

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: ARES Energy, LTD
 Lease: McCandless
 Well Number: 15-3
 Field: Leiss Northwest

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

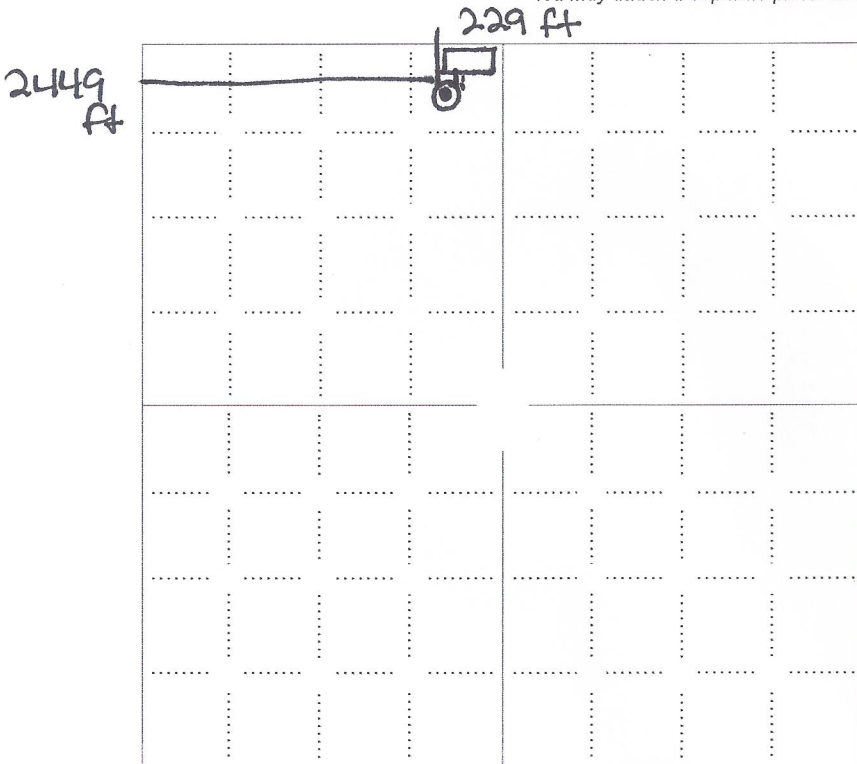
Location of Well: County: Stafford
 229 feet from N / S Line of Section
 2,449 feet from E / W Line of Section
 Sec. 15 Twp. 25 S. R. 13 E W

Is Section: Regular or Irregular

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

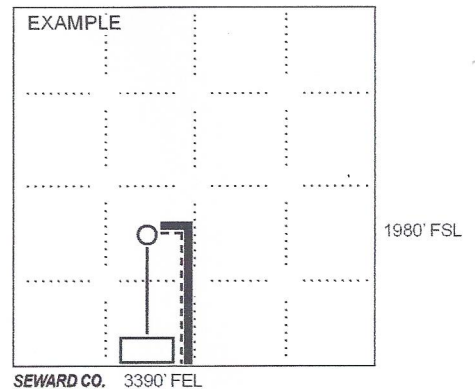
PLAT

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.

In plotting the proposed location of the well, you must show:

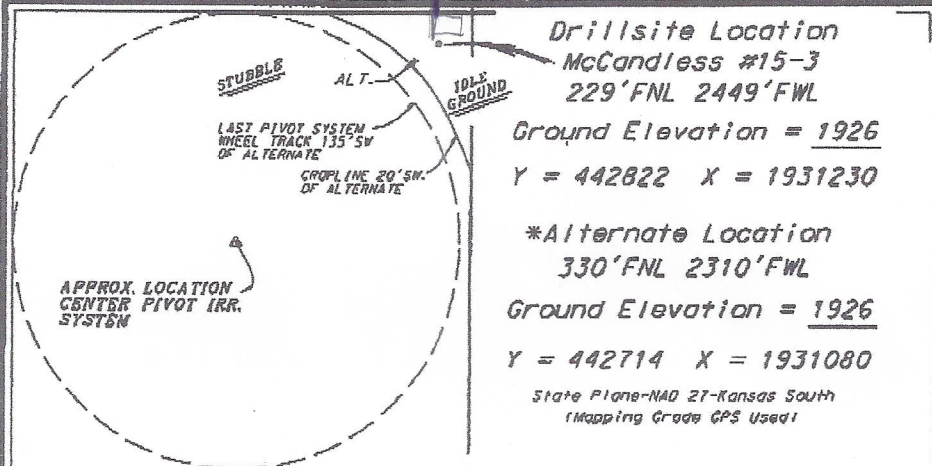
1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the south / north and east / west outside section lines.
3. The distance to the nearest lease 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.

ARES ENERGY, LTD
MCCANDLESS LEASE
NW. 1/4, SECTION 15, T25S, R13W
STAFFORD COUNTY, KANSAS

FLAGGED ROAD
OPPOSITE LOC.

SAND

(SE. 60TH ST.) ROAD



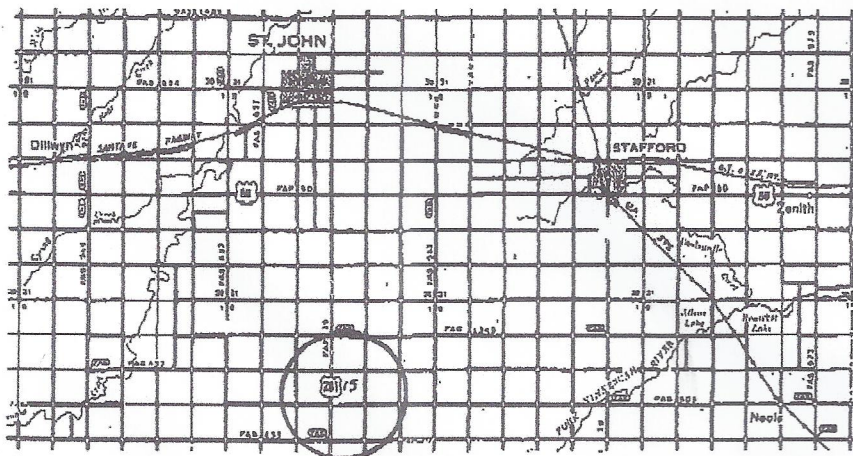
Notes:

1. Set (2) wood stakes at location site.
2. All flogging Red & Yellow.
3. Overhead power available at E. line and N. 1/2 of W. line, Sec. 15.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION: Various pipelines in Sec. 15.
6. Contact landowner for best access.
7. Set alternate location per instructions.

*Ingress and egress to location as shown on this plot is per usage only and may not be legally opened for public use. Contact landowner, tenant and county road department for access.

HIGHWAY (S. HWY. 881) 281

ROAD (SE. 10TH AVE.) SAND



Controlling data is based upon the best maps and photographs available to us and upon a regular section of land containing 640 acres.
 Approximate section lines were determined using the normal standard of care of oilfield surveyors practicing in the state of Kansas. The quarter corners, which establish the section boundaries, were not necessarily located, and the exact location of the drillsite location in the section is not guaranteed. Therefore, the operator assuming this service and accepting this plot and all other parties relying thereon agree to hold Central Kansas Oilfield Services, Inc., its officers and employees harmless from all losses, costs and expenses and civil entities released from any liability from incidental or consequential damages.
 Elevations derived from National Geodetic Vertical Datum.

Date April 11, 2013

229 FWL ? 2449 FWL
Jim

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: Mark Sievers, Chairman
Thomas E. Wright
Shari Feist Albrecht

In the matter of the application of Ares) Docket No. 14-CONS-001-CWLE
Energy, LTD for a location exception and)
assignment of an allowable to the McCandless) CONSERVATION DIVISION
15-3 well in Section 15, Township 25 South,)
Range 13 West, in Stafford County, Kansas.) License No.: 33770

ORDER

Now, the above captioned matter comes on for consideration and determination by the State Corporation Commission of the State of Kansas ("Commission" or "KCC").

1. An application was filed on July 1, 2013, by ARES Energy, Ltd. ("ARES" or "operator") for a well location exception for its McCandless 15-3 well in Stafford County, Kansas.

2. ARES is a foreign corporation authorized to do business in the State of Kansas. Pursuant to K.S.A. 55-155, ARES holds KCC oil and gas operator's license number 33770.

3. The application in this docket was filed pursuant to the rules and regulations of the State Corporation Commission and the Kansas Statutes, thus fulfilling all regulatory and statutory requirements.

4. Notice was published at least fifteen (15) days prior to the granting of this application in *The Wichita Eagle* newspaper and *The Stafford Courier* newspaper, stating that this matter would be granted without a hearing if no protests were received within fifteen (15) days from publication.

5. On July 23, 2013, Staff received an Objection for the McCandless 15-3 well from the Law Office of Bauer & Pike, LLC.

6. This matter was set for hearing on October 15, 2013.

7. Due to parties discussing a settlement on the matter, the hearing was continued until November 15, 2013.

8. On October 25, 2013, Staff received a Withdrawal of Objection from the Law Office of Bauer & Pike, LLC.

9. The Applicants McCandless 15-3 well is located as follows:

229 feet from the North line and 2,449 feet from the West line of Section 15, Township 25 South, Range 13 West, Stafford County, Kansas.

10. According to K.A.R. 82-3-108, wells cannot be drilled closer than 330 feet from any lease or unit boundary. The applicants McCandless 15-3 well will be 191 feet from the nearest lease or unit boundary. Exceptions may be granted to the regulation to prevent waste or to protect correlative rights.

11. The acreage to be attributed to said well is described as follows:

NW/4 of Section 15, Township 25 South, Range 13 West, containing 160 acres, more or less.

12. The Commission finds that an exception to the well location restrictions under K.S.R. 82-3-108 should be granted to prevent waste and to protect correlative rights.

13. The application should be granted in accordance with the above findings.

IT IS, THEREFORE, BY THE COMMISSION ORDERED:

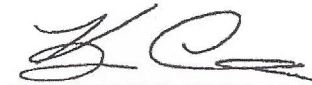
A. That the application of ARES Energy, LTD for a well location exception for its McCandless 15-3 well is granted.

B. Any party affected by this Order may file with the Commission a petition for reconsideration pursuant to K.S.A. 77-529(a). Such petition shall be filed within fifteen (15) days after service of this Order and must state the specific grounds upon which relief is requested. This petition for reconsideration shall be filed with the Executive Director of the Conservation Division, Finney State Office Building, 130 S. Market, Room 2078, Wichita, Kansas 67202-3802.

C. The Commission retains jurisdiction of the subject matter and the parties for the purpose of entering such further Order or Orders as from time-to-time it may deem proper.

BY THE COMMISSION IT IS SO ORDERED.
Sievers, Chmn.; Wright, Com.; Albrecht, Com.

Date: NOV 05 2013



Kim Christiansen
Executive Director

Date Mailed: 11-06-2013

JM

I CERTIFY THE ORIGINAL
COPY IS ON FILE WITH
The State Conservation Commission

NOV 05 2013




CERTIFICATE OF SERVICE

I hereby certify that on 11-06-2013, I caused a true and correct copy of the foregoing "Order" to be served by placing the same in the United States mail, postage prepaid, to the following parties:

Jeff Kennedy
Martin, Pringle, Oliver, Wallace & Bauer, L.L.P.
100 North Broadway, Ste 500
Wichita, KS 67202
Attorney for Applicant

And by hand delivery:

Steve Bond, Production Supervisor
Jim Hemmen, Production


John McCannon
Litigation Counsel
Kansas Corporation Commission