prior to plugging</i> ; gged or production casing is cemented in; ged from below any usable water to surface within <i>120 DAYS</i> of spud date. g133,891-C, which applies to the KCC District 3 area, alternate II cementing the plugged. <i>In all cases, NOTIFY district office</i> prior to any cementing. **Remember to: - File Certification of Compliance with the Kansas Surface Owner Notification Act (KSONA-1) with Intent to Drill; - 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;

_ Agent: .

Side Two



For KCC Use ONLY	
API # 15	

Operator: _

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

In all cases, please fully complete this side of the form. Include items 1 through 5 at the bottom of this page.

Location of Well: County: _

ː	feet from N / S Line of Section	
lumber:	feet from E / W Line of Section	
	Sec Twp S. R	
er of Acres attributable to well:	Is Section: Regular or Irregular	
	If Section is Irregular, locate well from nearest corner boundary. Section corner used: NE NW SE SW	
	PLAT st lease or unit boundary line. Show the predicted locations of	
lease roads, tank batteries, pipelines and electrical lines, as	required by the Kansas Surface Owner Notice Act (House Bill 2032). a separate plat if desired.	
	LEGEND	
	·	
	O Well Location Tank Battery Location Pipeline Location	
	Electric Line Location Lease Road Location	
	·	
26	EXAMPLE EXAMPLE	
	1980' FSL	
	33 ft.	
	SEMANDO. SOOTEL	

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).

668 ft.

5. The predicted locations of lease roads, tank batteries, pipelines, and electrical lines.



KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

1064923

Form CDP-1
May 2010
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: Emergency Pit Burn Pit Settling Pit Drilling Pit Workover Pit Haul-Off Pit (If WP Supply API No. or Year Drilled) Is the pit located in a Sensitive Ground Water A	Pit is: Proposed Existing If Existing, date constructed: Pit capacity: (bbls)		SecTwpR East WestFeet from North / South Line of SectionFeet from East / West Line of SectionCounty Chloride concentration:mg/l		
Is the bottom below ground level? Yes No Yes No		No	(For Emergency Pits and Settling Pits only) How is the pit lined if a plastic liner is not used?		
Pit dimensions (all but working pits): Depth fro	Length (fee				
If the pit is lined give a brief description of the li material, thickness and installation procedure.	ner		dures for periodic maintenance and determining acluding any special monitoring.		
Distance to nearest water well within one-mile of pit:		Depth to shallo Source of infor	west fresh water feet. nation:		
feet Depth of water well	feet	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 s flow into the pit? Yes No Submitted Electronically		Type of materia Number of work Abandonment p Drill pits must b	over and Haul-Off Pits ONLY: all utilized in drilling/workover: king pits to be utilized: procedure: per closed within 365 days of spud date.		
KCC OFFICE USE ONLY Liner Steel Pit RFAC RFAS					
Date Received: Permit Num	ber:	Permi	t Date: Lease Inspection: Yes No		



Kansas Corporation Commission Oil & Gas Conservation Division

1064923

Form KSONA-1
July 2010
Form Must Be Typed
Form must be Signed
All blanks must be Filled

CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

This form must be submitted with all Forms C-1 (Notice of Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); T-1 (Request for Change of Operator Transfer of Injection or Surface Pit Permit); and CP-1 (Well Plugging Application).

Any such form submitted without an accompanying Form KSONA-1 will be returned.

Select the corresponding form being filed: C-1 (Intent) CB-1 (CB-1)	Cathodic Protection Borehole Intent)		
OPERATOR: License #	Well Location:		
Name:	SecTwpS. R East _ West		
Address 1:			
Address 2:			
City: State: Zip:+	If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:		
Contact Person:			
Phone: () Fax: ()			
Email Address:			
Surface Owner Information:			
Name:	When filing a Form T-1 involving multiple surface owners, attach an additional		
Address 1:	sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the		
Address 2:	county, and in the real estate property tax records of the county treasurer.		
City: State: Zip:+			
the KCC with a plat showing the predicted locations of lease roads, tank are preliminary non-binding estimates. The locations may be entered or	dic Protection Borehole Intent), you must supply the surface owners and k batteries, pipelines, and electrical lines. The locations shown on the plat n the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.		
owner(s) of the land upon which the subject well is or will be lo CP-1 that I am filing in connection with this form; 2) if the form I form; and 3) my operator name, address, phone number, fax, a I have not provided this information to the surface owner(s). I a KCC will be required to send this information to the surface owner.	Act (House Bill 2032), I have provided the following to the surface ocated: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form being filed is a Form C-1 or Form CB-1, the plat(s) required by this and email address. Acknowledge that, because I have not provided this information, the wher(s). To mitigate the additional cost of the KCC performing this I fee, payable to the KCC, which is enclosed with this form.		
If choosing the second option, submit payment of the \$30.00 handling form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-	fee with this form. If the fee is not received with this form, the KSONA-1 will be returned.		
Submitted Electronically			



