



For KCC Use:
 Effective Date: _____
 District # _____
 SGA? Yes No

KANSAS CORPORATION COMMISSION 1158726
 OIL & GAS CONSERVATION DIVISION

Form C-1
 March 2010

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

NOTICE OF INTENT TO DRILL

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

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

Expected Spud Date: _____
month day year

OPERATOR: License# _____
 Name: _____
 Address 1: _____
 Address 2: _____
 City: _____ State: _____ Zip: _____ + _____
 Contact Person: _____
 Phone: _____
 CONTRACTOR: License# _____
 Name: _____

Well Drilled For:	Well Class:	Type Equipment:
<input type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input type="checkbox"/> Infield
<input type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Pool Ext.
	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat
<input type="checkbox"/> Seismic ; _____ # of Holes	<input type="checkbox"/> Other	<input type="checkbox"/> Mud Rotary
<input type="checkbox"/> Other: _____		<input type="checkbox"/> Air Rotary
		<input type="checkbox"/> Cable
<input type="checkbox"/> If OWWO: old well information as follows:		

Operator: _____
 Well Name: _____
 Original Completion Date: _____ Original Total Depth: _____

Directional, Deviated or Horizontal wellbore? Yes No
 If Yes, true vertical depth: _____
 Bottom Hole Location: _____
 KCC DKT #: _____

Spot Description: _____
 _____ - _____ - _____ Sec. _____ Twp. _____ S. R. _____ E W
(Q/Q/Q/Q)
 _____ feet from N / S Line of Section
 _____ feet from E / W Line of Section
 Is SECTION: Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)

County: _____
 Lease Name: _____ Well #: _____
 Field Name: _____
 Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): _____
 Nearest Lease or unit boundary line (in footage): _____
 Ground Surface Elevation: _____ feet MSL
 Water well within one-quarter mile: Yes No
 Public water supply well within one mile: Yes No
 Depth to bottom of fresh water: _____
 Depth to bottom of usable water: _____
 Surface Pipe by Alternate: I II
 Length of Surface Pipe Planned to be set: _____
 Length of Conductor Pipe (if any): _____
 Projected Total Depth: _____
 Formation at Total Depth: _____
 Water Source for Drilling Operations:
 Well Farm Pond Other: _____
 DWR Permit #: _____
 (Note: Apply for Permit with DWR)
 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. I II

Approved by: _____

This authorization expires: _____
(This authorization void if drilling not started within 12 months of approval date.)

Spud date: _____ Agent: _____

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: _____

E
 W

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

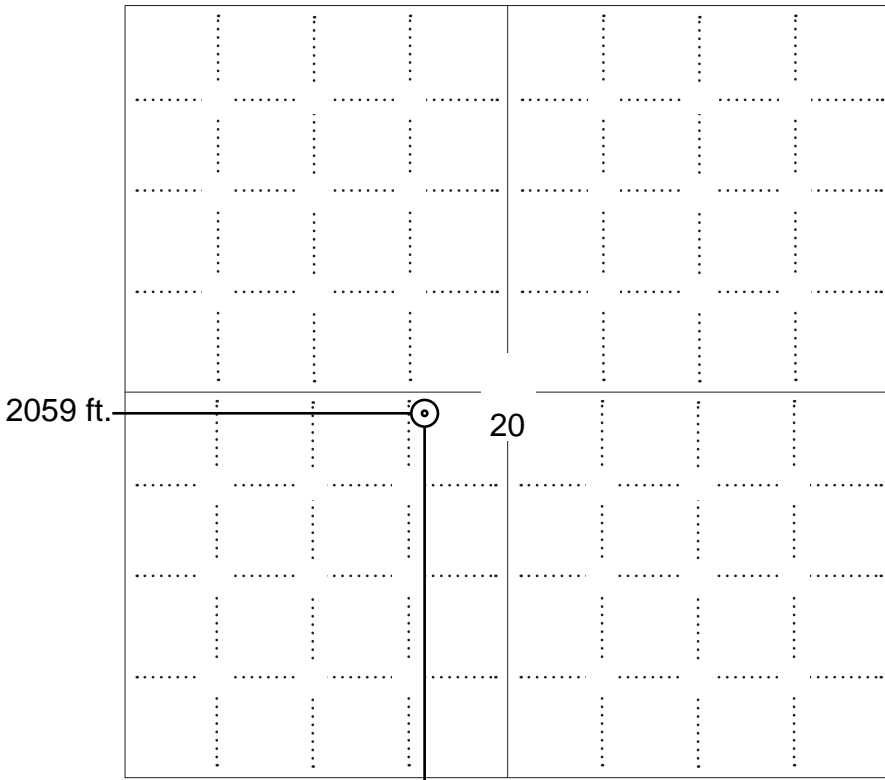
Is Section: Regular or Irregular

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.



