

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 OPERATOR: License#	feet from E / W Line of Section Is SECTION: Regular Irregular? (Note: Locate well on the Section Plat on reverse side) County:
Name:	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:
Name:	feet from E / W Line of Section Is SECTION: Regular Irregular? (Note: Locate well on the Section Plat on reverse side) County:
Address 2: State: Zip: +	(Note: Locate well on the Section Plat on reverse side) County:
Address 2: State: Zip: +	County:
State: Zip: +	County:
Phone:	, -
	Lease Name: Well #:
DON'T DA OTO D. L	Field Name:
CONTRACTOR: License#	
Vame:	Target Formation(s):
	Nearest Lease or unit boundary line (in footage):
Well Drilled For: Well Class: Type Equipment:	Ground Surface Elevation:feet MS
Oil Enh Rec Infield Mud Rotary	Water well within one-quarter mile:
Gas Storage Pool Ext. Air Rotary	
Disposal Wildcat Cable	,
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: I I II
	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:	ven Tami ond Suier.
Bottom Hole Location:	DWR Permit #:
KCC DKT #:	— (Note: Apply for Permit with DWR ☐)
	VIII GOIGG DE LAKOIT.
	If Yes, proposed zone:
Al	FFIDAVIT
The undersigned hereby affirms that the drilling, completion and eventual p	olugging of this well will comply with K.S.A. 55 et. seq.
t is agreed that the following minimum requirements will be met:	
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 ea	ch drilling ria:
., .,	et 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	
, , ,	istrict office on plug length and placement is necessary prior to plugging;
5. The appropriate district office will be notified before well is either plu	,
	ted from below any usable water to surface within 120 DAYS 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.
1	3
ubmitted Electronically	
abilitiod Electromodify	7. Domonthou to
	Remember to:
For KCC Use ONLY	- File Certification of Compliance with the Kansas Surface Owner Notification
	·
API # 15	Act (KSONA-1) with Intent to Drill;
	Act (KSONA-1) with Intent to Drill; - File Drill Pit Application (form CDP-1) with Intent to Drill;
API # 15	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;
API # 15 feet Conductor pipe required feet Minimum surface pipe required feet per ALT I II	Act (KSONA-1) with Intent to Drill; - File Drill Pit Application (form CDP-1) with Intent to Drill;
API # 15	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;
API # 15 feet Conductor pipe required feet per ALT I II	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;

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

Spud date: _

Side Two



For KCC Use ONLY	
API # 15	_

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

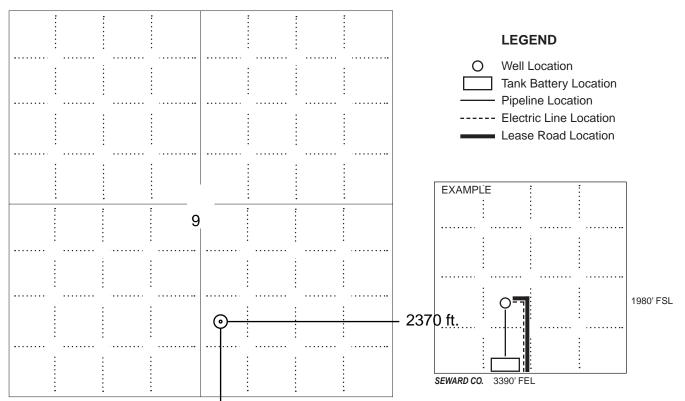
In all cases, please fully complete this side of the form. Include items 1 through 5 at the bottom of this page.

Operator:	Location of Well: County:
Lease:	feet from N / S Line of Section
Well Number:	feet from E / W Line of Section
Field:	SecTwpS. R 🗌 E 🔲 W
Number 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

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.



NOTE: In all cases locate the spot of the proposed drilling locaton.

1030 ft.

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

070368

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(For Emergency Pits and Settling Pits only)	
Is the bottom below ground level?	Artificial Liner? Yes N	No	How is the pit lined if a plastic liner is not used?	
	Length (fee		Width (feet)	
If the pit is lined give a brief description of the li material, thickness and installation procedure.	ilei		dures for periodic maintenance and determining any special monitoring.	
Distance to nearest water well within one-mile of	of pit:	Depth to shallo Source of infor	west fresh water feet. mation:	
feet Depth of water well	feet	measured	well owner electric log KDWR	
Emergency, Settling and Burn Pits ONLY:		Drilling, Work	over and Haul-Off Pits ONLY:	
Producing Formation:		Type of materia	al utilized in drilling/workover:	
Number of producing wells on lease:		Number of working pits to be utilized:		
Barrels of fluid produced daily:		Abandonment	procedure:	
Does the slope from the tank battery allow all s flow into the pit? Yes No	pilled fluids to	·	be closed within 365 days of spud date.	
Submitted Electronically				
KCC OFFICE USE ONLY Liner Steel Pit RFAC RFAS				
Date Received: Permit Num	ber:	Permi	it Date: Lease Inspection: Yes No	



Kansas Corporation Commission Oil & Gas Conservation Division

1070368

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
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:	
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	

For KCC Use ONLY	
API # 15	

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

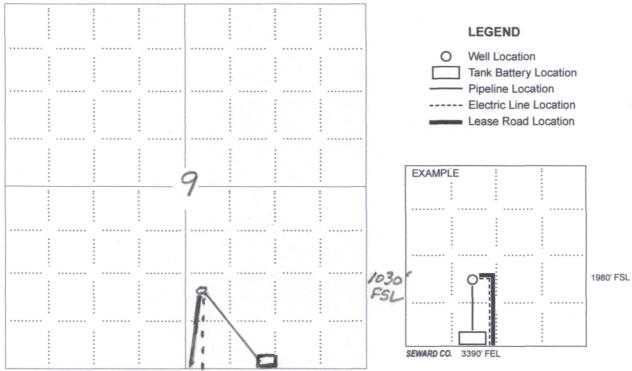
In all cases, please fully complete this side of the form. Include items 1 through 5 at the bottom of this page.