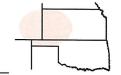
Pro-Stake LLC

Oil Field & Construction Site Staking

P.O. Box 2324 Garden City, Kansas 67846

Office/Fax: (620) 276-6159 Cell: (620) 272-1499





- ----

e100811r

OPERATOR

OLEKATOR

Lane Co, Ks

Palomino Petroleum

26 17s 27w Sec. Twp. Rng.

Main loc. = 668'FSL - 33'FEL = 2621.2' gr. elev. Alt. #1 = 622'FSL - 114'FEL = 2624.1' gr. elev.

#1 Atwell MC

LEASE NAME

Alt. #1 = $622^{\circ}FSL - 114^{\circ}FEL = 262^{\circ}$ LOCATION SPOT

SCALE: 1" = 1000'

DATE STAKED: Oct. 4th, 2011

MEASURED BY: Luke R.

DRAWN BY: Luke R

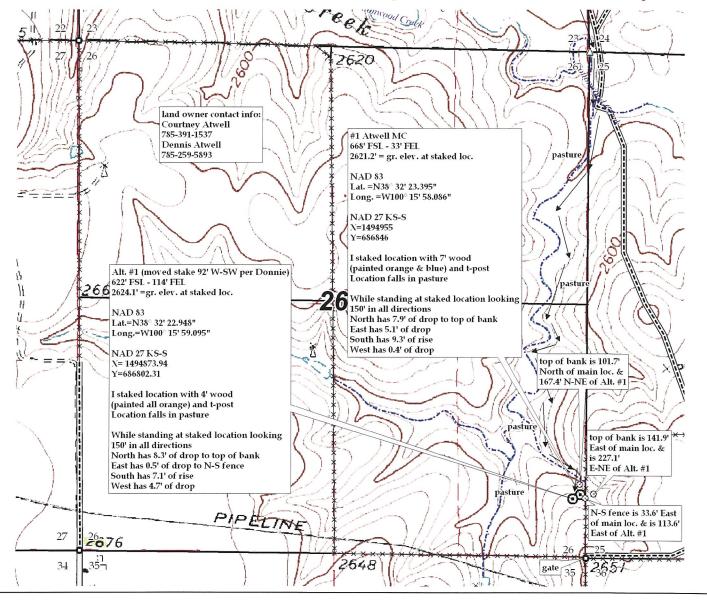
AUTHORIZED BY: Klee W. & Donnie L.

This drawing does not constitute a monumented survey or a land survey plat.

This drawing is for construction purposes only.

Directions: From the SW side of Utica, KS at the intersection of Hwy 4 and Jackson Ave/D Rd – Now go 8 mile West on Hwy 4 – Now go 6 miles South on Scout Rd – Now go 1 mile East on Rd 200 to ingress stake East & NE into – Now go 0.7 East & NE on lease rd to ingress stake at tank battery – Now go 0.8 mile East on trail to ingress stake East into – Now go 0.8 mile E-SE on trail to ingress stake South into – Now go 0.2 mile South on trail – Now go approx. 4610' South through pasture along East side of draw into main staked location.

Final ingress must be verified with land owner or Operator.





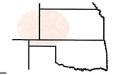
Pro-Stake LLC

Oil Field & Construction Site Staking

P.O. Box 2324

Garden City, Kansas 67846 Office/Fax: (620) 276-6159 Cell: (620) 272-1499

9607 INVOICE NO.



e100811r

Palomino Petroleum

OPERATOR

Lane Co, Ks

26 17s 27w

Main loc. = 668'FSL - 33'FEL = 2621.2' gr. elev. Alt. #1 = 622'FSL - 114'FEL = 2624.1' gr. elev.

#1 Atwell MC

LEASE NAME

LOCATION SPOT

SCALE: 1" = 1000'

DATE STAKED: Oct. 4th, 2011

MEASURED BY: Luke R.