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

LEGEND

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



1980' FSL

2490 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.

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	
How is the pit lined if a plastic liner is not used? _____			
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.	
Submitted Electronically			

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

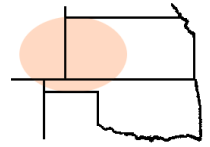


Pro-Stake LLC

Oil Field & Construction Site Staking

P.O. Box 2324
Garden City, Kansas 67846
Office/Fax: (620) 276-6159
Cell: (620) 272-1499

burt@pro-stakelc.kscoxmail.com



200723
PLAT NO.

11214
INVOICE NO.

Cobalt Energy, LLC

OPERATOR

TM Unit "A" #1-20

LEASE NAME

Graham County, KS

COUNTY

20 **7s** **23w**
Sec. Twp. Rng.

2490' FSL - 2059' FWL

LOCATION SPOT

GR. ELEVATION: **2359.2'**

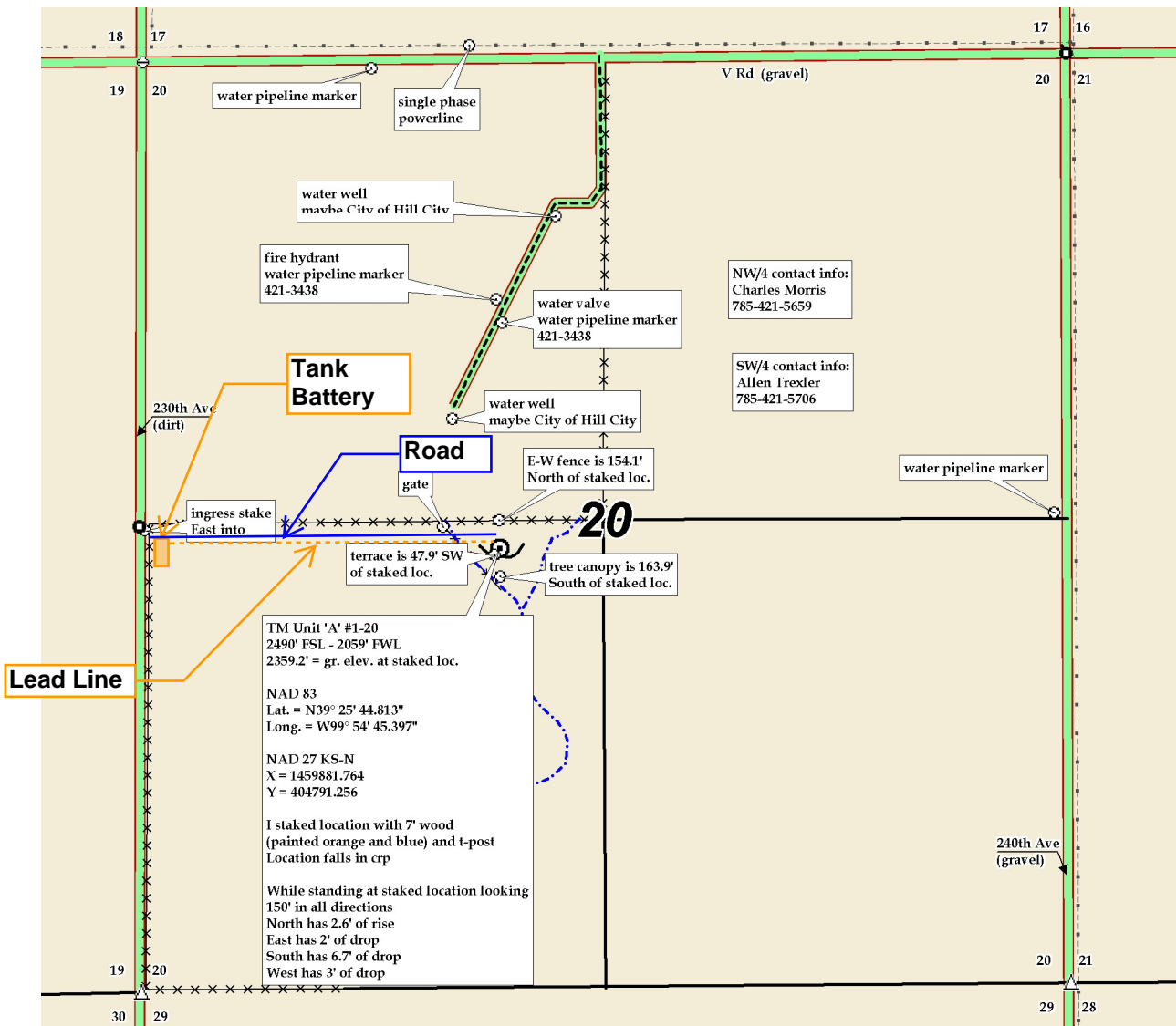
SCALE: **1" = 1000'**
DATE STAKED: **Oct. 9th, 2013**
MEASURED BY: **Ben R.**
DRAWN BY: **Drew H.**
AUTHORIZED BY: **Nick H.**



