

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

#### Kansas Corporation Commission Oil & Gas Conservation Division

1065336

Form C-1

March 2010

Form must be Typed

Form must be Signed

All blanks must be Filled

#### NOTICE OF INTENT TO DRILL

Expected Spud Date:	Spot Description:
month day year	Sec Twp S. R 🔲 E 🔲 W
OPERATOR: License#	(0/0/0/0) feet from N / S Line of Section
Name:	feet from E / W Line of Section
Address 1:	Is SECTION: Regular Irregular?
Address 2:	(Note: Locate well on the Section Plat on reverse side)
City:	County:
Contact Person:	Lease Name: Well #:
Phone:	Field Name:
CONTRACTOR: License#	Is this a Prorated / Spaced Field?
Name:	Target Formation(s):
W 110 111 15 W 1101 T 5 1	Nearest Lease or unit boundary line (in footage):
Well Drilled For: Well Class: Type Equipment:	Ground Surface Elevation:feet MSL
Oil Enh Rec Infield Mud Rotary	Water well within one-quarter mile:
Gas Storage Pool Ext. Air Rotary	Public water supply well within one mile:  Yes No
Disposal Wildcat Cable	Depth to bottom of fresh water:
Seismic ;# of HolesOther	Depth to bottom of usable water:
Other:	Surface Pipe by Alternate: I III
If OWWO: old well information as follows:	Length of Surface Pipe Planned to be set:
<u> </u>	-
Operator:	Length of Conductor Pipe (if any):
Well Name:	Projected Total Depth:
Original Completion Date: Original Total Depth:	Formation at Total Depth:
Directional, Deviated or Horizontal wellbore?	Water Source for Drilling Operations:
If Yes, true vertical depth:	Well Farm Pond Other:
Bottom Hole Location:	DWR Permit #:
KCC DKT #:	(Note: Apply for Permit with DWR )  Will Cores be taken?  Yes No
	If Yes, proposed zone:
AFI	FIDAVIT
The undersigned hereby affirms that the drilling, completion and eventual plu	gging of this well will comply with K.S.A. 55 et. seq.
It is agreed that the following minimum requirements will be met:	
A. Matificials assume state district affice conferred and different con-	
<ol> <li>Notify the appropriate district office <i>prior</i> to spudding of well;</li> <li>A copy of the approved notice of intent to drill <i>shall be</i> posted on each</li> <li>The minimum amount of surface pipe as specified below <i>shall be set</i> through all unconsolidated materials plus a minimum of 20 feet into the</li> <li>If the well is dry hole, an agreement between the operator and the distriction.</li> </ol>	by circulating cement to the top; in all cases surface pipe <b>shall be set</b> e underlying formation.
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Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

Spud date: \_

If well will not be drilled or permit has expired (See: authorized expiration date)
please check the box below and return to the address below.

Well will not be drilled or Permit Expired	Date:	
Signature of Operator or Agent:		



For KCC Use ONLY	
API # 15	

#### 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.

Well Number:feet from E / W Line of Section	Operator:						_ Lo	cation of W	Vell: County:
Sec	Lease:							feet from N / S Line of Section	
Number of Acres attributable to well:	Well Number:								
## Section is Irregular, locate well from nearest corner boundary.    Section corner used:   NE   NW   SE   SW	Field:					_ Se	SecTwpS. R E W		
## Section is Irregular, locate well from nearest corner boundary.    Section corner used:   NE   NW   SE   SW	Number o	f Acres attributa	ble to well:				– Is	Section:	Regular or Irregular
PLAT  Show location of the well. Show footage to the nearest 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).  You may attach a separate plat if desired.  LEGEND  Well Location  Tank Battery Location  Pipeline Location  Electric Line Location  Lease Road Location  EXAMPLE  14	QTR/QTR	2/QTR/QTR of a	creage:				_		
Show location of the well. Show footage to the nearest 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).  You may attach a separate plat if desired.  LEGEND  Well Location  Tank Battery Location  Pipeline Location  Electric Line Location  Lease Road Location  EXAMPLE									
LEGEND  O Well Location  Tank Battery Location  — Pipeline Location  — Electric Line Location  — Lease Road Location  EXAMPLE  14		lease roads, to	ank batteries, p		d electrica	l lines, as	est lease of required b	y the Kans	sas Surface Owner Notice Act (House Bill 2032).
O Well Location  Tank Battery Location  — Pipeline Location  — Electric Line Location  — Lease Road Location	670 ft.					:			LEGEND
O Well Location Tank Battery Location — Pipeline Location — Electric Line Location — Lease Road Location  EXAMPLE  14		:		:		:	:	:	
Pipeline Location Electric Line Location Lease Road Location  EXAMPLE  14  1980'FSL				:		:	:	:	
Lease Road Location  EXAMPLE  14  1980'FSL		:	:	:		:	:	:	
Lease Road Location  EXAMPLE  1980' FSL		:		:	*******	:		:	·
14  EXAMPLE  1980'FSL									
14  EXAMPLE  1980' FSL		:		:		:	:	:	Lease Road Location
14 1980' FSL		:	:	:		:	:	:	
14 1980' FSL									EYAMDI'E : :
1980' FSL		:	:	:		:	:	:	EXAMPLE :
1980' FSL		:		1	4	:	:		
1980' FSL			:	•		:	:	•	
1980' FSL					•••••		:		
1980' FSL						:			:
1980' FSL		:		:		:	:	:	
SEWARD CO. 3390' FEL				:		:			1980' FSL
			:	:		:	:		
			:	:		:	:		SEWARD CO. 3390' FEL

