

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

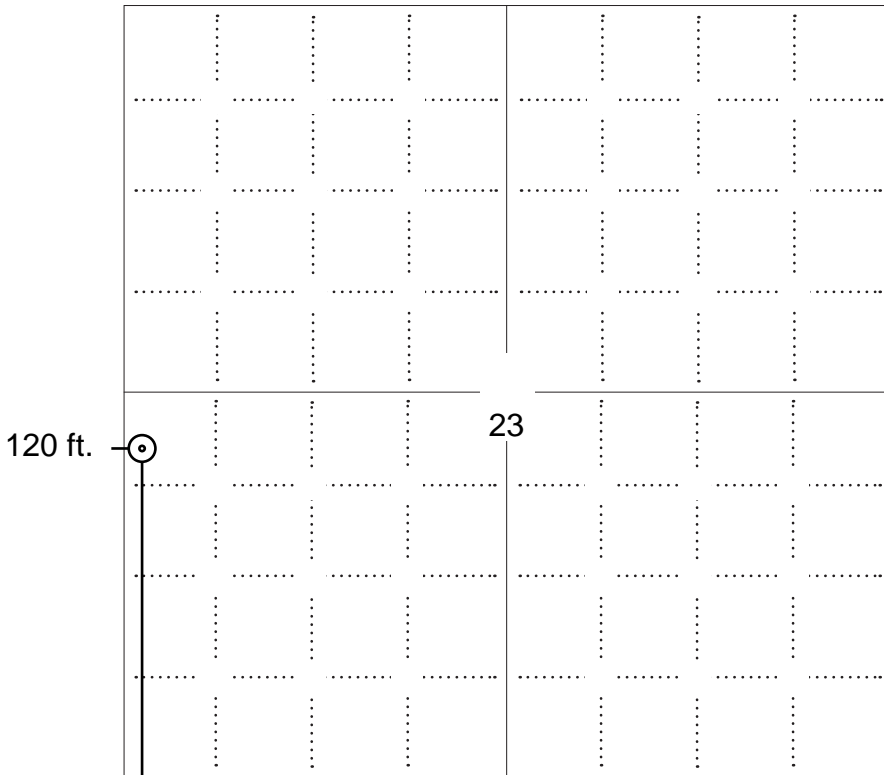
Is Section: Regular or Irregular

If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

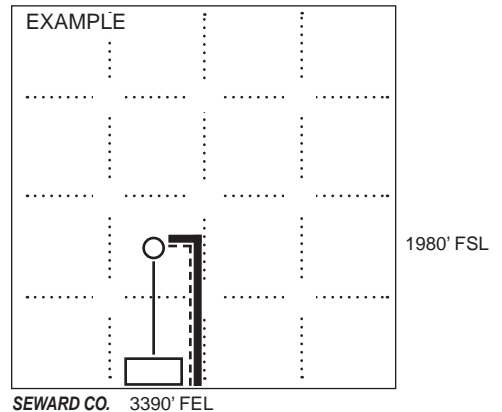
PLAT

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.

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.

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			
Date Received: _____		Permit Number: _____	
Permit Date: _____		Lease Inspection: <input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/> Liner		<input type="checkbox"/> Steel Pit <input type="checkbox"/> RFAC <input type="checkbox"/> RFAS	



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

JAN 29 2014

DECLARATION OF UNITIZATION
(Kemper B Unit)

AND RECORDED IN BOOK 188A PAGE 63
Wanda M. Vincent
REG. OF DEEDS - NORTON COUNTY, KS
24.00

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 W $\frac{1}{2}$ SW $\frac{1}{4}$ Sec. 23-5-21 and the **Kemper Leases** covering the SE $\frac{1}{4}$ 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

EXHIBIT A

UNIT AREA
(Kemper B Unit)

A TRACT IN THE WEST HALF OF THE SOUTHWEST QUARTER (W $\frac{1}{2}$ SW $\frac{1}{4}$) OF SECTION 23 and SOUTHEAST QUARTER (SE $\frac{1}{4}$) 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 $\frac{1}{2}$ SW $\frac{1}{4}$, 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 (W $\frac{1}{2}$ SW $\frac{1}{4}$) OF SECTION 23, TOWNSHIP 5 SOUTH, RANGE 21 WEST OF THE SIXTH P.M., Norton County, Kansas, Beginning at the Northwest Corner of said W $\frac{1}{2}$ SW $\frac{1}{4}$, 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 .031250 Royalty
43713 Sugar St.
Lancaster, CA 93436-5767

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

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

.031250 Royalty

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

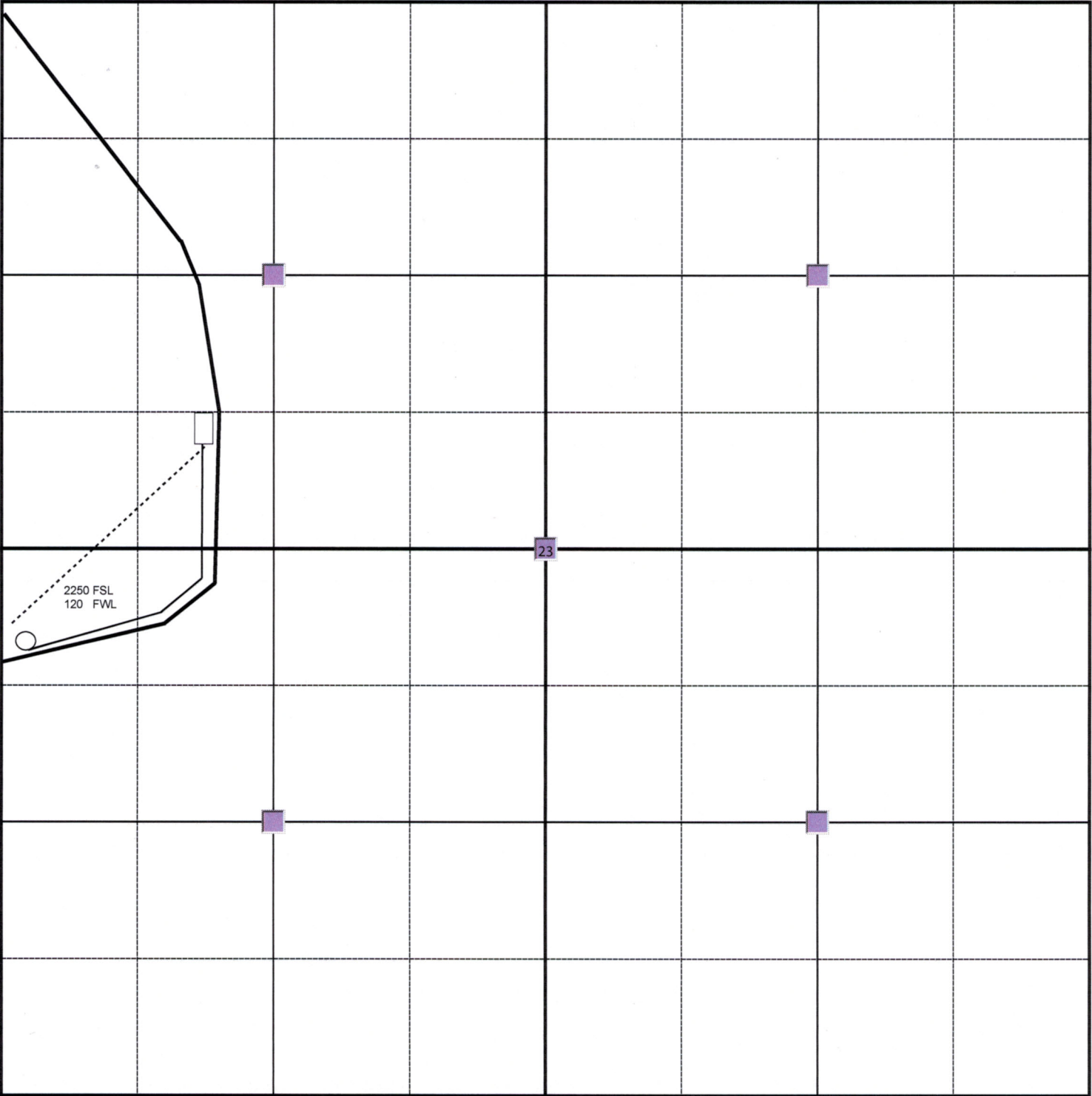
Kemper B (Unit 2)

Township: 5

Range: 21

County: Norton

State: Kansas



Tank Battery

Road

8 inches = 1 mile

Pipeline

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.