DRAWN BY: Luke R

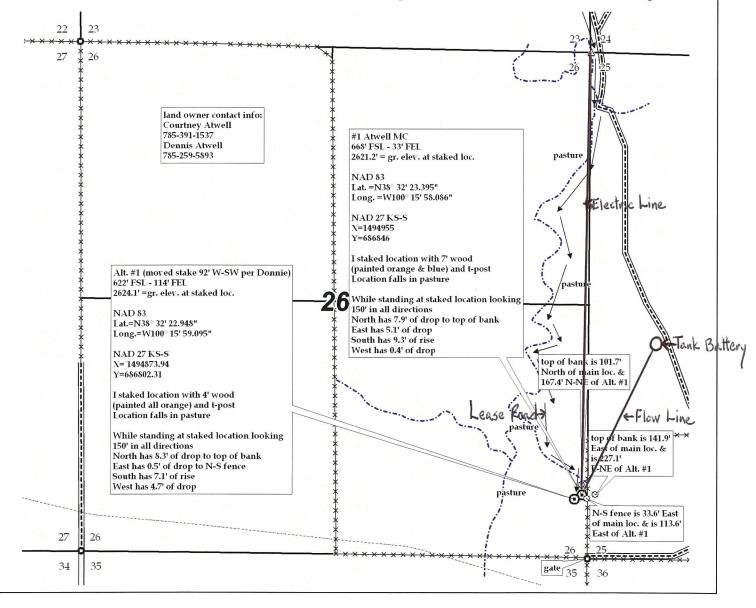
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Final ingress must be verified with land owner or Operator.



63U (Rev. 1993)



	OIL AN	ID GAS LEASE		316-264-9344-264-5165 fax www.kbp.com · kbp@kbp.com
AGREEMENT, Made and entered into	24th May of May	ау		2011
by and betweenCourtney L. Atwell ar	nd Paula Atwell, his wife			
Dennis C. Atwell, a si				
Brian M. Atwell, a sing	<u> </u>			
Merritta A. Combs, a				
whose mailing address is 19943 A Road	Utica, KS 67584		hereinafter called	Lessor (whether one or more),
Palomino Petroleum, Inc.				
One and	Moro		One (\$1.00)	, hereinafter caller Lessee:
Lessor, in consideration of One and is here acknowledged and of the royalties herei of investigating, exploring by geophysical and constituent products, injecting gas, water, other and things thereon to produce, save, take care of products manufactured therefrom, and housing therein situated in County of Lane	other means, prospecting drilling, fluids, and air into subsurface strat	mining and operating for and prod a, laying pipe lines, storing oil, build and transport said oil, liquid hydroca	lucing oil, liquid hydrocarbons, ling tanks, power stations, teleph rhons, gases and their respective	all gases, and their respective one lines, and other structures constituent products and other
		17 South, Range 27 5: S/2 NE/4; S/2 SW/		
In Section Township _	Range	and containin	160	acres, more or less, and all
accretions thereto. Subject to the provisions herein contain	ed, this lease shall remain in force	for a term of 6 monthsyear	s from this date (called "primary	term"). and as long thereafter
as oil, liquid hydrocarbons, gas or other respecti In consideration of the premises the sai	ive constituent products, or any of d lessee covenants and agrees:	them, is produced from said land or		
1st. To deliver to the credit of lessor, i	free of cost, in the pipe line to whic			
2nd. To pay lessor for gas of whatsoe at the market price at the well, (but, as to gas premises, or in the manufacture of products the as royalty One Dollar (\$1.00) per year per net	sold by lessee, in no event more tr	ian one-eighth (%) of the proceeds re	reducing one only is not sold or	used lessee may nay or tender
meaning of the preceding paragraph. This lease may be maintained during of this lease or any extension thereof, the lesse	the primary term hereof without i	further payment or drilling operation	ns. If the lessee shall commence	to drill a well within the term oil or gas, or either of them, be
of this lease or any extension thereof, the lease found in paying quantities, this lease shall cont If said lessor owns a less interest in the				
the said lessor only in the proportion which less Lessee shall have the right to use, free	nor's interest bears to the whole an	a unaividea iee.		
When requested by lessor, lessee shall b	oury lessee's pipe lines below plow	depth.		
No well shall be drilled nearer than 200 Lessee shall pay for damages caused by	v lessee's operations to growing cro	ps on said land.		