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



#### KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

065336

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)  Pr Area? Yes No  Artificial Liner?		SecTwp R East West Feet from North / South Line of Section Feet from East / West Line of Section County County Chloride concentration: mg/l		
Yes No		lo	·		
Pit dimensions (all but working pits):  Depth fro	Length (fee				
If the pit is lined give a brief description of the line material, thickness and installation procedure.			dures for periodic maintenance and determining scluding any special monitoring.		
Distance to nearest water well within one-mile of	of pit:	Depth to shallo Source of infor	west fresh water feet. nation:		
feet Depth of water wellfeet		measured	well owner electric log KDWR		
Emergency, Settling and Burn Pits ONLY:		Drilling, Work	ver and Haul-Off Pits ONLY:		
Producing Formation:		Type of material utilized in drilling/workover:			
Number of producing wells on lease:		Number of working pits to be utilized:			
Barrels of fluid produced daily:		Abandonment p	procedure:		
Does the slope from the tank battery allow all splow into the pit? Yes No	pilled fluids to	Drill pits must be closed within 365 days of spud date.			
Submitted Electronically					
	KCC	OFFICE USE O	NLY Liner Steel Pit RFAC RFAS		
Date Received: Permit Numl	her:	Parmi	t Date: Lease Inspection: Yes No		



#### Kansas Corporation Commission Oil & Gas Conservation Division

1065336

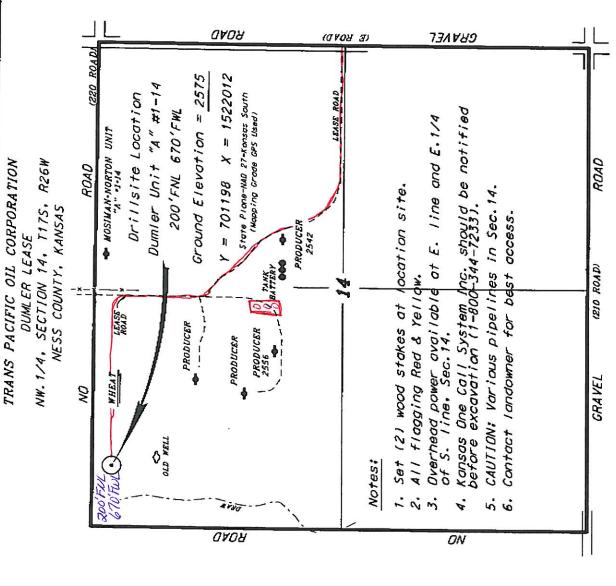
Form KSONA-1
July 2010
Form Must Be Typed
Form must be Signed
All blanks must be Filled

### 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).

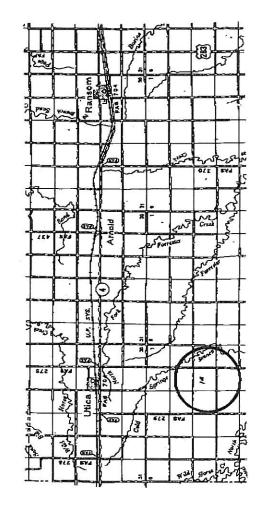
Any such form submitted without an accompanying Form KSONA-1 will be returned.

Select the corresponding form being filed: C-1 (Intent) CB-1 (CB-1)	Cathodic Protection Borehole Intent) T-1 (Transfer) CP-1 (Plugging Application)			
OPERATOR: License #	Well Location:			
Name:	SecTwpS. R East			
Address 1:	County:			
Address 2:	Lease Name: Well #:			
City: State: Zip:+	If filing a Form T-1 for multiple wells on a lease, enter the legal description of			
Contact Person:	the lease below:			
Phone: ( ) Fax: ( )				
Email Address:				
Surface Owner Information:				
Name:	When filing a Form T-1 involving multiple surface owners, attach an additional 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 county, and in the real estate property tax records of the county treasurer.			
Address 1:				
Address 2:				
City:				
the KCC with a plat showing the predicted locations of lease roads, tank	dic Protection Borehole Intent), you must supply the surface owners and k batteries, pipelines, and electrical lines. The locations shown on the plat in the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.			
☐ I certify that, pursuant to the Kansas Surface Owner Notice A owner(s) of the land upon which the subject well is or will be to CP-1 that I am filing in connection with this form; 2) if the form to form; and 3) my operator name, address, phone number, fax, at ☐ I have not provided this information to the surface owner(s). I at KCC will be required to send this information to the surface owner(s).	cknowledge that, because I have not provided this information, the vner(s). To mitigate the additional cost of the KCC performing this			
task, I acknowledge that I am being charged a \$30.00 handling  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			
Submitted Electronically				



