For KCC Use:

| Effective | Date: |
|------------|-------|
| District # | |

Yes No

Form I

SGA?

| | CORRECTION #1 | |
|--|---------------|--|
| | - | |

1081671 KANSAS CORPORATION COMMISSION **OIL & GAS CONSERVATION DIVISION**

March 2010 Form must be Typed Form must be Signed All blanks must be Filled

Form C-1

| NOTICE | OF | INTENT | TO DRILL |
|--------|----|---------------|-----------------|
|--------|----|---------------|-----------------|

Must be approved by KCC five (5) days prior to commencing well

| KSONA-1. | Certification of | Compliance with the | e Kansas Surface C | Wher Notification A | Act. MUST be : | submitted with this form. |
|----------|------------------|---------------------|--------------------|---------------------|----------------|---------------------------|
| | | | | | | |

| Expected Spud Date: | Spot Description: |
|---|---|
| OPERATOR: License# | |
| 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: State: Zip: + | County: |
| Contact Person: | Lease Name: Well #: |
| Phone: | Field Name: |
| CONTRACTOR: License# | Is this a Prorated / Spaced Field? |
| Name: | Target Formation(s): |
| 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: | Nearest Lease or unit boundary line (in footage): |
| Directional, Deviated or Horizontal wellbore? | Well Farm Pond Other: |
| If Yes, true vertical depth: | DWR Permit #: |
| Bottom Hole Location: | (Note: Apply for Permit with DWR) |
| KCC DKT #: | Will Cores be taken? |
| | 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;
- 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 3. 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 E | Electronically |
|-------------|----------------|
|-------------|----------------|

| For KCC Use ONLY | |
|---|---------------|
| API # 15 | |
| Conductor pipe required | feet |
| Minimum surface pipe required | feet per ALT. |
| Approved by: | |
| This authorization expires: (This authorization void if drilling not started within 12 | |
| Spud date: Agent: | |

Mail to: KCC - Conservation Division,

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;
- Submit plugging report (CP-4) after plugging is completed (within 60 days);
- Obtain written approval before disposing or injecting salt water.
- 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.

ш

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

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

For KCC Use ONLY

API # 15 - ____

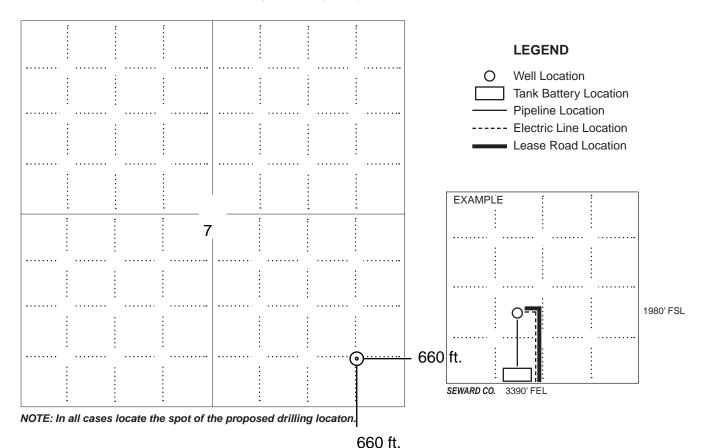
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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: | Sec Twp S. R E 🗌 W |
| Number of Acres attributable to well: QTR/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). You may attach a separate plat if desired.



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.