Operator: Mai Oil Operations, Inc.	Location of Well: County: Russell		
Lease: Lorraine Krug			
Well Number: 1	1,030 feet from 2,370 N / X S Line of Section 2,370 feet from X E / W Line of Section Sec. 9 Twp. 15 S. R. 14 E X W		
Field:	Sec. 9 Twp. 15 S. R. 14 E W		
Number of Acres attributable to well: QTR/QTR/QTR of acreage:	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. 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).

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- 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.

FORM 88 - (PRODUCER'S SPECIAL) (PAID-UP

OIL AND GAS LEASE

AGREEMENT, Made and en	atered into the 25 day	y of January	, 2011		
by and between The I	Lorraine I, Krug Trust				
whose mailing address is	3339 187 th Street, Russell,	Kansas 67665	hereinafter called Lessor (whether one or more),		
and MAST DRILLI	ING, INC.				
			hereinafter called Lessee;		
Lessor, in consid	leration of One and O.V.C		Dollars (\$ 1.00) in hand paid,		
receipt of which is here ack; unto lessee for the purpose hydrocarbons, all gases, and tanks, power stations, telep- liquid hydrocarbons, gases	nowledged and of the royalties herein e of investigating, exploring by geo I their respective constituent products hone lines, and other structures and	physical and other means, prospe i, injecting gas, water, other fluids, things thereon to produce, save, ta ucts and other products manufactu	the lessee herein contained, hereby grants, leases and lets exclusively octing drilling, mining and operating for and producing oil, liquid and air into subsurface strata, laying pipe lines, storing oil, building ske care of, treat, manufacture, process, store and transport said oil, ared therefrom, and housing and otherwise caring for its employees,		
therein situated in County of	of Russell State	of Kansas	described as follows to wit:		
The South Half (S/2)			· · · · · · · · · · · · · · · · · · ·		
In Section 9 .T	ownship 15-S Range	14-W and containing	Acres, more or less, and all accretions thereto.		
thereafter as oil, liquid hydr Notwithstanding Lease or any portion thereo acreage described herein the of \$10.00 per net mineral a mailed to or delivered to I exercised as herein provide	ocarbons, gas or other respective con anything to the contrary contained if would expire in accordance with it at is expiring. The only action requi- acre so extended which payment sha- blues of the above address (or such	stituent products, or any of them, is herein, Lessee is hereby granted if to learns and provisions, of extendin ed by Lessee to exercise this optio Il cover the entire one (1) year os other address as Lessor may her ooses as though this Lesse origina	f 3years from this date (called "primary term"), and as long a produced from said land or land with which said land is pooled. he exclusive option, to be exercised prior to the date on which this g this Lease for an additional period of one (1) years as to all of the n being payment to Lessor of an additional consideration of the sum tended primary term. Such tender shall be via check or sight draft reinafter furnish Lessee via written notice). Should this option be lly provided for a primary term of four (4) years. If this Lease is a by a recordable instrument.		
	of the premises the said lessee coven		connect wells on said land, the equal one-eighth (%) part of all oil		
produced and saved from th		the pipe line to which lessee may	connect wells on said land, the equal one-eighth (%) part of all of		
2 nd . To pay lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/4), at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (1/4) of the proceeds received by lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products, said payments to be made monthly. Where gas from a well producing gas only is not sold or used, lessee may pay or tender as royalty One Dollar (\$1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph. This lease may be maintained during the primary term hereof without further payment or drilling operations. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years					
	ons a less interest in the above descri		ided fee simple estate therein, then the royalties herein provided for livided fee.		
Lessee shall have	e the right to use, free of cost, gas, oil	and water produced on said land for	or lessee's operation thereon, except water from the wells of lessor.		
	by lessor, lessee shall bury lessee's p				
	drilled nearer than 200 feet to the hor				
	for damages caused by lessee's open				
			id premises, including the right to draw and remove casing.		
If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.					
Lessee may at at thereby surrender this lease:	ny time execute and deliver to lesson as to such portion or portions and be	or place of record or releases coverlieved of all obligations as to the	vering any portion or portions of the above described premises and acreage surrendered.		
All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.					
Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and the undersigned lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.					
Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when a lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 640 acres each in the event of a gas well. Lessee shall exceute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be traded as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty sipulated herein as the amount of his acreage place in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.					
	undersigned execute this agreement as of the	e day and year first above written.			
Journe of	· Strug				
Lorraine I. Krug, 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

December 19, 2011

Allen Bangert Mai Oil Operations, Inc. 8411 PRESTON RD STE 800 DALLAS, TX 75225-5520

Re: Drilling Pit Application Lorraine Krug 1 SE/4 Sec.09-15S-14W Russell County, Kansas

Dear Allen Bangert:

District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed <u>without slots</u>, 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 the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred. The fluids should be removed again 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 (785) 625-0550 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 (785) 625-0550.