



1086231

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: _____

Lease: _____

Well Number: _____

Field: _____

Number of Acres attributable to well: _____

QTR/QTR/QTR/QTR of acreage: _____ - _____ - _____ - _____

Location of Well: County: _____

_____ feet from N / S Line of Section

_____ feet from E / W Line of Section

Sec. _____ Twp. _____ S. R. _____ E W

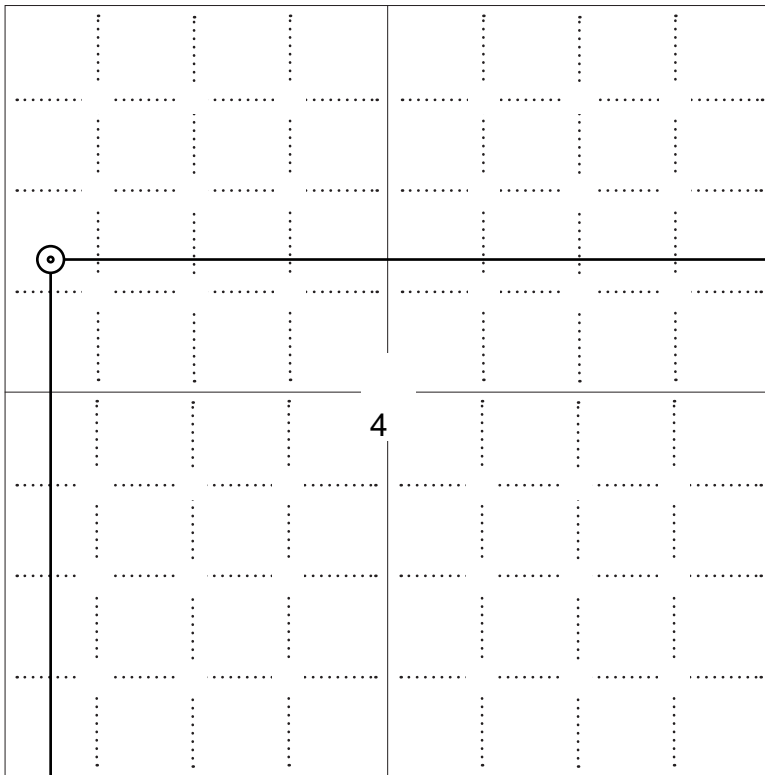
Is Section: Regular or Irregular

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

Section corner used: NE NW SE SW

PLAT

Show location of the well. 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.



4970 ft.

LEGEND

- Well Location
- Tank Battery Location
- Pipeline Location
- Electric Line Location
- Lease Road Location



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

3540 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 1086231
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: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <i>(If WP Supply API No. or Year Drilled)</i>		Pit is: <input type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: _____ (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: _____ mg/l <i>(For Emergency Pits and Settling Pits only)</i>	
Is the bottom below ground level? <input type="checkbox"/> Yes <input type="checkbox"/> No		Artificial Liner? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Pit dimensions (all but working pits): _____ Length (feet) _____ Width (feet)		<input type="checkbox"/> N/A: Steel Pits	
Depth from ground level to deepest point: _____ (feet)		<input type="checkbox"/> 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: _____ feet Depth of water well _____ feet		Depth to shallowest fresh water _____ feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input type="checkbox"/> 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? <input type="checkbox"/> Yes <input type="checkbox"/> No		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: _____ Number of working pits to be utilized: _____ Abandonment procedure: _____ _____ Drill pits must be closed within 365 days of spud date.	
<p>Submitted Electronically</p>			

KCC OFFICE USE ONLY

Liner Steel Pit RFAC RFAS

Date Received: _____ Permit Number: _____ Permit Date: _____ Lease Inspection: Yes No



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

OPERATOR: License # _____
Name: _____
Address 1: _____
Address 2: _____
City: _____ State: _____ Zip: _____ + _____
Contact Person: _____
Phone: (_____) _____ Fax: (_____) _____
Email Address: _____

Well Location:
____ - ____ - ____ - ____ Sec. ____ Twp. ____ S. R. ____ East West
County: _____
Lease Name: _____ Well #: _____

If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:

Surface Owner Information:

Name: _____
Address 1: _____
Address 2: _____
City: _____ State: _____ Zip: _____ + _____

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.

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.