Lessee shall have the right at any time If the estate of either party hereto is executors, administrators, successors or assign lessee has been furnished with a written transf	assigned, and the privilege of assue, but no change in the ownersh fer or assignment or a true copy the	signing in whole or in part is expre ip of the land or assignment of ren tereof. In case lessee assigns this lea	essly allowed, the covenants ner	eor andir extend to their neits,
with respect to the assigned portion or portions	eliver to lessor or place of record	a release or releases covering any p		
aurrender this lease as to such portion or portion All express or implied covenants of this in whole or in part, nor lessee held liable in da	ns and he relieved of all obligation s lease shall be subject to all Fede images, for failure to comply there	is as to the acreage surremored. First and State Laws, Executive Orde, with, if compliance is prevented by,	ers, Rules or Regulations, and this, or if such failure is the result of	s lease shall not be terminated f, any such Law, Order, Rule or
Lessor hereby warrants and agrees to d any mortgages, taxes or other liens on the abo- signed lessors, for themselves and their heirs,	we described lands, in the event bit successors and assigns, hereby at	urrender and release all right of do	wer and homestead in the premi	ises described herein, in so far
Lessee, at its option, is hereby given the immediate vicinity thereof, when in lessee's jeconservation of oil, gas or other minerals in or units not exceeding 40 acres each in the exceeding 40 acres each in the exceeding the conveyance records of the county pooled into a tract or unit shall be treated, for found on the pooled acreage, it shall be treated royalties elsewhere herein specified, lessor she placed in the unit or his royalty interest therein	ne right and power to pool or comi sudgment it is necessary or advis and under and that may be produce ent of an oil well, or into a unit or by in which the land herein lease all purposes except the payment as if producition is had from this	bine the acreage covered by this lear able to do so in order to properly ed from said premises, such pooling r units not exceeding 640 acres each d is situated an instrument identify of royalties on production from the lease, whether the well or wells be lo	ge or any portion thereof with or develop and operate said lease; to be of tracts contiguous to one in the event of a gan well. Leas ying and describing the pooled pooled unit, as if it were include coated on the premises covered by of the royalty stipulated herein	e another and to be into a uni- ce shall execute in writing and acreage. The entire acreage so d in this lease. If production is this lease or not. In lieu of the
This lease is comprised of two (2)				
Township 17 South, Range 27 West Tract 1: Section 25: S/2 NE/4 Tract 2: Section 25: S/2 SW/4	<u>st</u>			
This lease shall be considered for a	all purposes a separate le	ase on each tract.		
This lease is subject to a letter agre	ement dated May 24, 20	11.		
IN WITNESS WHEREOF, the undersi	gned execute this inal្សបំណិ្ទent as of	the day and year first above written	1.	
Witnesses:	Atroll .	(27110) a	Atriall)	,
Countriey L. Atwell	a contract	Paula Atwell	The state of the s	