\*ingress and egress to location as shown on this plat is per usage anily and may not be legally opened for public use. Contact landowner, tendo to county road department for access.

2CV1E 1, = 1000,



Sentrelling date is bessed upon the best maps and physiocraphs overline to us and upon a repular session of land conferring 640 parses.

\*\*Abording the decident lines are ablieved using the normal standard of care of cities surveyors beating in the section for corner. Which standard of care of cities section lines are not measured from the section for corner. Which service is also the section lines are not measured from the section lines are not measured from the section lines are not measured from the section lines are not section lines. The section lines are not section lines are not section lines are not section lines. The section lines are not section lines are not section to consideration of losses and the decident lines are not section in the section of consideration of deaderlo the friction between the decident lines are lines.

CENTRAL KANSAS

INC. (620)792-1977 SERVICES, OILFIELD

October

2011

13.

## **UNIT AGREEMENT**

IS UNIT AGREEMENT IS MADE AND ENTERED this 28 day of September, Palomino Petroleum Inc., as Non-operating Lessee, and Trans Pacific Oil 38 THIS UNIT AGREEMENT IS MADE AND ENTERED this Corporation, as Operating Lessee.

## WITNESSETH:

In consideration of the premises, and the mutual benefits, covenants and promises herein contained, the parties agree and are bound as follows: The parties hereby agree as owners of the leases as described on attached Exhibit "A", that for the purposes of drilling, development and production of oil and/or insofar and only insofar as said leases cover the following lands in Section 11 & 14, Township 17 South, Range 26 West, Ness County, Kansas: gas, and division of royalties of oil and/or gas, including shut-in gas royalties and

South-Half of the Southwest Quarter of the Southwest Quarter (S/2SW/4SW/4) of Section 11 and North-Half of the Northwest Quarter of the of the Northwest Quarter (N/2NW/4NW/4) of Section 14 containing 40 acres, more or less (designated as the "consolidated area"), shall be and remain a single unit, and shall be developed and operated as a unitized and consolidated area and terms of the oil and gas leases described in Exhibit "A", drilling operations for oil and/or gas and production of oil and/or gas on any part of the **Dumler A Unit #1-14** shall be treated as if such drilling operations were commenced or such oil and/or gas production was obtained from land described in each of said leases, regardless of where the oil and/or gas well or wells may be located upon said Dumler A Unit #1-14. In lieu of the royalties specified in each oil and gas lease, the pertinent lessor shall receive, on production from the **Dumler A Unit #1-14**, only such portion of the royalty stipulated in said oil and gas lease as the amount of said lessor's acreage leasehold estate, to the same extent as if said oil and gas leasehold estates had originally been included in one oil and gas lease, which pooled and combined area is hereby designated as the Dumler A Unit #1-14. The parties further hereby state that, for purposes of the extension of the placed in the unit or said lessor's royalty interest therein, on an acreage basis, bears to the total acreage so pooled in the consolidated area.

- understood that, through drilling and completion as a producing well the Non-operating Lessee working interest owners of leases in the unit area. The Non-operating Lessee also agrees to allow the Operating Lessee to designate the location of any roads, pipe lines and tank batteries that may be used in the production of any completed well. To the extent that any term of the Operating Agreement conflicts with this Unit Agreement, the terms of this Unit Agreement shall prevail. operator, pursuant to the operating agreement dated January 1, 2009, by the parties ("Operating Agreement"), which shall reference and incorporate therein the terms of this Unit Agreement and which will designate as the Contract Area only the unitized area as described above. It is shall be billed directly from the Operating Lessee, and it is the obligation of the Non-operating The parties agree that should a test well be drilled by Operating Lessee upon the consolidated area; the cost of the drilling and completion of said well shall be shared equally by the parties. In the event that a well is completed on the consolidated area, then Operating Lessee shall operate the well as operator, and Non-operating Lessee shall participate in said well as non-Lessee to further bill its assigns, if any, and that the Non-operating Lessee shall be liable for any completion of the initial well on the unit area described above shall be billed individually to all all costs stemming from its own, or its assigned interests; however, late payments
- Each party may (without the necessity of obtaining the consent of the other party) drill, complete, produce and operate additional wells on the non-consolidated acreage covered by its separate The parties acknowledge and agree that the leases set forth in Exhibit "A" shall remain the separate property of the parties hereto; nothing herein shall result in any crossconveyance of the leasehold interests owned by the parties in the leases described in Exhibit "A".

lease, provided that such wells are located no closer than 330 feet to the boundary of the consolidated area or to the boundary of the separate lease owned by the other party.