1081671

CORRECTION #1

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

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: | Pit is: | | |
| Emergency Pit Burn Pit | Proposed | Existing | SecTwpR East West |
| Settling Pit Drilling Pit | If Existing, date co | nstructed: | Feet from North / South Line of Section |
| Workover Pit Haul-Off Pit (If WP Supply API No. or Year Drilled) | Pit capacity: | | Feet from East / West Line of Section |
| | | (bbls) | County |
| Is the pit located in a Sensitive Ground Water A | rea? Yes | No | Chloride concentration: mg/l (For Emergency Pits and Settling Pits only) |
| Is the bottom below ground level? | Artificial Liner? | ło | How is the pit lined if a plastic liner is not used? |
| Pit dimensions (all but working pits): | Length (fee | et) | Width (feet)N/A: Steel Pits |
| Depth fro | m ground level to dee | epest point: | (feet) No Pit |
| | | | dures for periodic maintenance and determining cluding any special monitoring. |
| Distance to nearest water well within one-mile of pit: Depth to shallo Source of inform | | west fresh water feet. nation: | |
| feet Depth of water wellfeet measured | | well owner electric log KDWR | |
| Emergency, Settling and Burn Pits ONLY: | | Drilling, Worko | over and Haul-Off Pits ONLY: |
| Producing Formation: | | Type of material utilized in drilling/workover: | |
| Number of producing wells on lease: | | Number of worl | king pits to be utilized: |
| Barrels of fluid produced daily: Abandonm | | Abandonment p | procedure: |
| Does the slope from the tank battery allow all spilled fluids to flow into the pit? Yes No | | be closed within 365 days of spud date. | |
| Submitted Electronically | | | |
| | KCC | OFFICE USE O | NLY |
| Date Received: Permit Numl | oer: | Permi | |

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

CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

KANSAS CORPORATION COMMISSION

OIL & GAS CONSERVATION DIVISION

CORRECTION #1

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

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 (Cathodic Protection Borehole Intent) T-1 (Transfer) CP-1 (Plugging Application)

| OPERATOR: License # | Well Location: | | |
|----------------------------|--|--|--|
| Name: | | | |
| 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 | | |
| Address 1: | | | |
| Address 2: | county, and in the real estate property tax records of the county treasurer. | | |
| City: State: Zip:+ | | | |

If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary non-binding estimates. The locations may be entered on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.

Select one of the following:

- I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this form; 2) if the form being filed is a Form C-1 or Form CB-1, the plat(s) required by this form; and 3) my operator name, address, phone number, fax, and email address.
- □ I have not provided this information to the surface owner(s). I acknowledge that, because I have not provided this information, the KCC will be required to send this information to the surface owner(s). To mitigate the additional cost of the KCC performing this task, I acknowledge that I am being charged a \$30.00 handling fee, payable to the KCC, which is enclosed with this form.

If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.

Submitted Electronically

I

I

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

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

Mark Sievers, Chairman Ward Loyd, Commissioner Thomas E. Wright, Commissioner Sam Brownback, Governor

May 17, 2012

Nicholas D Hess Cobalt Energy LLC 115 S. BELMONT #12 PO BOX 8037 WICHITA, KS 67208

Re: Drilling Pit Application API 15-163-24025-00-00 Brobst "A" 1-7 SE/4 Sec.07-06S-19W Rooks County, Kansas

Dear Nicholas D Hess:

According to the drilling pit application referenced above, no earthen pits will be used at this location. Steel pits will be used. Please inform the Commission in writing as to which disposal well you utilized to dispose of the contents in the steel pits and the amount of fluid that was disposed. Please file form CDP-5 (August 2008), Exploration and Production Waste Transfer, within 30 days of fluid removal.

Should a haul-off pit be necessary please file form CDP-1 (April 2004), Application for Surface Pit, through KOLAR. This location will have to be inspected prior to approval of the haul-off pit application.

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.

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

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



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

Sam Brownback, Governor

HAUL-OFF PIT APPLICATION FILING REQUIREMENTS

82-3-607. DISPOSAL OF DIKE AND PIT CONTENTS. Each operator shall perform one of the following when disposing of dike or (a) pit contents: (1) Remove the liquid contents to a disposal well or other oil and gas operation approved by the commission or to road maintenance or construction locations approved by the department; dispose of reserve pit waste down the annular space of a well completed (2) according to the alternate I requirements of K.A.R. 82-3-106, if the waste to be disposed of was generated during the drilling and completion of the well; or dispose of the remaining solid contents in any manner required by the (3) commission. The requirements may include any of the following: Burial in place, in accordance with the grading and restoration (A) requirements in K.A.R. 82-3-602 (f); removal and placement of the contents in an on-site disposal area (B) approved by the commission; removal and placement of the contents in an off-site disposal area (C) on acreage owned by the same landowner or to another producing lease or unit operated by the same operator, if prior written permission from the landowner has been obtained; or

(D) removal of the contents to a permitted off-site disposal area

approved

by the department.

