



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

KANSAS CORPORATION COMMISSION 1176068
 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

| |
|--|
| <p>For KCC Use ONLY</p> <p>API # 15 - _____</p> <p>Conductor pipe required _____ feet</p> <p>Minimum surface pipe required _____ feet per ALT. <input type="checkbox"/> I <input type="checkbox"/> II</p> <p>Approved by: _____</p> <p>This authorization expires: _____ <small>(This authorization void if drilling not started within 12 months of approval date.)</small></p> <p>Spud date: _____ Agent: _____</p> |
|--|

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

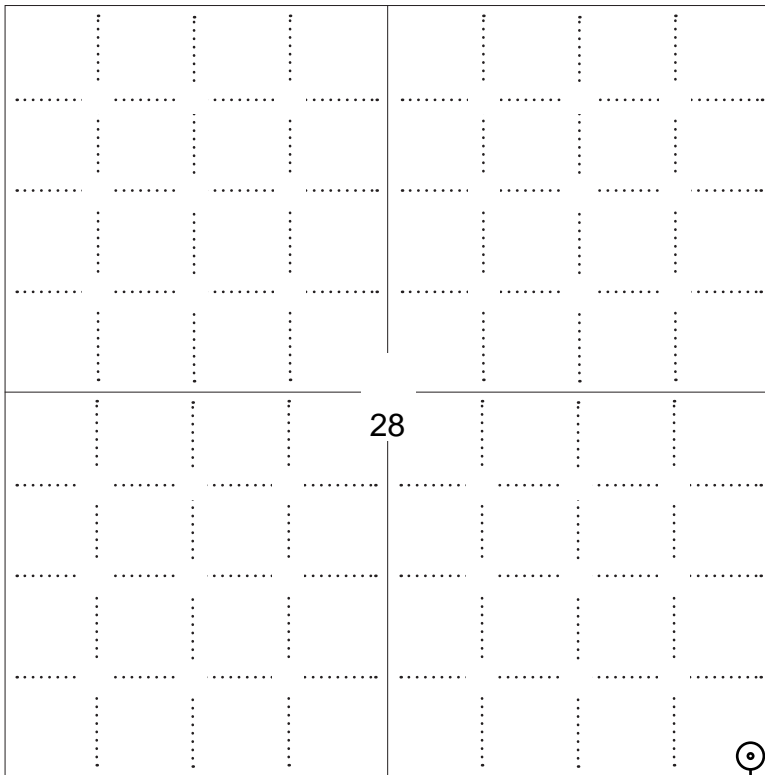
Is Section: Regular or Irregular

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.



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.

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. | |
| <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 must provide the name and address of the surface owner by filling out the top section of this form and 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

**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 Primal) Docket No. 13-CONS-402-CWLE
Energy O&G, LLC, for a location exception)
for the Skiles #28-1 well in Section 28,) CONSERVATION DIVISION
Township 18 South, Range 9 West in Rice)
County, Kansas.) License No.: 34763

ORDER GRANTING APPLICATION

This matter comes before the State Corporation Commission of the State of Kansas ("Commission") on the application of Primal Energy O&G, LLC ("Primal Energy"). Giving due consideration to the record herein, Kansas Statutes and its regulations the Commission finds and concludes as follows:

1. Primal Energy filed an application for a well location exception for its Skiles #28-1 well in Rice County, Kansas on May 20, 2013 and filed an amended application on June 21, 2013.
2. Protests to the application were filed by Trans-Western Petroleum, Inc. ("Trans-Western") on May 30, 2013 and by Rama Operating Co. ("Rama") and American Warrior, Inc. ("American Warrior") on June 4, 2013.
3. The docket was originally scheduled for hearing on August 15, 2013 but was continued to September 20, 2013 by Commission order dated August 1, 2013.
4. At the hearing W. Rick Griffin appeared on behalf of Primal Energy, Diana Edmiston appeared on behalf of Rama and Trans-Western and Lane Palmateer, Litigation

Counsel, appeared on behalf of Commission Staff and the public generally. American Warrior failed to appear.

5. Primal Energy's application seeks a well location exception under K.A.R. 82-3-108(c) so that it can drill the Skiles #28-1 well 150 feet from both the South and East boundaries of its lease in Section 28, Township 18 South, Range 9 West, Rice County. Rama operates the offset lease to the East in Section 27 and Trans-Western operates the offset lease to the South in Section 33.

SUMMARY OF TESTIMONY

6. Eduardo Gonzales, a geologist, testified on behalf of Primal Energy. He testified that Primal Energy completed a fully integrated analysis for its proposed location. That analysis showed an Arbuckle formation domed structure or trap that Primal Energy believes holds oil reserves. (Gonzales Prefiled p. 4 l. 3-9 and Gonzales Exhibit 2) This structure trap is relatively small, thus the need for a well location exception. (Gonzales Prefiled Exhibit 2) Waste will occur if this prospect is not developed. (Gonzales Prefiled p. 5 l. 17-22 and p. 6 l. 1-4)

7. Frank S. Mize, a geologist, testified for Protestants. He testified that he did not believe the proposed target was worth developing. In his opinion the time maps, which were part of Primal Energy's analysis, did not support the existence of an Arbuckle structure trap. (Mize Prefiled p. 4 l. 14-22 and p. 5 l. 1-10) If Primal Energy was allowed to drill at the proposed location it would end up producing from other formations which are present under Protestants' acreage and could drain oil or gas reserves from the Protestants. (Mize Prefiled p. 5 l. 22-23 and p. 6 l. 1-16)

FINDINGS AND CONCLUSIONS

8. It is well settled law in Kansas that the Commission's primary duty is to prevent waste. Mobil Exploration & Producing U.S. Inc. v. State Corp. Comm'n of State of Kan., 258 Kan. 796, 806, 908 P.2d 1276, 1286 (1995).

9. K.A.R. 82-3-108(c) allows the Commission to grant a well location exception, if the exception is necessary to either prevent waste or to protect correlative rights.

10. The Protestants believe that the proposed location is not a viable prospect, therefore it is very unlikely they will drill a well on their acreage to either prove or disprove the existence of the Arbuckle structure trap and oil reserves. (Transcript p. 51 l. 2-4, p. 66 l. 10-13 and p. 6 l. 1-7) If the Commission does not allow Primal Energy to drill its well we will never know if oil is present. If oil is present, waste will have occurred by leaving it in the ground. Primal Energy is taking all the risk. If Primal Energy drills a dry hole, the Protestants are out nothing. If Primal Energy is successful the Commission would entertain an application from Protestants to drill an offset well.

11. Protestants allege that if the Arbuckle formation is not productive in Primal Energy's well that it will produce the well from other formations. This will allow drainage from Protestants acreage and adversely affect their correlative rights. (Mize Prefiled p. 3 l. 15-20 and p. 6 l. 1-16) The Commission disagrees. The record shows that there are no producing wells on Protestants' acreage within 1200 feet of Primal Energy's proposed location and these producing wells are separated from Primal Energy's proposed location by dry holes. (Gonzales Prefiled p. 2 l. 21-23, p. 3 l. 1-5, p. 3 l. 17-22, p. 4 l. 1-2 and Gonzales Exhibits 1 and 2) This fact leads the Commission to believe that any drainage from Protestants' acreage will be minimal and does not outweigh the risk of leaving producible oil in the ground.

12. The Protestants suggested that the proper way to develop this prospect is to form a unit containing acreage from both Primal Energy and the Protestants. The Commission agrees that forming a unit would be the ideal way to develop this prospect. Unfortunately, Primal Energy and the Protestants could not agree on a unit, and because of the acreage positions of the parties, none are in a position to use K.S.A. 55-1301 et. seq to form a unit.

13. Based on the above the Commission finds that waste will occur if the application is not granted. There is only minimal risk of drainage from the Protestants' acreage if the proposed well produces from formations other than the Arbuckle structural trap Primal Energy believes exists. The risk to Protestants' correlative rights is far outweighed by the waste that could occur if applicant is correct about the existence of the Arbuckle structural trap and is not allowed to drill the well.

14. The Commission finds the application should be granted and a full allowable assigned to the well.

IT IS, THEREFORE, BY THE COMMISSION ORDERED:

A. The application of Primal Energy O&G, LLC, for a well location exception for its proposed Skiles #28-1 well is hereby granted. A full allowable will be assigned to the well.

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: DEC 10 2013

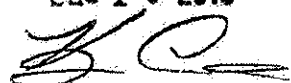


Kim Christiansen
Executive Director

Date Mailed: 10-11-2013

JM

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

DEC 10 2013


CERTIFICATE OF SERVICE

I hereby certify that on 12-11-2013, 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:

Paul Funkhouser
Primal Energy O&G, LLC
21021 Springbrook Plaza Dr, Ste 160
Spring, Texas 77379

And by hand delivery:

Steve Bond, Production Supervisor
Jim Hemmen, Production


W. Rick Griffin
Martin, Pringle, Oliver, Wallace, & Bauer, L.L.P.
100 North Broadway, Suite 500
Wichita, Kansas 67202
Attorneys for Primal Energy O&G, LLC

Douglas J. Isern
Trans-Western Operating Company
PO Box 276
Golden, Colorado 80402-0276

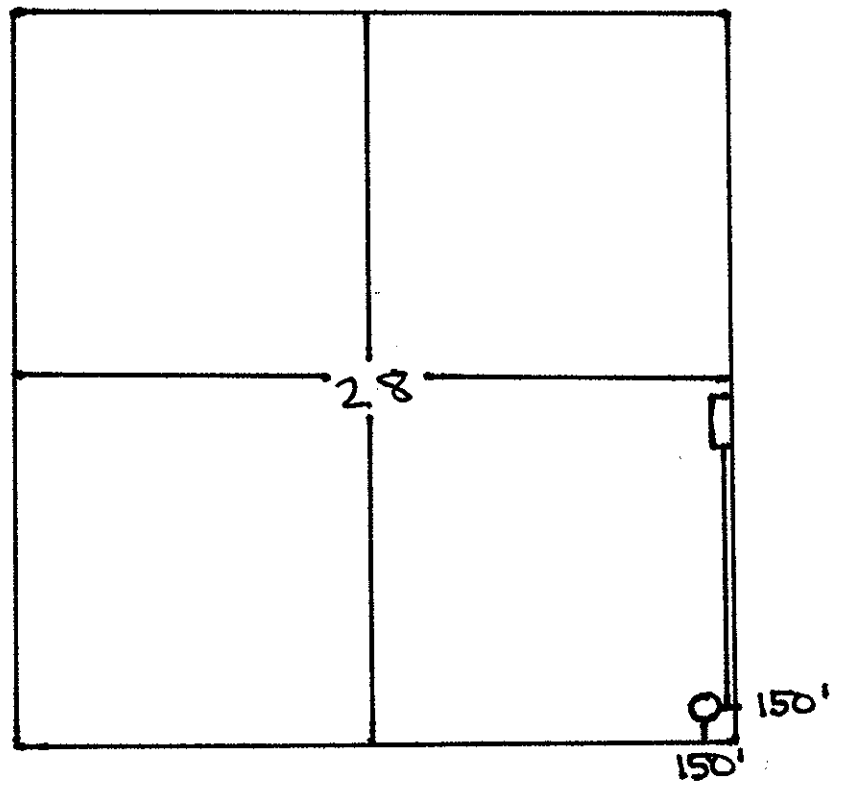
Aaron Zeller
American Warrior, Inc.
3118 Cummings Rd
PO Box 399
Garden City, Kansas 67846

Robin L. Austin
Rama Operating Co., Inc.
101 S Main St
Stafford, Kansas 67578-1429

Diana Edmiston
Glaves, Irby, and Rhoads
1050 Market Centre
155 North Market
Wichita, Kansas 67202-1829
*Attorneys for American Warrior, Inc. and
Rama Operating Co., Inc*


John McCannon
Litigation Counsel
Kansas Corporation Commission

PRIMAL ENERGY O&G, LLC
SKILES 28#1



150' FSL AND 150' FEL OF SECTION 28, T-18-S,
R-9-W, RICE COUNTY, KANSAS

LEGEND:
O: WELL LOCATION
□: TANK BATTERY LOCATION

March 31, 2014

Charles Schmidt
Primal Energy O&G, LLC
21021 SPRINGBROOK PLAZA DR
SUITE 160
SPRING, TX 77379

Re: Drilling Pit Application
Skiles 28 1
SE/4 Sec.28-18S-09W
Rice County, Kansas

Dear Charles Schmidt:

District staff has inspected the above referenced location and has determined that an unsealed condition will present a pollution threat to water resources.

District staff has recommended that the reserve pit be lined with bentonite or native clay, 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 96 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 (316) 630-4000 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 (316) 630-4000.