- oil and gas leases described in Exhibit "A" in equal shares. The parties shall mutually agree to and cause to be executed a division order or orders by which the interest of owners of any interest All proceeds from the sales of oil and gas herein shall be apportioned between the (royalty interest or otherwise) in the consolidated area will be set out and paid by its purchaser(s).
- 5. This agreement, and all of the provisions thereof, shall be and constitute covenants running with the land and shall bind and inure to the benefit of the heirs, successors and assigns of the respective parties.
- force and effect so long as any well in the consolidated area is being operated and developed for oil and gas purposes. This Unit Agreement and the consolidated area shall not be affected by the This agreement and the rights of the parties herein shall be and remain in full expiration of the primary terms of said leases, or either of them. 6.
- This Unit Agreement and Operating Agreement dated January 1, 2009, constitute the entire agreement between the parties, superceding any other agreement between the parties as to the matters contained herein; this Unit Agreement shall be amended only by an Amendment, in writing, signed by both parties.

IN WITNESS WHEREOF, the parties have heretofore set their hands and seals as of the day and year first above written.

Non-Operating Lessee Palomino Petroleum, Inc. Operating Lessee Trans Pacific Oil Corporation

R. Watchous, President

by: Klee R. Alan D. Banta, Président

# ACKNOWLEDGEMENTS

	SS:	
	<u> </u>	<u> </u>
STATE OF KANSAS		COUNTY OF HARVEY

BE IT REMEMBERED that on this 29th day of September, 2011, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Klee R. Watchous, President of Palomino Petroleum, Inc., a corporation of the State of Kansas, to me personally known to be such officer and to be the same person who executed as such officer the foregoing instrument of writing on behalf of said corporation, and acknowledged the execution of the same for himself and for said corporation for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

Notary Public

My appointment expires: July 16, 2013

My Appt. Exp. 10-13

STATE OF KANSAS )
COUNTY OF SEDGWICK )

the same person who executed as such officer the foregoing instrument of writing on behalf of said corporation, and acknowledged the execution of the same for himself and for said undersigned, a Notary Public in and for the County and State aforesaid, came Alan D. Banta, President of Trans Pacific Oil Corporation, to me personally known to be such officer and to be corporation for the uses and purposes therein set forth. said corporation, and

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My appointment expires:

Votary Public, Cristina M. Hickey-Toedtmann

CRISTINA M. HICKEY-TOEDTMANN
NOTARY PUBLIC
STATE OF KANSAS
NY APPT. EXP. 185 C-14-20

### EXHIBIT "A"

, 2011, by and 28 ATTACHED TO THE UNIT AGREEMENT, DATED September between Palomino Petroleum, Inc. and Trans Pacific Oil Corporation,

Lessor: Nadra Ozell Johnson and James P. Johnson, her husband Lessee: J. Fred Hambright, Inc. Ą.

Description: Insofar and only insofar as said lease covers the

Southwest Quarter (SW/4) less and except the South Half of the Southeast Quarter of the Southwest Quarter (S/2 SE/4 SW/4) of Section 11 Township 17 South, Range 26 West, Ness County,

Date: January 25th, 2006

Book/Page: 300/81

2 Year Extension recorded in Book/Page: 314/166

2 Year Extension recorded in Book/Page: 328/579

Lessor: Crystal Ann Schmidt and Julie Diane Scott, Co-Executors of the

Ardith Ann Davidson Estate

Lessee: Palomino Petroleum, Inc.
Description: Insofar and only insofar as said lease covers the Southwest Quarter (SW/4) less and except the South Half of the Southeast Quarter of the Southwest Quarter (S/2 SE/4 SW/4) of Section 11, Township 17 South, Range 25 West, Ness County, Kansas

Date: December 8, 2009

Book/Page: 329/69

Overriding Royalty

NONE

- entire interest (.8203125 NRI)

Palomino Petroleum, Inc. Working Interest:

Lessor: T. B. Dumler and Margaret S. Dumler, his wife B.

Lessee: Strong's, Inc.
Description: NW/4 of Section 14; and the E/2 NE/4 of Section 15,
Township 17 South-Range 26 West, Ness County, Kansas
Date: March 2nd, 1971

Book/Page: Misc. 90/232

Overriding Royalty

Interests:

- entire interest (.8203125 NRI) Trans Pacific Oil Corporation Working Interest: