For KCC Use:

Eff	e	ct	iv	е	Date

District	#	

SGA?	Yes	No
SGAS	ies	

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

NOTICE OF INTENT TO DRILL

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

KSONA-1,	Certification of	^r Compliance with	the Kansas	Surface Ov	ner Notification	Act, MUS1	be submitted	with this form
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Expected Spud Date:	Spot Description:
month day year	
OPERATOR: License#	feet from N / S Line of Section
Name:	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:	
Humo	Target Formation(s):
Well Drilled For: Well Class: Type Equipment:	Nearest Lease or unit boundary line (in footage):
Oil Enh Rec Infield Mud Rotary	Ground Surface Elevation:feet MSL
Gas Storage Pool Ext. Air Rotary	Water well within one-quarter mile:
Disposal Wildcat Cable	Public water supply well within one mile:
Seismic ; # of Holes Other	Depth to bottom of fresh water:
Other:	Depth to bottom of usable water:
	Surface Pipe by Alternate:
If OWWO: old well information as follows:	Length of Surface Pipe Planned to be set:
Operator:	Length of Conductor Pipe (if any):
Well Name:	Projected Total Depth:
Original Completion Date: Original Total Depth:	Formation at Total Depth:
	Water Source for Drilling Operations:
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 E	Electronically
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For KCC Use ONLY	
API # 15	
Conductor pipe required	feet
Minimum surface pipe required	feet per ALT.
Approved by:	
This authorization expires:	
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.

ш

Well will not be drilled or Permit Expired Date: _ Signatur

re	OŤ	Op	erat	or	or A	lgei	nt:



For KCC Use ONLY

API # 15 - .

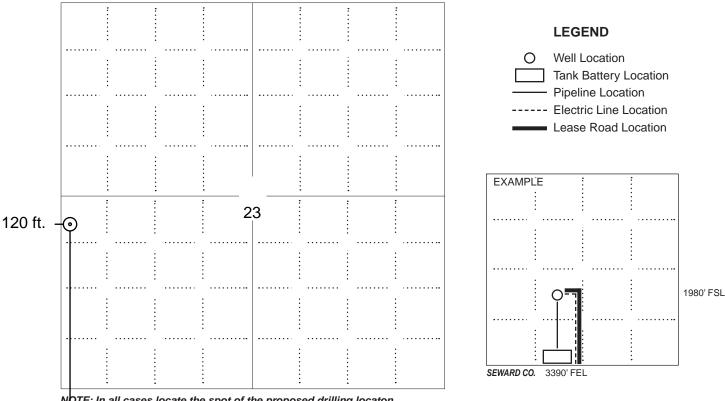
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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: QTR/QTR/QTR/QTR of acreage:	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.

2250 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 1186617

Form CDP-1 May 2010 Form must be Typed

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:	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	Pit capacity:		Feet from 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	vrea? Yes	No	Chloride concentration: mg/l (For Emergency 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 well	teet	Drilling Works	well owner electric log KDWR		
Emergency, Settling and Burn Pits ONLY: Producing Formation:			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 spilled fluids to		Drill pits must be closed within 365 days of spud date.			
Submitted Electronically					
	КСС	OFFICE USE O	NLY		
Date Received: Permit Num	ber:	Permi	t Date: Lease Inspection: Yes No		

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

KANSAS CORPORA OIL & GAS CONSE CERTIFICATION OF CO KANSAS SURFACE OWN	RVATION DIVISION January 2014 Form Must Be Typed Form must be Signed All blanks must be Filled Form must be Filled
This form must be submitted with all Forms C-1 (Notice of T-1 (Request for Change of Operator Transfer of Injection of Any such form submitted without an acconsistent the corresponding form being filed: C-1 (Intent) CB-1 (Ca	Surface Pit Permit); and CP-1 (Well Plugging Application). Appanying Form KSONA-1 will be returned.
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 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.

Submitted Electronically

I

STATE OF KANSAS, NORTON COUNTY, SS-FILED FOR RECORD AT 9:30 O'CLOCK A M

JAN 2 9 2014

DECLARATION OF UNITIZATION AND RECORDED IN BOOK 1884 PAGE 63

(Kemper B Unit)

BEG. OF DEEDS - NORTON COUNTY, KS

THIS DECLARATION OF UNITIZATION is made this 21st day of January, 2014, by Black Diamond Oil, Inc. (hereinafter Lessee) WITNESSETH:

WHEREAS, the Lessee desires that a portion of the acreage covered by the Oil and Gas Leases shown on Exhibit A, attached hereto and incorporated herein by reference, be consolidated and unitized into one operating unit according to, and in compliance with, the Rules and Regulations of the Kansas Corporation Commission.

AND WHEREAS, the Lessors of the **Beckman Leases** covering the W½SW¼ Sec. 23-5-21 and the **Kemper Leases** covering the SE¼ Sec. 22-5-21 have previously authorized Lessee to pool and unitize said leases so that each Lessor would receive pro rata division of all royalties from the sale of oil or gas or either of them produced from the Unitized Area in the proportion that each Lessor's mineral interest bears to the total minerals within the Unitized Area as set forth in Exhibit A.

NOW, THEREFORE, in consideration of these premises and of the mutual benefits hereinafter contained, Lessee does hereby pool and unitize the oil and gas leases set forth in Exhibit A in accordance with the following terms and conditions:

1. By virtue of the power and authority granted by each landowner/lessor to the Lessee, Lessee declares for all purposes that the oil and gas leases set forth in Exhibit A are pooled and unitized forming the Unitized Area described therein. The Unitized Area shall be developed and operated as one leased tract regardless of how the same or the minerals thereunder may be divided in ownership, just as though such Unitized Area had originally been covered by a single oil and gas lease. The oil, gas or either of them in, under or produced from said Unitized Area is pooled and unitized and shall be treated as an entirety and the royalties thereon shall be paid ratably to the owners of each particular tract in such Unitized Area in accordance with Exhibit A and as their interests in each such particular tract may appear and according to the applicable royalty provisions and other terms of the oil and gas lease covering that particular tract.

2. Exhibit A sets forth and establishes the total acreage owned by each Lessor. Royalty, overriding royalty, and working interest payments will be based upon the decimal interest in production from said Unitized Area as is also shown thereon and on the Division Order when issued.

3. Any oil or gas well producing in commercial quantities under the terms of this agreement, or the oil and gas leases subject to this agreement, shall be deemed to be drilled under the terms of and located on the lands covered by each of said oil and gas leases and operations for the drilling, reworking of or production of all oil or gas from any such well or wells shall operate to keep in force the entire oil and gas leasehold estate

59-

24.00

EXHIBIT A

UNIT AREA

(Kemper B Unit)

A TRACT IN THE WEST HALF OF THE SOUTHWEST QUARTER ($W^{1/2}SW^{1/4}$) OF SECTION 23 and SOUTHEAST QUARTER (SE^{1/4}) OF SECTION 22, ALL IN TOWNSHIP 5 SOUTH, RANGE 21 WEST OF THE SIXTH P.M., Norton County, Kansas, Beginning at the Northwest Corner of said $W^{1/2}SW^{1/4}$, thence East 480 feet, thence South 860 feet, thence West 860 feet, thence North 860 feet, thence East 380 feet to the place of beginning.

OIL AND GAS LEASES POOLED AND UNITIZED

BECKMAN LEASES

1. Oil and Gas Lease dated October 20, 2011, recorded in Book 175A, pages 289-9, from Sharon V. Beckman and Charles Beckman, her husband, Lessors, to and in favor of Black Diamond Oil, Inc., **ONLY IN SO FAR AS** said lease covers the land described below.

2. Oil and Gas Lease dated October 5, 2011, recorded in Book 175A, pages 171-2, from Michael J. Kemper and Mariana Kemper, his wife, Lessors, to and in favor of Black Diamond Oil, Inc., **ONLY IN SO FAR AS** said lease covers the land described below.

3. Oil and Gas Lease dated October 5, 2011, recorded in Book 174A, pages 425-6, from Marcus G. Kemper and Tamra S. Kemper as Trustees of the Kemper Living Trust dated May 14, 2010, Lessor, to and in favor of Black Diamond Oil, Inc., **ONLY IN SO FAR AS** said lease covers the land described below.

4. Oil and Gas Lease dated October 5, 2011, recorded in Book 174A, pages 431-2, from Coleen M. Larson and Larry Larson, her husband, Lessors, to and in favor of Black Diamond Oil, Inc., **ONLY IN SO FAR AS** said lease covers the land described below.

A TRACT IN THE WEST HALF OF THE SOUTHWEST QUARTER (W½SW¼) OF SECTION 23, TOWNSHIP 5 SOUTH, RANGE 21 WEST OF THE SIXTH P.M., Norton County, Kansas, Beginning at the Northwest Corner of said W½SW¼, thence East 480 feet, thence South 860 feet, thence West 480 feet, thence North 860 feet to the place of beginning.

KEMPER LEASES

1. Oil and Gas Lease dated July 20, 2011, recorded in Book 173A, pages 333-4, from Sharon V. Beckman and Charles Beckman, her husband, Lessors, to and in favor of Black Diamond Oil, Inc., **ONLY IN SO FAR AS** said lease covers the land described below.

2. Oil and Gas Lease dated July 20, 2011, recorded in Book 173A, pages 396-7, from Michael J. Kemper and Mariana Kemper, his wife, Lessors, to and in favor of Black Diamond Oil, Inc., **ONLY IN SO FAR AS** said lease covers the land described below.

3. Oil and Gas Lease dated July 20, 2011, recorded in Book 173A, pages 325-6, from Marcus G. Kemper and Tamra S. Kemper as Trustees of the Kemper Living Trust dated May 14, 2010, Lessor, to and in favor of Black Diamond Oil, Inc., **ONLY IN SO FAR AS** said lease covers the land described below.

4. Oil and Gas Lease dated July 20, 2011, recorded in Book 173A, pages 341-2, from Coleen M. Larson and Larry Larson, her husband, Lessors, to and in favor of Black Diamond Oil, Inc., **ONLY IN SO FAR AS** said lease covers the land described below.

A TRACT IN THE SOUTHEAST QUARTER (SE¹/₄) OF SECTION 22, TOWNSHIP 5 SOUTH, RANGE 21 WEST OF THE SIXTH P.M., Norton County, Kansas, Beginning at the Northeast Corner of said SE¹/₄, thence West 380 feet, thence South 860 feet, thence East 380 feet, thence North 860 feet to the place of beginning.

TRACT PARTICIPATION

Each of the above tracts will participate equally (50/50) in the production of oil, gas and other minerals from the Unit Area.

ROYALTY PARTICIPATION

Sharon Viola Beckman and Charles Beckman 43713 Sugar St. Lancaster, CA 93436-5767 .031250 Royalty

Coleen Margarete Larson and Larry Larson 735 90 Road Scandia, KS 66966 .031250 Royalty

Michael John Kemper and Mariana Kemper 502 W. Main St. Logan, KS 67646

Marcus G. Kemper and Tamra S. Kemper as Trustees of the Kemper Living Trust dated 5/14/2010 401 N. Franklin St. Logan, KS 67646 .031250 Royalty

.031250 Royalty

under each of said leases, just as though such well or wells were located on particular land covered by each particular lease. The drilling of or production from any well capable of producing oil or gas in commercial quantities upon the Unitized Area shall constitute full and complete development of each of the oil and gas leases hereby unitized.

This declaration and the oil and gas leasehold rights of Lessee under all leases 4. covering the tracts of land within the Unitized Area shall be and remain in full force and effect so long as oil or gas or either of them can be produced in commercial quantities from any well in said Unitized Area and shall not be effected by the expiration of the primary term of any of said leases.

This declaration and all of the terms and conditions hereof shall be considered 5 as covenants running with the land and shall likewise extend to and be binding upon the heirs, successors, and assigns of all parties hereto.

IN WITNESS WHEREOF, the Lessee has executed this Declaration of Unitization as of the date first above written.

ena Vehige, Secretary

BLACK DIAMOND OIL, INC.

Kenneth Vehige, President

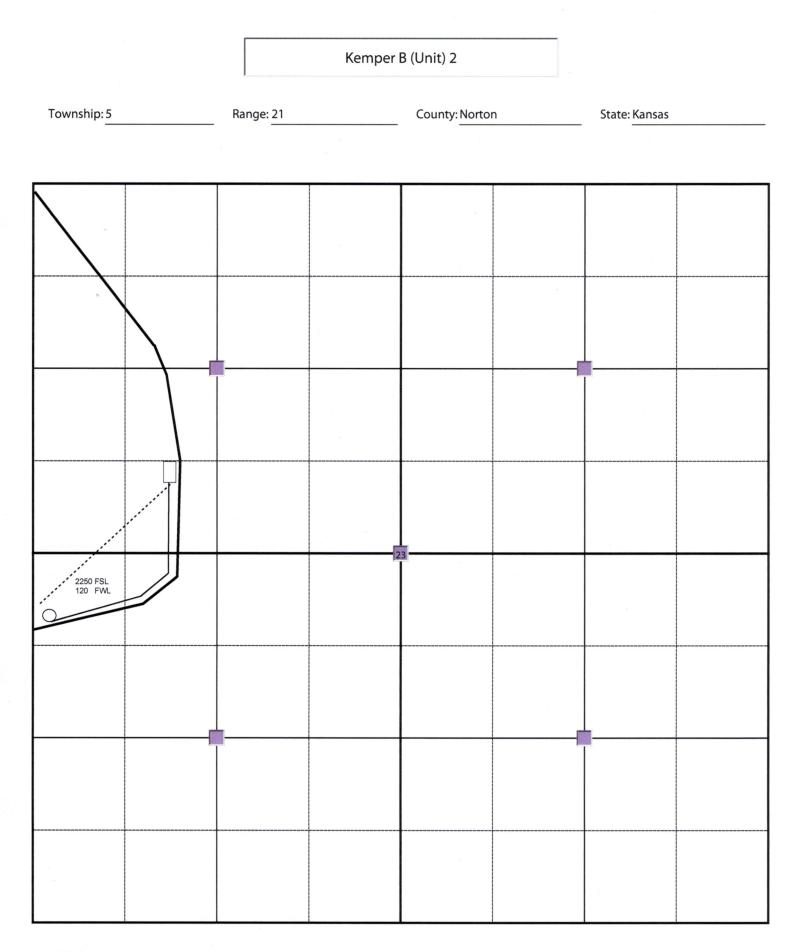
ACKNOWLEDGMENT FOR CORPORATION

STATE OF KANSAS)) ss: COUNTY OF ELLIS)

The foregoing instrument was acknowledged before me this <u>27th</u> day of January, 2014, by Kenneth Vehige, President of Black Diamond Oil, Inc., a Kansas corporation, on behalf of the corporation.

My commission expires: _____

MELISSA L. WINDHOLZ NOTARY PUBLIC My Appt. Exp. STATE OF KANSAS



Tank Battery

Pipeline

Road 8 inches = 1 mile

----- Electric Line

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/

Shari Feist Albrecht, Chair Thomas E. Wright, Commissioner Jay Scott Emler, Commissioner Sam Brownback, Governor

February 06, 2014

Kenneth Vehige Black Diamond Oil, Inc. PO BOX 641 HAYS, KS 67601-0641

Re: Drilling Pit Application Kemper B (Unit) 2 SW/4 Sec.23-05S-21W Norton County, Kansas

Dear Kenneth Vehige:

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 within 72 hours of completion of drilling operations. 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.