For KCC Use:

| Eff | e | ct | iv | е | Da | ate | e: |
|------------|---|----|----|---|----|-----|----|
| — · | | | | | | | |

| District | # | |
|----------|---|--|
| | | |

| SGA? | Yes | No |
|------|-----|----|
| | | |

Form

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

1101878

NOTICE OF INTENT TO DRILL

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

| Expected Spud Date: | Spot Description: |
|--|---|
| month day year | |
| OPERATOR: License# | feet from N / S Line of Section |
| Name: | feet from L 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): Ground Surface Elevation: |
| Original Completion Date: Original Total Depth: | Formation at Total Depth: |
| Directional, Deviated or Horizontal wellbore? Yes No | Water Source for Drilling Operations: Well Farm Pond Other: |
| Bottom Hole Location: | (Note: Apply for Permit with DWR) |
| KCC DKT #: | Will Cores be taken? Yes No |
| | 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;
- 3. 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 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 Electronically

| For KCC Use ONLY | |
|--|--|
| API # 15 | |
| Conductor pipe required | feet |
| Minimum surface pipe required_ | feet per ALT. III |
| Approved by: | |
| This authorization expires: (This authorization void if drilling no | ot started within 12 months of approval date.) |
| Spud date: | _ Agent: |

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

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

| | | |
|------|------|--|
| | | |

ш



Section corner used: NE NW SE SW

For KCC Use ONLY

API # 15 - ____

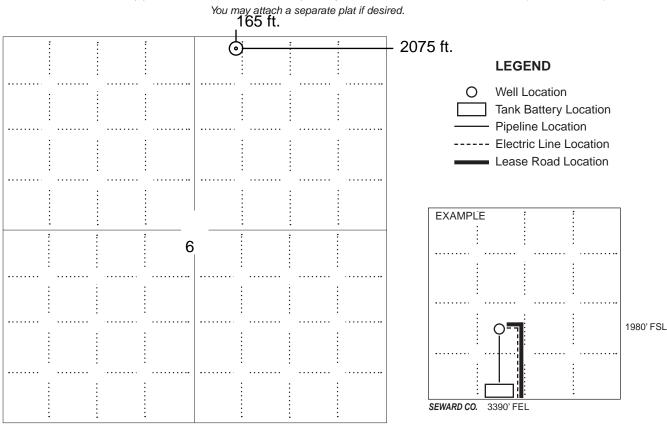
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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: | |
| 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. |

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.

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).
- 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.

Side Two



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

1101878

Form CDP-1 May 2010 Form must be Typed

APPLICATION FOR SURFACE PIT

| | Su | bmit in Duplicat | е | |
|--|---|--------------------------------------|---|-------------------------------------|
| 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 | SecTwp | R East West |
| Settling Pit Drilling Pit | If Existing, date cor | nstructed: | Feet from | n North / South Line of Section |
| Workover Pit Haul-Off Pit | Pit capacity: | | Feet from | n East / West Line of Section |
| (If WP Supply API No. or Year Drilled) | | (bbls) | | County |
| Is the pit located in a Sensitive Ground Water A | rea? Yes | No | Chloride concentration: | rgency Pits and Settling Pits only) |
| Is the bottom below ground level? | Artificial Liner? | 10 | How is the pit lined if a p | lastic liner is not used? |
| Pit dimensions (all but working pits):Length (feel | | et) | Width (feet) | N/A: Steel Pits |
| Depth fro | m ground level to dee | epest point: | (feet) | No Pit |
| If the pit is lined give a brief description of the lir material, thickness and installation procedure. | ner | | dures for periodic maintena cluding any special monito | 0 |
| Distance to nearest water well within one-mile o | f pit: | Depth to shallow Source of inforr | west fresh water nation: | feet. |
| feet Depth of water wellfeet | | measured | well owner | electric log KDWR |
| Emergency, Settling and Burn Pits ONLY: | | Drilling, Worko | ver and Haul-Off Pits ON | ILY: |
| 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 procedure: | | | |
| Does the slope from the tank battery allow all sp | | | | |

flow into the pit? Yes No

Submitted Electronically KCC OFFICE USE ONLY Liner Steel Pit RFAC RFAS Permit Number: Permit Date: __ Lease Inspection: __ Yes __ No Date Received:

Drill pits must be closed within 365 days of spud date.

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



KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

1101878

CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

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: Zip: + Contact Person: | If filing a Form T-1 for multiple wells on a lease, enter the legal description of 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: 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

For KCC Use ONLY

API # 15 -_

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

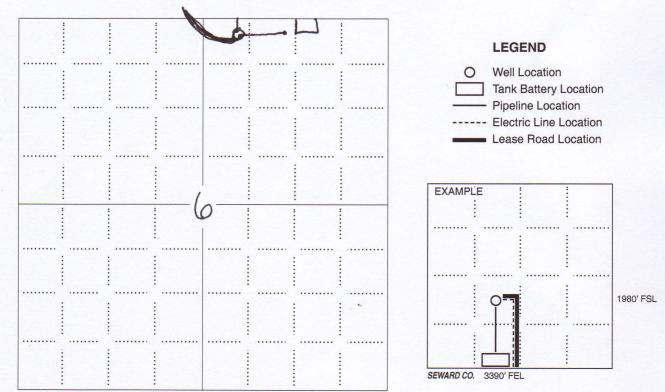
In all cases, please fully complete this side of the form. Include items 1 through 5 at the bottom of this page.

| Lease: Vernon Fee | | | |
|--|------|-------------|----|
| Well Number: 2 | 3536 | | |
| Field: Winterscheid | | | |
| Number of Acres attributable to well: QTR/QTR/QTR/QTR of acreage: | NV | / <u>NW</u> | NE |

| Location of V | Vell: County: WO | ODSON | | Manager | <u> </u> |
|---------------|-------------------|-------------|-----|----------------|-------------------|
| 165 | | _ feet from | X N | / 5 | S Line of Section |
| 2,075 | | _ feet from | ×Ε | / 🗌 V | V Line of Section |
| Sec. 6 | Twp. 25 | S. R. 15 | | | = 🗌 w |
| Is Section: | Regular or | X Irregul | ar | | |
| | Irregular, locate | | | | boundary. |
| Section corn | er 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.

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.

Side Two

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 Shari Feist Albrecht, Commissioner Sam Brownback, Governor

November 20, 2012

Jim Vernon James Production, Inc. 1334 GROUSE RD YATES CENTER, KS 66783

Re: Drilling Pit Application Vernon Fee 2 NE/4 Sec.06-24S-15E Woodson County, Kansas

Dear Jim Vernon:

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.