Directions: From the center of Hill City Ks, at the intersection of Hwy 283 & Hwy 24 – Now go 3 miles West on Hwy 24 – Now go 3 miles North on 240th Ave – Now go 1 mile West on Unknown Rd – Now go 1 mile North on 230th Rd to the SW corner of section 20-7s-23w – Now go 0.5 mile North on 230th Rd to ingress stake East into – Now go approx. 1700' East unknown crop – Now go 350' E-SE through crp into staked location.

Final ingress must be verified with land owner or Operator.

This drawing does not constitute a monumented survey or a land survey plat. This drawing is for construction purposes only.



DECLARATION OF OIL UNIT

STATE OF KANSAS)
)ss
COUNTY OF GRAHAM)

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, COBALT ENERGY, LLC, hereinafter referred to as "Cobalt", is the owner of 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 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 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 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:

T07S-R23W

Sec 20: A tract of land commencing at a point located 2,150ft from the south line and 2,400ft from the west line, thence due north a distance of 980ft, thence due west a distance of 1,778ft, thence due south a distance of 980ft, thence due east 1,778ft to the point of beginning.

and containing 40.00 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 shall be treated for all purposes, except the payment of royalties on such production of Oil from the Oil operating unit, as if said lands were included in each of said oil and gas leases described in Exhibit "A", provided however that pursuant to the terms 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 leases described in Exhibit "A" so long as Oil is produced from any of the lands included in the Oil operating unit.



STATE OF KANSAS GRAHAM COUNTY, KANSAS
JUANITA TOLL REGISTER OF DEEDS
Book: 263 Page: 434 - 435

Receipt #: 35666
Pages Recorded: 2

Recording Fee: \$12.00

Juanita Toll

Date Recorded: 9/4/2013 10:09:08 AM

Cyt

IN WITNESS WHEREOF, the undersigned has caused these premises to be executed this 28th day of August, 2013.

COBALT ENERGY, LLC



By: _____
Wm D. Hess, CPL
President

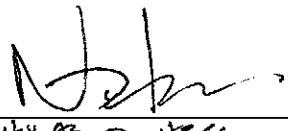
ACKNOWLEDGEMENT

STATE OF KANSAS)
) SS:
COUNTY OF SEDGWICK)

BE IT REMEMBERED, that on this 28th day of August, 2013, before me, the undersigned, a notary public in and for the county and state aforesaid, came Wm D. Hess, President of Cobalt Energy, LLC, 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 hereunto set my hand and affixed my official seal the day and year last above written.

My Appointment Expires: 8-19-2013

x 

NICHOLAS D. HESS Notary Public



EXHIBIT "A"

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

Date: June 23, 2012
Lessor: Allen Trexler and Carol Trexler, his wife
Lessee: J. Fred Hambright, Inc.
Legal: T07S-R23W
Sec 20: NE/4, SE/4, SW/4
Sec 29: NW/4, NE/4
Graham County, Kansas
Recording: Bk 256, Pg 696-697

Date: June 7, 2013
Lessor: Karen Morris and Raymond Duane Radcliffe, Trustees of the Helen Marguerite Morris Trust
Lessee: J. Fred Hambright, Inc.
Legal: T07S-R23W
Sec 20: NW/4
Graham County, Kansas
Recording: Bk 262, Pg 827-828

End of Exhibit "A"

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

October 15, 2013

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

Re: Drilling Pit Application
TM Unit "A" 1-20
SW/4 Sec.20-07S-23W
Graham County, Kansas

Dear Nicholas D. Hess:

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 the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred. The fluids should be removed again within 72 hours after drilling operations have ceased. KEEP PITS away from draw/drainage.

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 (785) 625-0550 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 (785) 625-0550.