I Submitted Electronically

I

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/>

Mark Sievers, Chairman
Thomas E. Wright, Commissioner

Sam Brownback, Governor

August 01, 2012

Larry Alex
Global Energy Solutions Inc
201 S UNION ST
PO BOX 311
MCLOUTH, KS 66054

Re: Notice of Intent to Drill
Willits 2 B
NW/4 Sec.04-10S-20E
Jefferson County, Kansas

Dear Mr. Alex:

After reviewing your intent to drill, it was noted that the location falls within the boundaries of the McClouth gas storage field operated by Southern Star Central Gas Pipeline. Please refer to K.A.R.82-3-311 of the KCC rules and regulations, which outlines the procedure to be used for wells to be drilled in underground gas storage areas.

Rick Hestermann
Production Department

82-3-310. NATURAL GAS PIPELINE MAPS.

Upon the request of the conservation division, each operator shall file natural gas pipeline maps of a size and scale prescribed by the commission, indicating the location, size, and extensions of the pipeline, and any portions abandoned or not used.

(Authorized by K.S.A. 55-704; implementing K.S.A. 55-703; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended June 1, 2001.)

82-3-311. DRILLING THROUGH GAS STORAGE FORMATIONS.

- (a) Any person, firm, or corporation who, for any purpose, drills or causes the drilling of a well or test hole that penetrates or bores through any underground stratum or formation utilized for the underground storage of natural gas shall seal off the natural gas storage stratum or formation by either of the following:
 - (1) The methods and materials recommended by the operator of the gas storage facility and approved by the commission or its duly authorized representative; or
 - (2) any methods and materials that the commission determines to be fair, equitable, and reasonable.
- (b) That person, firm, or corporation shall maintain the well or test hole in a manner that protects the stratum or formation at all times against pollution and the escape of natural gas.
- (c) Not less than 30 days before commencing or plugging a well or test hole as referred to in subsection (b), the person, firm, or corporation desiring to commence drilling or plugging operations shall give the operator of the gas storage facility and the commission notice in writing, by registered mail, of the date desired for commencement of drilling or plugging the well.
- (d) Within 10 days after receipt of notice, the operator of the gas storage facility shall forward to the commission its recommendations as to the manner, methods, and materials to be used in the sealing off or plugging operation. The operator of the gas storage facility shall give notice of the recommendations by mailing or delivering a copy to the person, firm, or corporation who seeks to drill or plug a well or test hole. The notice shall be mailed or delivered on or before the date on which the recommendations are mailed to or filed with the commission.
- (e) Any objections or complaints stating why the recommendations proposed by the operator of the gas storage facility are not feasible, practical, or reasonable shall be filed within five days after the recommendation is filed.
- (f) If any objections or complaints are filed or if the commission deems that there should be a hearing on the recommendation of the operator of the gas storage facility, a hearing shall be held. Notice of the hearing shall be published according to K.A.R. 82-3-135.
- (g) Following receipt of the recommendations proposed by the operator of the gas storage facility or the hearing, the manner, methods, and materials to be used in the sealing off or plugging operation shall be prescribed by the commission. Operations shall not commence until the manner, methods, and materials to be used have been prescribed by the commission.
- (h) Any operator of the gas storage facility involved may have a representative present at all times during the drilling, completing, or plugging of the well or test hole and shall have access to all records relating to the drilling, equipping, maintenance, operation, or plugging of the well.
- (i) Each operator of the gas storage facility involved, in conjunction with the commission or its representative and the operator of the well, shall have the right to inspect or test the well to discover any leaks or defects that may affect the underground natural gas storage stratum or formation.

- (j) Each cost and expense necessarily incurred in sealing off the stratum or formation or in plugging, maintaining, inspecting, or testing the well, as recommended by the operator of the gas storage facility and subsequently approved or independently determined by the commission or its representative, that is over and above the ordinary expense of operations using similar methods, shall be paid upon completion by the operator of the gas storage facility involved.

(Authorized by K.S.A. 55-152, K.S.A. 2001 Supp. 55-1,115 and 55-604, K.S.A. 55-704, and K.S.A. 2001 Supp. 74-623; implementing K.S.A. 2001 Supp. 55-1,115, K.S.A. 55-605, 55-706, 55-1203, and K.S.A. 2001 Supp. 74-623; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended, T-85-51, Dec. 19, 1984; effective May 1, 1985; amended May 1, 1988; amended May 8, 1989; amended April 23, 1990; amended, T-82-6-27-02, July 1, 2002; amended Oct. 29, 2002.)

82-3-311a. DRILLING THROUGH CO₂ STORAGE FACILITY OR CO₂ ENHANCED OIL RECOVERY RESERVOIRS.

