

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

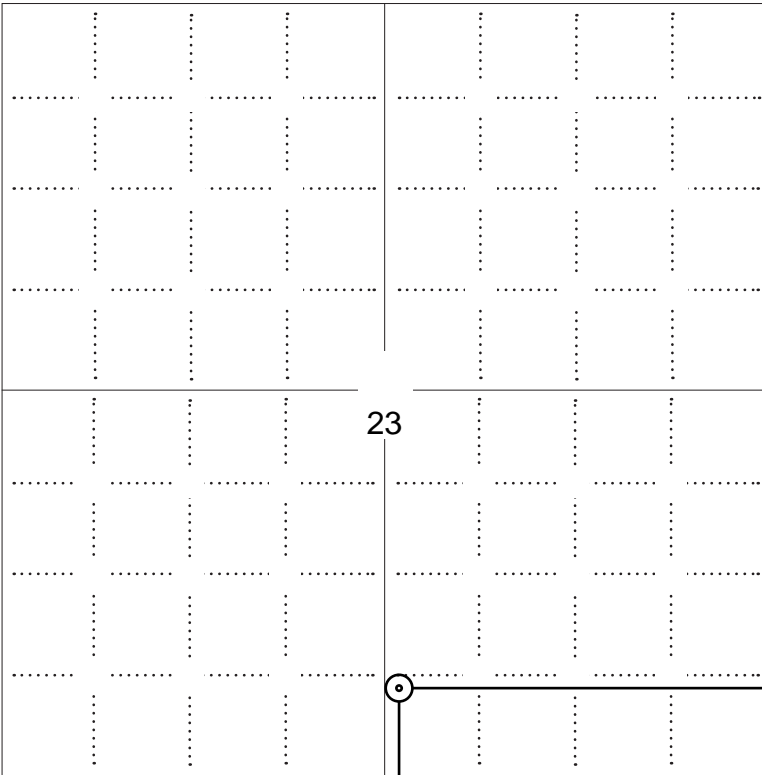
Is Section: Regular or Irregular

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

Section corner used: NE NW SE SW

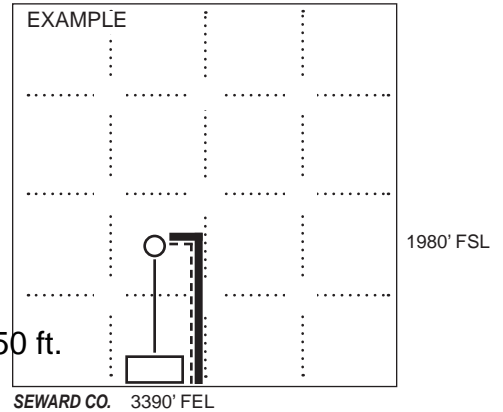
PLAT

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.

600 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 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

DECLARATION OF UNITIZATION

(Newell #23-2 Unit)

THIS DECLARATION OF UNITIZATION is made this 27th day of June, 2014, by HOP Energies, LLC, hereinafter called Lessee, WITNESSETH:

WHEREAS, the parties hereto desire 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 Lessor of the **Newell SE Lease** covering SE¼ Sec. 23-8-21 and the Lessor of the **Newell SW Lease** covering SW¼ Sec. 23-8-21 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 interest 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.

Page 1 of 2



STATE OF KANSAS GRAHAM COUNTY, KANSAS
JUANITA TOLL REGISTER OF DEEDS

Book: 268 Page: 273 - 275

Receipt #: 36787
Pages Recorded: 3

Recording Fee: \$16.00

Joseph T. Tol

Date Recorded: 7/9/2014 10:26:19 AM

27

- 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 lease 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 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.
- 4. This declaration and the oil and gas leasehold rights of Lessee under all leases 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.
- 5. This declaration and all of the terms and conditions hereof shall be considered 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.

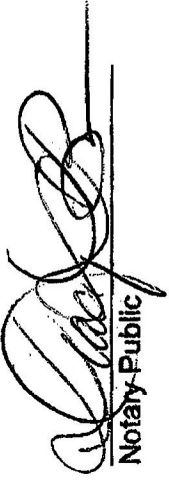
HOP Energies, LLC


 Daniel F. Brooks, Manager

ACKNOWLEDGMENT

STATE OF KANSAS)
) ss:
)
 COUNTY OF SEDGWICK)

The foregoing instrument was acknowledged before me this 22 day of July 2014, by Daniel F. Brooks, Manager of HOP Energies, LLC, a Kansas limited liability company, on behalf of the company.


 Notary Public

My commission expires: 6/23/18



EXHIBIT A

UNIT AREA

(Newell #23-2 Unit - S½ Sec. 23-8-21)

A TRACT IN THE SOUTH HALF OF SECTION 23, TOWNSHIP 8 SOUTH, RANGE 21 WEST OF THE SIXTH P.M., Graham County, Kansas, Beginning at the Southwest Corner of the SE¼ Sec. 23-8-21, thence East 660 feet, thence North 1,320 feet, thence West 1,320 feet, thence South 1,320 feet, thence East 660 feet to the place of beginning and containing forty (40) acres, more or less.

OIL AND GAS LEASES POOLED AND UNITIZED

1. **Newell SE Lease:** Oil and Gas Lease dated February 24, 2011, recorded in Book 249, pages 230-1, from Wayne Newell, Lessor, to and in favor of HOP Energies, LLC., Lessee, in so far as said lease covers:

A TRACT IN THE SOUTHEAST QUARTER (SE¼) OF SECTION 23, TOWNSHIP 8 SOUTH, RANGE 21 WEST OF THE SIXTH P.M., Graham County, Kansas, Beginning at the Southwest Corner of the SE¼ Sec. 23-8-21, thence East 660 feet, thence North 1,320 feet, thence West 660 feet, thence South 1,320 feet, to the place of beginning

2. **Newell SW Lease:** Oil and Gas Lease dated February 24, 2011, recorded in Book 249, pages 228-9, from Wayne Newell, Lessor, to and in favor of HOP Energies, LLC., Lessee, in so far as said lease covers:

A TRACT IN THE SOUTHWEST QUARTER (SW¼) OF SECTION 23, TOWNSHIP 8 SOUTH, RANGE 21 WEST OF THE SIXTH P.M., Graham County, Kansas, Beginning at the Southwest Corner of the SE¼ Sec. 23-8-21, thence North 1,320 feet, thence West 660 feet, thence South 1,320 feet, thence East 660 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

Wayne M. Newell as Trustee .1250 RI

of the Wayne M. Newell Living Trust
dated February 7, 2013
2510 Felton Dr.
Hays, KS 67601

For KCC Use ONLY

API # 15 _____

Side Two

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: H & C Oil Operating Inc.

Lease: Newell Unit

Well Number: 23-2

Field: Unknown

Location of Well: County: Graham

600

feet from

N / S

2550

feet from

E / W

Sec 23

Twp. 8

S. R. 21

E

W

Number of Acres attributable to well: _____

QTR/QTR/QTR/QTR of acreage: NW SW SE SW

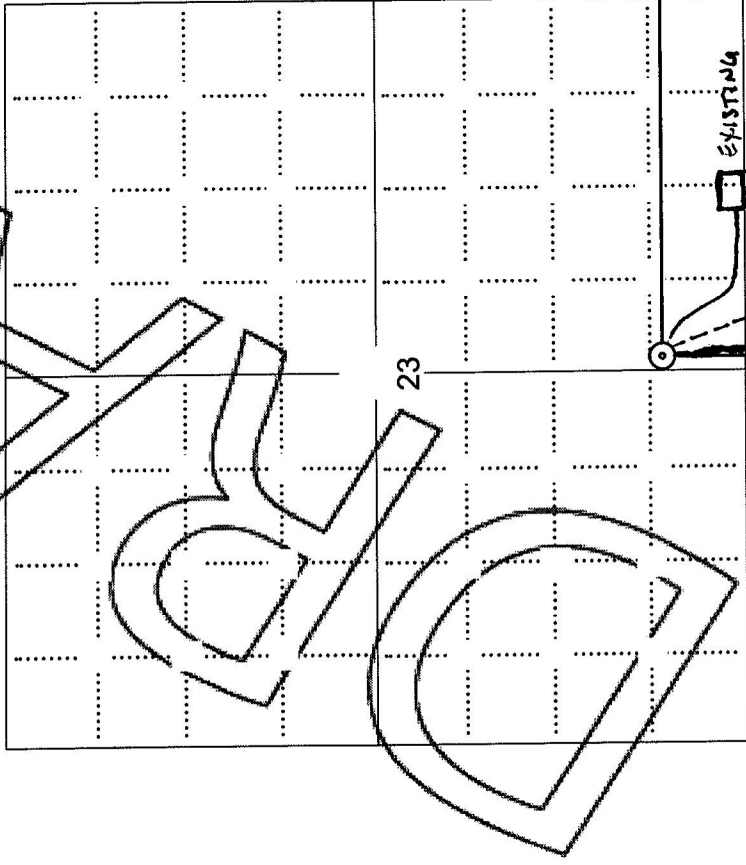
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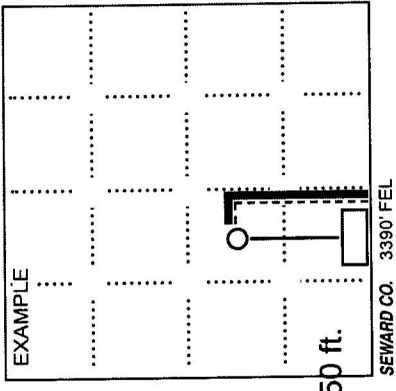
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July 16, 2014

Charles R. Ramsay
H & C Oil Operating Inc.
PO BOX 86
PLAINVILLE, KS 67663-0086

Re: Drilling Pit Application
Newell Unit 23-2
SE/4 Sec.23-08S-21W
Graham County, Kansas

Dear Charles R. Ramsay:

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.