For KCC Use:

Eff	e	ct	iv	е	Date:
— ·					

District	#	
DISTINCT	#	

Yes No SGA?

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

Form KSONA-1, Certification of Com	pliance with	the Kansas	Surface Owner Notification Act	, MUST be submitted with this form

Expected Spud Date:	Spot Description:
OPERATOR: License#	(۵/۵/۵/۵) ⁻ Sec Twp S. R E □ W feet from □ N / □ S Line of Section feet from □ E / □ W Line of Section
Name:	
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:
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;
- 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 I II
Approved by:	
This authorization expires:	started within 12 months of approval date.)
Spud date: A	\gent:

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:



For KCC Use ONLY

API # 15 - .

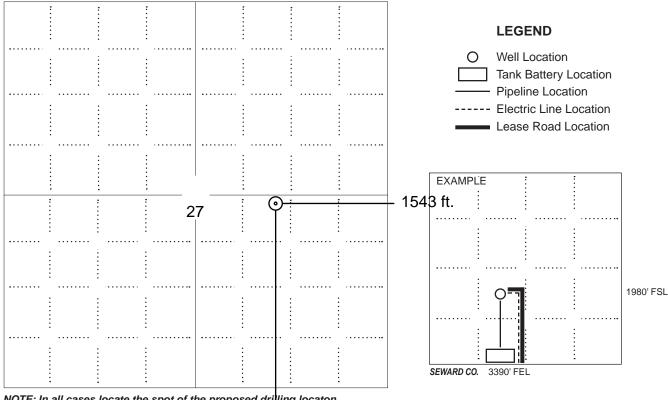
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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:	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.

2520 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.

Side Two

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

Form CDP-1 Form must be Typed

May 2010

1155210

APPLICATION FOR SURFACE PIT

Submit in Dunlicate

Operator Name:		ionni în Duplicat	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	vrea? Yes	No	Chloride concentration:	Pits and Settling Pits only)
Is the bottom below ground level?	Artificial Liner?	No	How is the pit lined if a plastic	liner is not used?
Pit dimensions (all but working pits):	Length (fe	et)	Width (feet)	N/A: Steel Pits
Depth fro	om ground level to dee	epest point:	(feet)	No Pit
Distance to nearest water well within one-mile of pit: Depth to shallowest fresh water feet. Source of information: Source of information:				
feet Depth of water wellfeet		measured		electric log
Emergency, Settling and Burn Pits ONLY:	Drilling, Workover and Haul-Off Pits ONLY:			
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 p	procedure:	
Does the slope from the tank battery allow all spilled fluids to flow into the pit?		Drill pits must be closed within 365 days of spud date.		
Submitted Electronically				
	КСС	OFFICE USE OI		el Pit
Date Received: Permit Num	ber:	Permi	t Date: Lease	e Inspection: Yes No

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

OIL & GAS CONS CERTIFICATION OF C	ATION COMMISSION 1155210 ERVATION DIVISION 1155210 Form Must Be Typed Form Must be Signed All blanks must be Filled
T-1 (Request for Change of Operator Transfer of Injection Any such form submitted without an acco	f Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); or Surface Pit Permit); and CP-1 (Well Plugging Application). ompanying Form KSONA-1 will be returned. Cathodic Protection Borehole Intent) T-1 (Transfer) CP-1 (Plugging Application)
OPERATOR: License #	Well Location:
Surface Owner Information: Name: Address 1: Address 2: City:	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.

Submitted Electronically

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DINGES UNIT "A" #1-27 PRELIMINARY SURFACE PLAT 1,543'FEL, 2,515'FSL SEC 27-18S-24W NESS COUNTY, KS YEAGER PROSPECT C1037

DECLARATION OF OIL UNIT

STATE OF KANSAS)
COUNTY OF NESS)ss)

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, <u>COBALT ENERGY, LLC</u>, hereinafter referred to as "Cobalt", owns an equitable interest in the following oil and gas leases described in Exhibit "A", attached hereto and made a part hereof.

WHEREAS, each of the oil and gas leases described in Exhibit "A" provides, inter alia, as follows:

"As to the Oil leasehold estate hereby granted, lessee is expressly granted the right and privilege to consolidate said Oil leasehold, or any portion thereof, with any other lease or leases to form a consolidated Oil leasehold estate which shall not exceed a total area of 40.00 acres; and in the event lessee exercises the right and privilege of consolidation as herein granted, the consolidated Oil leasehold estate shall be deemed, treated and operated in the same manner as though the entire consolidated leasehold estate were originally covered by and included in the lease, and all royalties which shall accrue on Oil produced and marketed from the consolidated estate, including all royalties payable hereunder, shall be prorated and paid to the lessors of the various tracts included in the consolidated estate, and a producing Oil well on any portion of the consolidated estate shall operate to continue the oil and gas leasehold estate hereby granted so long as Oil is produced therefrom."