- (a) Each person, firm, or corporation that, for any purpose, drills or causes the drilling of a well or test hole that penetrates or bores through any stratum or formation utilized for CO₂ storage or CO₂ enhanced oil recovery shall seal off the CO₂ stratum or formation by either of the following:
 - (1) The methods and materials recommended by the operator of the CO₂ storage facility or CO₂ enhanced oil recovery project and approved by the director or the director's authorized representative; or
 - (2) any methods and materials that the director determines to be fair and reasonable.
- (b) Each person, firm, or corporation specified in subsection (a) shall maintain the well or test hole in a manner that protects the stratum or formation at all times from pollution and the escape of CO₂.
- (c) At least 30 days before commencing or plugging a well or test hole as specified in subsection (a), the person, firm, or corporation desiring to commence drilling or plugging operations shall give to the operator of the CO₂ storage facility or CO₂ enhanced oil recovery project and the conservation division written notice, by registered mail, of the date desired for commencement of drilling or plugging the well.
- (d) Within 10 days after receipt of notice, the operator of the CO₂ storage facility or CO₂ enhanced oil recovery project shall forward to the conservation division the operator's recommendations for the manner, methods, and materials to be used in the sealing off or plugging operation. The operator of the CO₂ storage facility or CO₂ enhanced oil recovery project shall give notice of the recommendations by mailing or delivering a copy to the person, firm, or corporation that seeks to drill or plug a well or test hole. The notice shall be mailed or delivered on or before the date on which the recommendations are mailed to or filed with the conservation division.
- (e) Each objection or complaint stating why the recommendations proposed by the operator of the CO₂ storage facility or CO₂ enhanced oil recovery project are not feasible, practical, or reasonable shall be filed within five days after the recommendation is filed.
- (f) If any objections or complaints are filed or if the director deems that there should be a hearing on the recommendation of the operator of the CO₂ storage facility or CO₂ enhanced oil recovery project, a hearing shall be held. Notice of the hearing shall be published according to K.A.R. 82-3-135.
- (g) Following the hearing or receipt of the recommendations proposed by the operator of the CO₂ storage facility or CO₂ enhanced oil recovery project, the manner, methods, and materials to be used in the sealing off or plugging operation shall be prescribed by the director. Operations shall not commence until the director has prescribed the manner, methods, and materials to be used.



Southern Star Central Gas Pipeline, Inc.
4700 Hwy 56
P.O. Box 20010
Owensboro, Kentucky 42301
Phone 270/852-5000

July 19, 2012

KLM Exploration Co., Inc.
600 E. Lake
McLouth, KS 66054
Attn: Mr. Larry Alex and Herb Edmonds

Re: KLM Exploration's ("KLM") Intent to Drill Two (2) Oil Wells in the McLouth Gas Storage Field, Sec 4, T10S, R20E, Leavenworth County, KS.

Dear Mr. Alex and Mr. Edmonds

Southern Star Central Gas Pipeline, Inc ("Southern Star") is the owner and operator of the McLouth Gas Storage Field in Jefferson & Leavenworth Counties, KS. KLM has provided Southern Star notification that it intends to drill two (2) oil wells in the McLouth Gas Storage Field.

The location of the two (2) proposed oil wells is as follows:

Willits #1-B 3960'FSL x 4970' FEL NW Sec. 4, T10S, R20E, Jefferson County, KS
Willits # 2-B 3540'FSL x 4970' FEL NW Sec. 4 , T10S, R20E, Jefferson County, KS

This letter is Southern Star's response to the KLM's request for approval as to location and manner, methods and materials be used in drilling and completing the two (2) proposed oil wells. These two drilling intents are requested to be permitted to the Mississippian BK. This formation is below the gas storage reservoir and has historically produced extremely high H₂S gas in the area. **To protect the gas storage reservoir (McLouth Sandstone), Southern Star objects to any potential dual completion of these wells between the Mississippian BK and the McLouth Sandstone.**

Conversation with KLM representatives indicates they do not plan dual completions of these proposed wells.

Provided are the additional comments from Southern Star:

- 1) The above locations are acceptable to Southern Star, subject to KCC approval of the above wells and locations; formal notice to Southern Star in accordance with K.A.R. 82-3-311; and KLM compliance with all requirements noted herein.
- 2) Make 811 call 3 days before drilling.
- 3) Set surface casing per KCC requirements.
- 4) Install, test and maintain blowout prevention valves and related equipment.