- (b) Each violation of this regulation shall be punishable by the following:
 - (1) A \$1,000 penalty for the first violation;
 - (2) a \$2,500 penalty for the second violation; and
 - (3) a \$5,000 penalty and an operator license review for the third violation.

File Haul-Off Pit Application in KOLAR. Review the information below and attach all required documents to the pit application when submitting through KOLAR. This form will automatically generate and fill in from questions asked in KOLAR.

Haul-off pit will be located in an on-site disposal area: ____Yes ____No

Haul-off pit is located in an off-site disposal area on acreage owned by the same landowner: ____Yes ____No If yes, written permission from the land owner must be obtained. Attach written permission to haul-off pit application.

Haul-off pit is located in an off-site disposal area on another **producing** lease or unit operated by the same operator: ___Yes ___No If yes, written permission from the land owner must be obtained. Attach permission and a copy of the lease assignment that covers the acreage where the haul-off pit is to be located, to the haul-off pit application.

Summary of Changes

Lease Name and Number: Brobst "A" 1-7 API/Permit #: 15-163-24025-00-00 Doc ID: 1081671 Correction Number: 1 Approved By: Rick Hestermann 05/17/2012

| Field Name | Previous Value | New Value |
|---|---|------------------|
| Abandonment Procedure Artificial Liner? | allow to evaporate, backfill when dry as conditions permit. No | |
| Contractor License Number | 30606 | 5822 |
| Contractor Name | Murfin Drilling Co., Inc. | Val Energy, Inc. |
| Depth Of Water Well | 40 | |
| Depth to Shallowest Fresh Water | 20 | |
| Expected Spud Date | 5/12/2012 | 06/11/2012 |
| Feet to Nearest Water Well Within One-Mile of Pit | 3736 | |
| Fit Fresh Water Information Source: KDWR | Yes | No |
| How Pit is Lined if Plastic Liner Not Used | bentonite and other solids from drilling mud self-seal pits | |

Summary of changes for correction 1 continued

| Field Name | Previous Value | New Value |
|-----------------------------------|-------------------------------|-------------------------------|
| Is Bottom Below Ground Level? | Yes | |
| Is Pit Proposed or Existing | Proposed | |
| KCC Only - Approved By | Rick Hestermann 04/03/2012 | Rick Hestermann 05/17/2012 |
| KCC Only - Approved Date | 04/03/2012 | 05/17/2012 |
| KCC Only - CDP1 Steel Pit | | Yes |
| KCC Only - Date Received | 04/02/2012 | 05/17/2012 |
| Number of Working Pits to be Used | 4 | |
| Pit Capacity BBLS | 600 | |
| Pit Deepest Depth | 4 | |
| Pit Length | 100 | |
| Pit Type | Drilling | |
| Pit Width | 100 | |
| RFAC | | Yes |

Summary of changes for correction 1 continued

| Field Name | Previous Value | New Value |
|---|--|--|
| Save Link | //kcc/detail/operatorE ditDetail.cfm?docID=10 | //kcc/detail/operatorE ditDetail.cfm?docID=10 |
| Steel Pit | 77786 No | 81671 Yes |
| Type of Material Used in Drilling / Workover | bentonite | |

Summary of Attachments

Lease Name and Number: Brobst "A" 1-7 API: 15-163-24025-00-00 Doc ID: 1081671 Correction Number: 1 Approved By: Rick Hestermann 05/17/2012

Attachment Name

No Earthen Pits

Haul Off Pit Application