63U (Rev. 1993)



(ACV. 1995)	OIL AND	GAS LEASE	09-115	Wichita, KS 67201-0793 316-264-9344-264-5165 fax www.kbp.com · kbp@kbp.com
AGREEMENT, Made and entered into the	15th day of	June		2006
oy and between Dennis C	. Atwell,	a single person		
Courtney	Atwell, Executo	or of the Merritt C.	. Atwell Estat	ie
Courtney	Atwell, Trustee	e Merritt C. Atwell	Revocable Liv	ing Trust
whose mailing address is RR 1, Box	31 Utica, Ka	angag		
whose mailing address is AR 1, BOX J. Fred Hambright Inc.	125 N. Market	#1415 Wichita, Ka		ssor (whether one or more),
	One and Messe		(3, 66)	_, hereinafter caller Lessee:
Lessor, in consideration of	air into subsurface strata, layin urfacture, process, store and training caring for its employees, the	ussee herein contained, hereby grants, leg and operating for and producing oil, g pipe lines, storing oil, building tanks,	eases and lets exclusively used liquid hydrocarbons, all good power stations, telephone es and their respective conthany reversionary rights and their respective conthany reversionary rights and the state of the s	gases, and their respective lines, and other structures
r	Pownship 17 Sout	th, Range 27 West		
	Section 26: E/29			
n SectionTownship	, Range	and containing	80	acres, more or less, and all
ccretions thereto. Subject to the provisions herein contained, this lea		Two (2)		m"). and as long thereafter
s oil, liquid hydrocarbons, gas or other respective constitu In consideration of the premises the said lessee co	ent products, or any of them, is	s produced from said land or land with	which said land is pooled.	in , i and as long mercaries
1st. To deliver to the credit of lessor, free of cost, com the leased premises.	in the pipe line to which lesses	e may connect wells on said land, the e	qual one-eighth (%) part of	all oil produced and saved
2nd. To pay lessor for gas of whatsoever nature t the market price at the well, (but, as to gas sold by less remises, or in the manufacture of products therefrom, sai s royalty One Dollar (\$1.00) per year per net mineral ac seaning of the preceding paragraph.	see, in no event more than one id payments to be made month re retained hereunder, and if a	eighth (%) of the proceeds received by ly. Where gas from a well producing g such payment or tender is made it will	lessee from such sales), fo as only is not sold or used be considered that gas is	r the gas sold, used off the i, lessee may pay or tender being produced within the
This lease may be maintained during the primar; f this lease or any extension thereof, the lessee shall hav bund in paying quantities, this lease shall continue and b If said lessor owns a less interest in the above do	e the right to drill such well to e in force with like effect as if s escribed land than the entire a	completion with reasonable diligence uch well had been completed within the and undivided fee simple estate therein	and dispatch, and if oil or e term of years first mentic	r gas, or either of them, be oned.
ne said lessor only in the proportion which lessor's interes Lessee shall have the right to use, free of cost, gas,			cept water from the wells (of lessor.
When requested by lessor, lessee shall bury lessee's No well shall be drilled nearer than 200 feet to the		mines without written concent of legger		
Lessee shall pay for damages caused by lessee's or				
Lessee shall have the right at any time to remove If the estate of either party hereto is assigned, z cecutors, administrators, successors or assigns, but no ssee has been furnished with a written transfer or assig	and the privilege of assigning change in the ownership of the nment or a true copy thereof. I	in whole or in part is expressly allow ne land or assignment of rentals or ro n case lessee assigns this lease, in who	red, the covenants hereof s yalties shall be binding or	shall extend to their heirs, in the lessee until after the
ith respect to the assigned portion or portions arising sub Lessee may at any time execute and deliver to le	ssor or place of record a releas	e or releases covering any portion or p	portions of the above descr	ibed premises and thereby
urrender this lease as to such portion or portions and be r All express or implied covenants of this lease sha a whole or in part, nor lessee held liable in damages, for	ll be subject to all Federal and	State Laws, Executive Orders, Rules of	r Regulations, and this lea failure is the result of, an	se shall not be terminated, y such Law, Order, Rule or
egulation. Lessor hereby warrants and agrees to defend the t ny mortgages, taxes or other liens on the above describe gned lessors, for themselves and their heirs, successors	d lands, in the event of default and assigns, hereby surrender	t of payment by lessor, and be subrogs r and release all right of dower and h	ited to the rights of the hol	lder thereof, and the under-
s said right of dower and homestead may in any way affice Lessee, at its option, is hereby given the right and mediate vicinity thereof, when in lessee's judgment it onservation of oil, gas or other minerals in and under a condition of oil of a cree each in the event of an occord in the exceeding 40 acrees each in the event of an occord in the conveyance records of the county in which could into a tract or unit shall be treated, for all purpose pund on the pooled acreage, it shall be treated as if produpyalties elsewhere herein specified, lessor shall receive laced in the unit or his royalty interest therein on an acre	I power to pool or combine the is necessary or advisable to nd that may be produced from il well, or into a unit or units the the land herein leased is sit es except the payment of royal cltion is had from this lease, w on production from a unit s	acreage covered by this lesse or any job os in order to properly develop ar said premises, such pooling to be of it not exceeding 640 acres each in the evuated an instrument identifying and ties on production from the pooled unithether the well or wells be located on the opoled only such portion of the roy opoled only such portion of the roy of pooled only such portion of the roy of the roy of the property of the roy of the row of the roy of the r	nd operate said lease premacts contiguous to one an ent of a gas well. Lessee sidescribing the pooled acret, as if it were included in he premises covered by this alty stipulated herein as	nises so as to promote the other and to be into a unit hall execute in writing and age. The entire acreage so this lease. If production is a lease or not. In lieu of the
See I	RIDER attached h	nereto and made a pa	art hereof.	

IN WITNESS WHEREOF, the undergraped execute this instrument as of the day and year first above written.

Dennis C. Atwell

Courtney Atwell, Executor of the Merritt

C. Atwell Estate, and Trustee

Conservation Division Finney State Office Building 130 S. Market, Rm. 2078 Wichita, KS 67202-3802



Phone: 316-337-6200 Fax: 316-337-6211 http://kcc.ks.gov/

Sam Brownback, Governor

Mark Sievers, Chairman Ward Loyd, Commissioner Thomas E. Wright, Commissioner

October 19, 2011

Klee R. Watchous Palomino Petroleum, Inc. 4924 SE 84TH ST NEWTON, KS 67114-8827

Re: Drilling Pit Application Atwell MC 1 SE/4 Sec.26-17S-27W Lane County, Kansas

Dear Klee R. Watchous:

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 within 96 hours of completion of drilling operations. KEEP PITS away from draw/drainage.

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) 225-8888 when the fluids have been removed. Please file form CDP-5 (August 2008), Exploration and Production Waste Transfer, through KOLAR within 30 days of fluid removal.

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) 225-8888.