- 5) Employ rotary drilling methods and use drilling mud of sufficient weight and with proper additives to contain the pressure of the storage field (Request the current bottom hole pressure from Southern Star prior to commencing drilling operations).
- 6) Add an adequate amount of biocide to prevent any contamination by drilling and completion fluids carrying or containing sulfate reducing bacteria and/or acid producing bacteria.
- 7) Cement all casing strings with cement circulated to the surface.
- 8) Use all reasonable precautions during drilling operations to protect the McLouth storage reservoir and in the event of any emergency in any way affecting the storage reservoir, KLM shall immediately notify Southern Star and the KCC, and shall utilize all methods and procedures available to protect the McLouth storage reservoir.
- 9) Notify Southern Star at least one week before drilling commences.
- 10) Furnish Southern Star a copy of all tests and well logs following completion of the well.
- 11) In the event hole is lost or abandoned and KLM decides to plug and abandon the well, the well shall be cleaned out to total depth drilled and plugged solid with Class A cement.
- 12) Provide Southern Star access to the well site at all times during the drilling, completion, operation or plugging of the well and access to all records relating to the drilling, equipping, maintenance, operation, or plugging of the well.
- 13) Provide Southern Star access to the well to inspect or test the well and review all operational records during the life of the well.

KLM shall conduct its operations, within the McLouth Gas Storage Field, while gas is stored under these lands, to prevent the escape of gas from and the intrusion of water or other substances into any formation in which gas is so stored. KLM shall not commence any manner or form of secondary or tertiary recovery within the McLouth Gas Storage Field. KLM shall not utilize well/formation fracture treatments, water/steam flooding, and/or other well stimulation techniques within the McLouth Gas Storage Field. KLM shall not initiate fractures within the McLouth Storage Reservoir and/or through the overlying or underlying strata.

In addition to the requirements noted herein, KLM shall comply with all requirements of the August 28, 1992 Agreement between the parties as amended including "Control of Well" insurance. Nothing stated herein shall be construed so as to limit or reduce KLM's obligations under said Agreement.

Notwithstanding anything contained herein, Southern Star reserves its right to comment and be heard in any and all formal proceedings before the KCC related to the proposed wells referenced above.

If you have any questions, please give me a call at 270-852-4554.

Respectfully Submitted,



Tim Meyer
Manager, Storage Services

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: Global Energy Solutions Inc
 Lease: Willits
 Well Number: 1B
 Field: McLouth Storage

Location of Well: County: Jefferson
 3960 feet from N / S Line of Section
 4970 feet from E / W Line of Section
 Sec. 4 Twp. 10 S. R. 20 E W

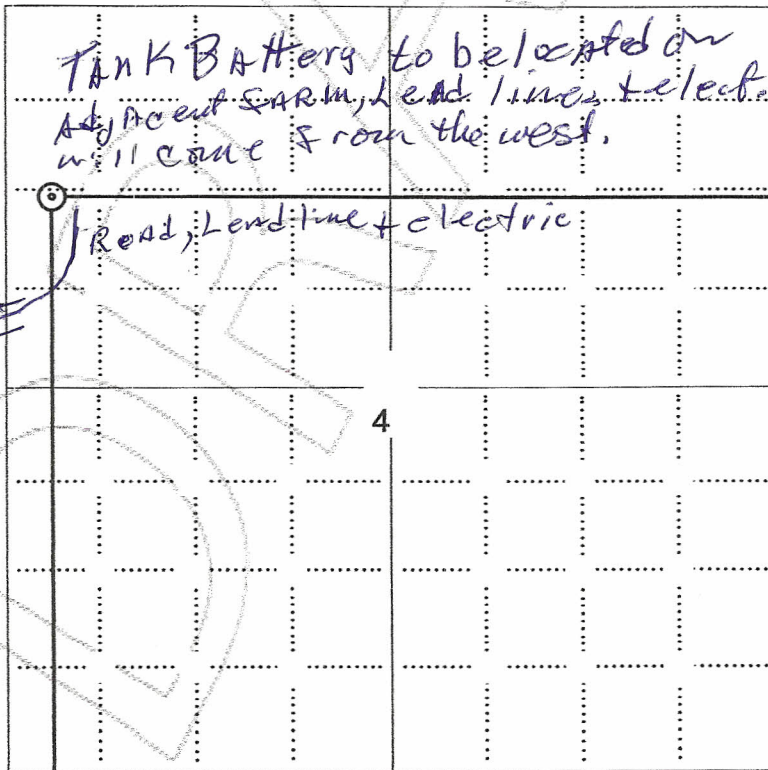
Number of Acres attributable to well: _____
 QTR/QTR/QTR/QTR of acreage: _____ - _____ - _____ - _____ NW

Is Section: Regular or Irregular

If Section is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

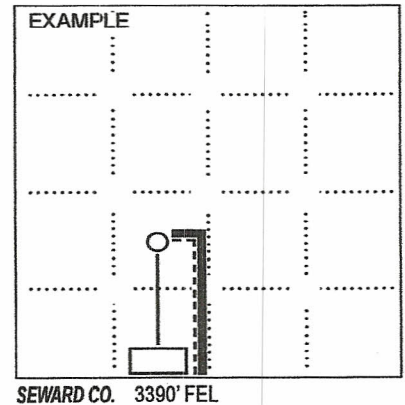
PLAT

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.



