

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

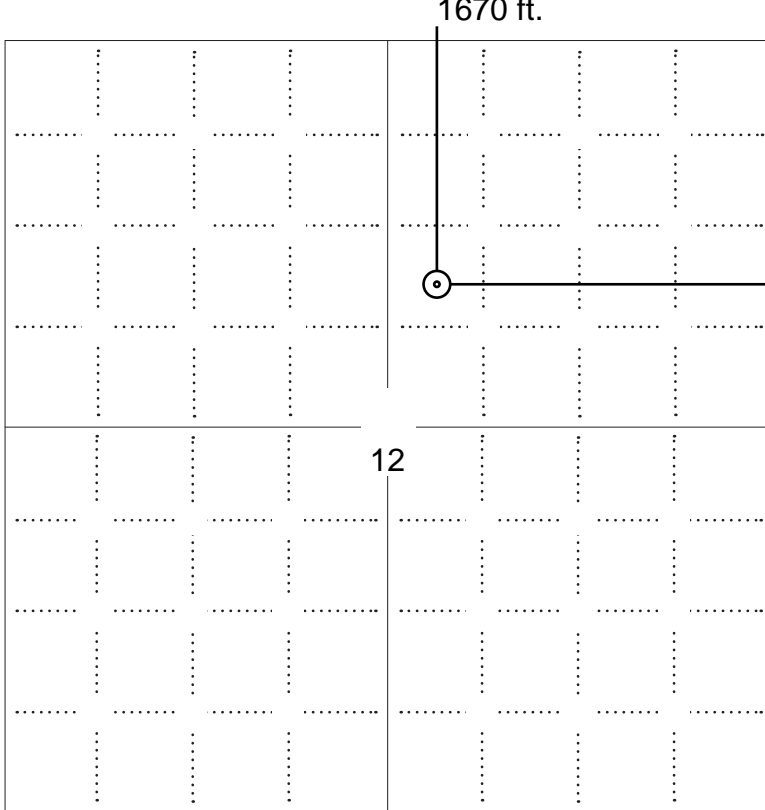
If Section is Irregular, locate well from nearest corner boundary.

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



1980' FSL

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. | |
| Submitted Electronically | | | |

| | | | |
|----------------------------|--|---|--|
| KCC OFFICE USE ONLY | | | |
| | | <input type="checkbox"/> Liner <input type="checkbox"/> Steel Pit <input type="checkbox"/> RFAC <input type="checkbox"/> RFAS | |
| Date Received: _____ | | Permit Number: _____ | |
| | | Permit Date: _____ Lease Inspection: <input type="checkbox"/> Yes <input type="checkbox"/> 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.

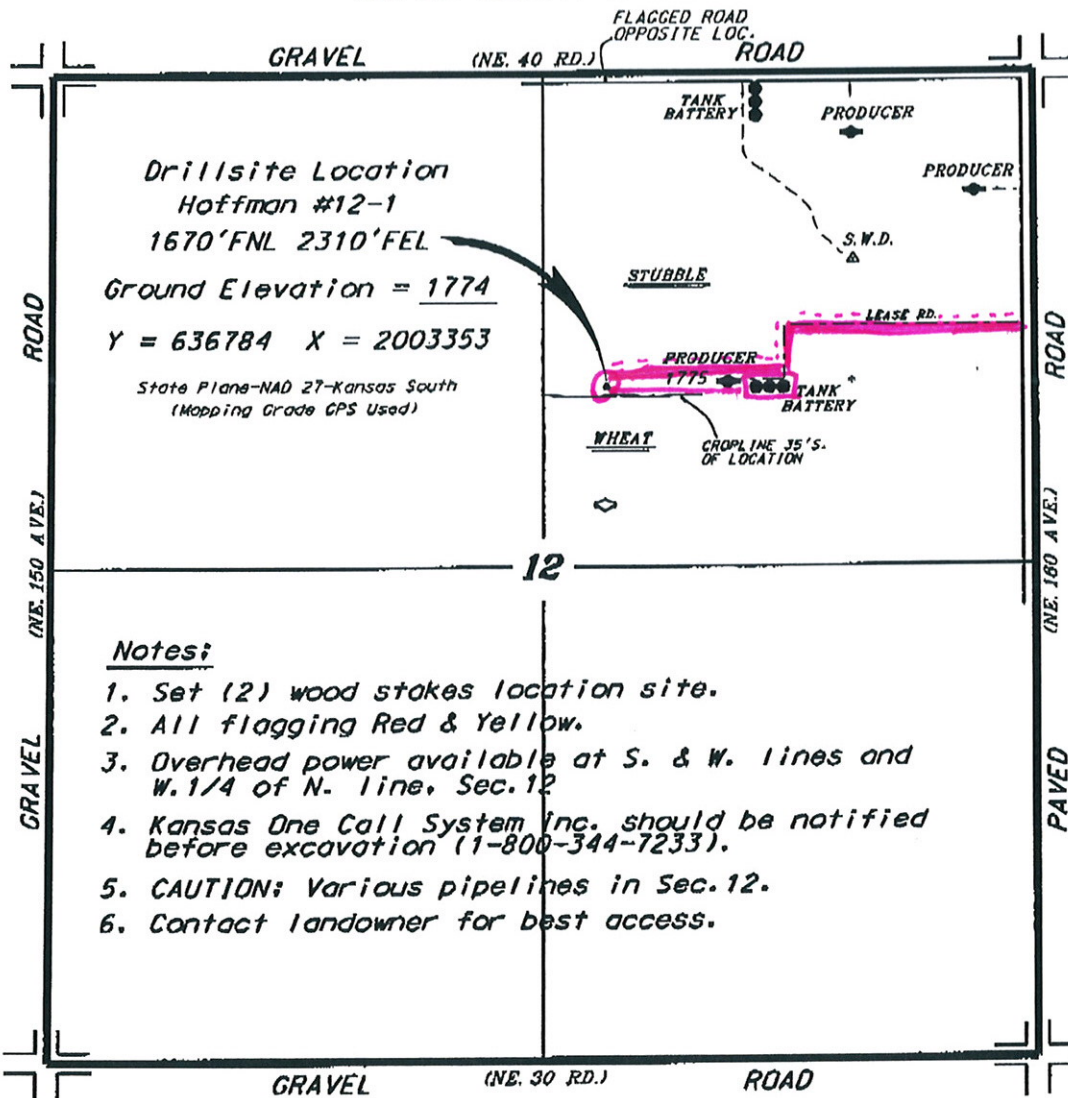
Select one of the following:

- 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

K & N PETROLEUM, INC.
HOFFMAN LEASE
 NE. 1/4, SECTION 12, T19S, R11W
 BARTON COUNTY, KANSAS

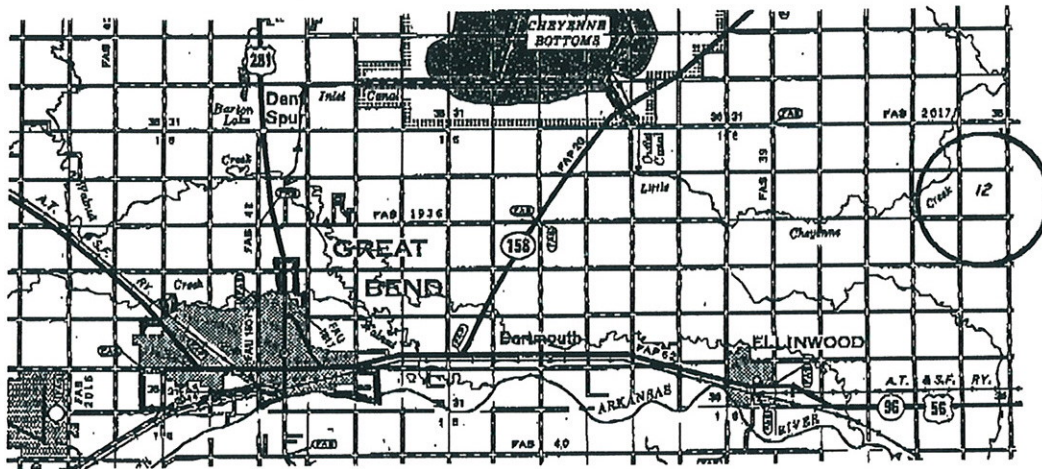


Drillsite Location
Hoffman #12-1
 1670'FNL 2310'FEL
 Ground Elevation = 1774
 Y = 636784 X = 2003353
 State Plane-NAD 27-Kansas South
 (Mopping Grade GPS Used)

Notes:

1. Set (2) wood stakes location site.
2. All flagging Red & Yellow.
3. Overhead power available at S. & W. lines and W. 1/4 of N. line, Sec. 12
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION: Various pipelines in Sec. 12.
6. Contact landowner for best access.

*Ingress and egress to location as shown on this plot is for usage only and may not be legally opened for public use. Contact landowner, tenant and county road department for access.



Controlling data is based upon the best maps and photographs available to us and upon a regular section of land containing 640 acres.
 Approximate section lines were determined using the normal standard of care of oilfield surveyors practicing in the state of Kansas. The section corners, which establish the precise section lines, were not necessarily located, and the exact location of the drillsite location in the section is not guaranteed. Therefore, the Operator assuming this service and accepting this plot and all other parties relying thereon agree to hold Central Kansas Oilfield Services, Inc., its officers and employees harmless from all losses, costs and expenses and said entities released from any liability from incidental or consequential damages.
 Elevations derived from National Geodetic Vertical Datum.

Date **March 21, 2014**

May 3

KEENAN LAW FIRM, P.A.

ATTORNEYS AT LAW
GREAT BEND, KANSAS 67530

ROBERT P. KEENAN (1922-2008)
LARRY E. KEENAN
TIMOTHY R. KEENAN
ADDIE L. BAIRD

2200 LAKIN; P.O. DRAWER 459
GREAT BEND, KANSAS 67530
(620) 793-7811 FAX (620) 793-9762
RESIDENCE PHONE (620) 793-9441
timkeenan@klf.kscoxmail.com

April 9, 2014

Mr. Ed Nemnich
K & N Petroleum, Inc.
1105 Walnut
Great Bend, Kansas 67530

Re: Title Opinion covering the South Half of the Northeast Quarter (S/2 NE/4) of Section Twelve (12), Township Nineteen (19) South, Range Eleven (11) West, less and except the following described tract, to-wit: Commencing at the Northeast corner of the Northeast Quarter (NE/4) of said Section Twelve (12), thence South along the section line a distance of 1320 feet to a point; thence West 1320 feet to the place of beginning; thence West 660 feet to a point; thence South 660 feet to a point; thence East 660 feet to a point; thence North 660 feet, more or less, to the place of beginning, containing 70 acres, more or less (Hoffman #12-1).

Dear Mr. Nemnich:

At your request, we examined title to the above described property by means of record title examination conducted in the offices of the Register of Deeds, Clerk of the District Court and County Treasurer of Barton County, Kansas, on April 8, 2014. Our examination covered the time period from date of earliest public record through date of examination at 8:00 o'clock a.m., including a review of probate proceedings for the estates of Bernard Johanning, Sr., Case No. 4243; Bernard Johanning, Jr., Case No. 93-P-14; and Louis Johanning, Case No. 95-P-142

Based on the above evidence of title, we find the following ownership interests indicated:

SURFACE

Title to the surface appears vested in

EVELYN L. HOFFMAN, a/k/a EVELYN L. HOFFMAN

MINERALS

Title to the minerals appears vested in

EVELYN L. HOFFMAN, a/k/a EVELYN L. HOFFMAN

OIL AND GAS LEASEHOLD

This property is subject to the following oil and gas leases:

| | |
|---------------------|--|
| Lessors: | Evelyn L. Hoffman and Victor F. Hoffman, her husband |
| Lessee: | K & N Petroleum, Inc. |
| Date of lease: | September 24, 2012 |
| Leased premises: | See Reference above for legal description, containing 70 acres more or less |
| Lease form: | Form 88- (Producers) Rev 1-83 (Paid up) Kans-Okla-Colo |
| Filed: | October 3, 2012 |
| Recorded: | Book 617, page 3351 |
| Royalty: | 1/8th royalty reserved; lessors also reserved an additional 1/32nd of 7/8ths overriding royalty interest |
| Term: | Two (2) years from September 24, 2012, and as long thereafter; the special provisions allowed a one (1) year extension in exchange for payment in the amount of \$1,750.00, ending on September 24, 2015. . . . |
| Depository: | Not applicable |
| Delay rental: | Not applicable |
| Entireties clause: | Yes |
| Unitization clause: | Yes |
| Special provisions: | "In addition to the 1/8th royalty reserved by lessors, lessors reserve an undivided 1/32nd of 7/8ths overriding royalty interest. |

Lessee has the option to extend the primary term for an additional one (1) year from September 24, 2014, by paying to lessors an extension payment in the amount of \$1,750.00."

PREVIOUS OIL AND GAS LEASES

This property was subject to a producing lease dated July 29, 1940 and recorded in Book 81, page 518. The lease was effectively released as to the 70 acres covered by your lease. A 10-acre tract remains subject to the 1940 lease and that 10-acre tract was excluded from your lease description.

MORTGAGES

There are no mortgages.

EASEMENTS

This property is subject to a pipeline easement in favor of Missouri Valley Pipeline Company recorded on September 1, 1931 in Book 39, page 208.

CONCLUSION

By reason of the foregoing, we conclude as follows:

1. You should avoid interference with any easements discovered by visual inspection of the property.
2. You are reminded of the 10-acre tract within the S/2 of the NE/4 which was excepted from the lease, as described above. Your planned drilling location, as shown by the plat you provided dated March 21, 2014, appears to be the required distance from the boundaries of the excepted 10-acre tract.

Subject to the foregoing, we approve title for drilling purposes.

Respectfully submitted,

KEENAN LAW FIRM, P.A.

Timothy R. Keenan

TRK/rh

Conservation Division
Finney State Office Building
130 S. Market, Rm. 2078
Wichita, KS 67202-3802



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Shari Feist Albrecht, Chair
Jay Scott Emler, Commissioner
Pat Apple, Commissioner

Sam Brownback, Governor

April 16, 2014

Ed Nemnich
K & N Petroleum, Inc.
1105 WALNUT
GREAT BEND, KS 67530

Re: Drilling Pit Application
Hoffman 12-1
NE/4 Sec.12-19S-11W
Barton County, Kansas

Dear Ed Nemnich:

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 as soon as practical after drilling operations have ceased.

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.