WHEREAS, Cobalt hereby files for record in the county in which the land is situated, this instrument identifying the pooled acreage; and that the entire acreage so pooled into a unit or units shall be treated for all purposes, except the payment of royalties on production for the pooled unit, as if it were included in the lease; and

NOW, THEREFORE, Cobalt, pursuant to the authority conferred upon it by virtue of the oil and gas leases described in Exhibit "A", does hereby consolidate the Oil leasehold estates in and to the oil and gas leases described on Exhibit "A", insofar as said oil and gas leases cover lands within the:

T18S-R25W

Sec 27: A tract of land commencing from a point being 2,165ft due North and 2,640ft due West from the Southeast Corner of Section 27-T18S-R25W along the North-South center line of said section, thence due East 1,447ft, thence due North 950ft, thence due West 1,447ft to the North-South center line of said Section, thence due South 950ft to the point of beginning.

and containing **34.3055** acres, more or less, as a unit for purposes of the operation, development and production of an Oil well upon the consolidated premises, and the undersigned does hereby designate the above-described adjacent and contiguous Oil leasehold estates covering the above-described lands as an adjacent and contiguous consolidated and unitized Oil leasehold estate for the purposes set forth above, to the same extent as if said Oil leasehold estates had originally been included in one oil and gas lease, such that drilling operations for Oil and production of Oil on any part of the Oil operating unit shall be treated for all purposes, except the payment of royalty on Oil, as if such drilling operations were had or such Oil production was obtained from the land described in each of said oil and gas leases, regardless of where the Oil well or wells may be located upon said Oil operating unit and, further, such that the entire acreage contained in said Oil operating unit, as if said lands were included in each of said oil and gas leases, does a such production of Oil from the Oil operating unit, as if said lands were included in each of said oil and gas leases, Cobalt Energy, LLC, its successors and assigns, shall be under no obligation, express or implied, to drill more than one such Oil well upon the Oil operating unit.

Cobalt further declares that, pursuant to the terms of each oil and gas lease described in Exhibit "A", all royalties which shall accrue on Oil, produced and marketed from the consolidated estate, including all royalties payable hereunder, shall be prorated and paid to the lessors of the various tracts included in the consolidated estate in the same proportion that the acreage of each said lessor bears to the total acreage of the consolidated estate, and a producing Oil well on any portion of the Oil operating unit shall operate to continue the oil and gas leasehold estates created under each of the oil and gas lease described in Exhibit "A" so long as Oil is produced from any of the lands included in the Oil operating unit.

(continued on next page)

IN WITNESS WHEREOF, the undersigned has caused these premises to be executed this $\underline{13^{th}}$ day of August, 2013.

COBALT ENERGY, LLC By: Wm D. Hess, President

ACKNOWLEDGEMENT

STATE OF KANSAS

BE IT REMEMBERED, that on this <u>13th</u> day of <u>August</u>, 2013, before me, the undersigned, a notary public in and for the county and state aforesaid, came <u>Wm D. Hess</u>, <u>President of</u> <u>Cobalt Energy</u>, <u>LLC</u>, a Kansas limited liability company, and who is personally known to me to be the same person who executed the within instrument of writing and such person duly acknowledged the execution of the same for and on behalf of said limited liability company.

IN TESTIMONY WHEREOF, I have here unto set my hand and affixed my official seal the day and year last above written.

My Appointment Expires: 8-19-2017

Nicholas D. Hess NotaryPublic

A NICHOLAS D. HESS Notary Public - State of Kansas My Appt. Expires

) SS:

EXHIBIT "A"

Attached to and made part of that certain Declaration of Oil Unit covering the following described lands located in NESS COUNTY, KANSAS, to-wit:

Date:	July 10, 2007
Lessor:	Darren R. Dinges and Brenda K. Dinges, his wife
Lessee:	Palomino Petroleum, Inc.
Legal Desc.:	Insofar as and only insofar as this lease covers the NE/4 and SE/4 Section 27-T18S-
	R25W; Ness County, KS
Recording:	Book 311, Page 67

End of exhibit "A"