LEGEND

- Well Location
- Tank Battery Location
- Pipeline Location
- Electric Line Location
- Lease Road Location



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

3960 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 3 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: (CO-7 for oil wells; CG-8 for gas wells).
5. The predicted locations of lease roads, tank batteries, pipelines, and electrical lines.

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: Global Energy Solutions Inc
 Lease: Willits
 Well Number: 2 B
 Field: McLouth Storage
 Number of Acres attributable to well: _____
 QTR/QTR/QTR/QTR of acreage: SW - NW - SW - NW

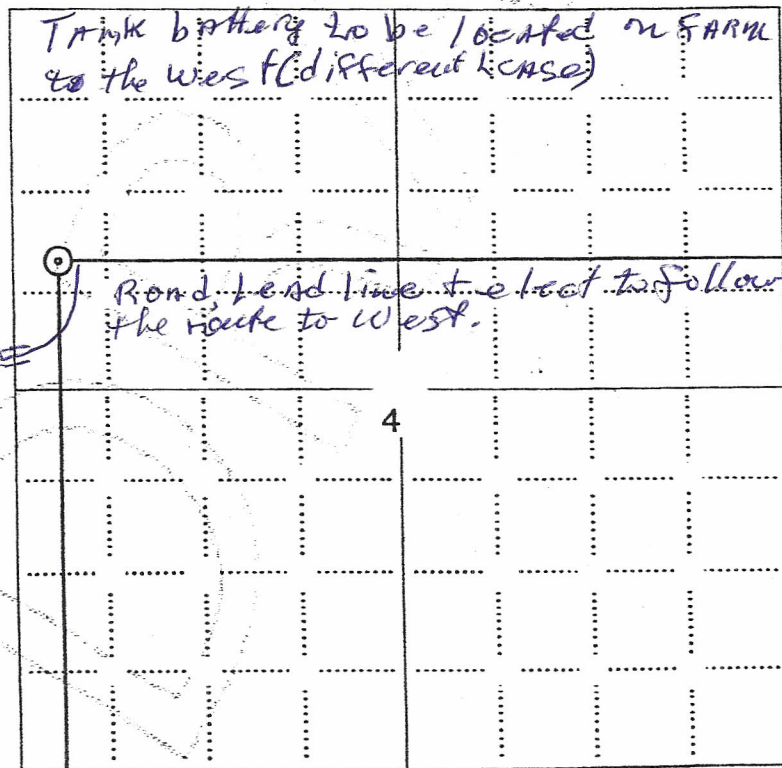
Location of Well: County: Jefferson
 _____ feet from N / S Line of Section
 _____ feet from E / W Line of Section
 Sec. 4 Twp. 10 S. R. 20 E W

Is Section: Regular or Irregular

If Section is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

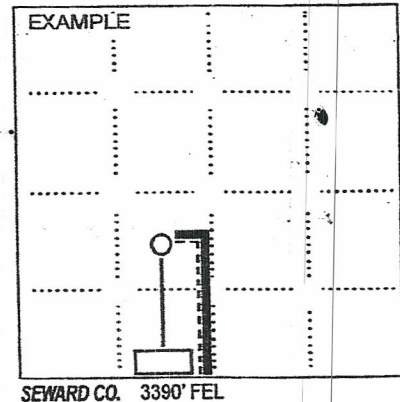
PLAT

Show location of the well. 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



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

3540 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: (CO-7 for oil wells; CG-8 for gas wells).
5. The predicted locations of lease roads, tank batteries, pipelines, and electrical lines.

August 06, 2012

Larry Alex
Global Energy Solutions Inc
201 S UNION ST
PO BOX 311
MCLOUTH, KS 66054

Re: Drilling Pit Application
Willits 2 B
NW/4 Sec.04-10S-20E
Jefferson County, Kansas

Dear Larry Alex:

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 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 (620) 432-2300 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) 432-2300.