For KCC Use:

Effective	Date:

District	#	

Yes No SGA?

For

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

1315656

NOTICE	OF INTEN	Γ TO DRILL
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Must be approved by KCC five (5) days prior to commencing well

m KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act, MUST be submitted with this i	form
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Expected Spud Date:	Spot Description:
month day year	
OPERATOR: License#	feet from N / S Line of Section
Name:	feet from L 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:	Target Formation(s):
Well Drilled For: Well Class: Type Equipment: Oil Enh Rec Infield Mud Rotary Gas Storage Pool Ext. Air Rotary Disposal Wildcat Cable Seismic ; # of Holes Other Other:	Nearest Lease or unit boundary line (in footage): Ground Surface Elevation:
Directional. Deviated or Horizontal wellbore?	Water Source for Drilling Operations:
If Yes, true vertical depth:	
Bottom Hole Location:	DWR Permit #:(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:		

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: _ Signature of Operator or Agent:



For KCC Use ONLY

API # 15 - ____

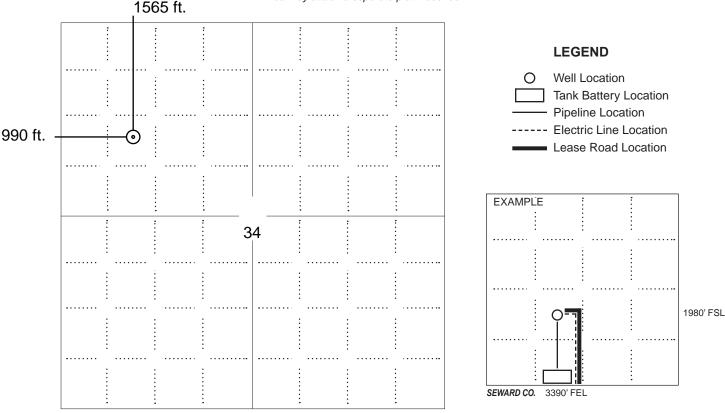
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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.

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 1315656

Form CDP-1 May 2010 Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name:			License Number:
Operator Address:			1
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
U Workover Pit Haul-Off Pit (If WP Supply API No. or Year Drilled)	Pit capacity:	(bbls)	Feet from East / West Line of Section
		· · · · · ·	
Is the pit located in a Sensitive Ground Water A	.rea?	No	Chloride concentration: mg/l (For Emergency Pits and Settling Pits only)
Is the bottom below ground level?	Artificial Liner?	٧o	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	feet	measured	well owner electric log KDWR
Emergency, Settling and Burn Pits ONLY:	Emergency, Settling and Burn Pits ONLY: Drilling, Worko		over and Haul-Off Pits ONLY:
Producing Formation:			al utilized in drilling/workover:
Number of producing wells on lease:			king pits to be utilized:
Barrels of fluid produced daily:		procedure:	
		be closed within 365 days of spud date.	
Submitted Electronically			
KCC OFFICE USE ONLY Liner Steel Pit RFAC RFAS			
Date Received: Permit Num	ber:	Permi	it Date: Lease Inspection: Yes No

Kansas Corpora Oil & Gas Consei 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 I T-1 (Request for Change of Operator Transfer of Injection or Any such form submitted without an accom Select 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.

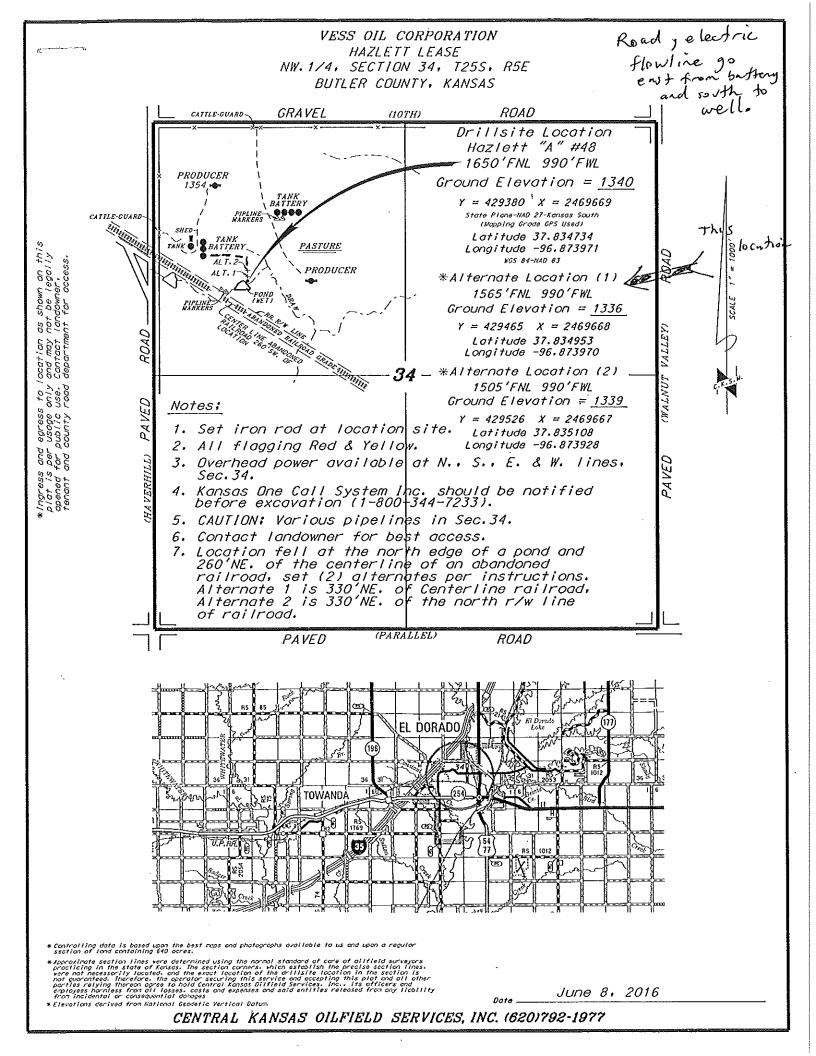
Select one of the following:

- 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

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THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

Before Commissioners:

Jay Scott Emler, Chairman Shari Feist Albrecht Pat Apple

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In the matter of the application of Vess Oil Corporation for a well location exception for the Hazlett A #48 well in the NW/4 of Section 34, Township 25 South, Range 5 East, Butler County, Kansas.

Docket No. 17-CONS-3091-CWLE CONSERVATION DIVISION License No. 5030

ORDER GRANTING APPLICATION

The above-captioned matter comes before the State Corporation Commission of the State of Kansas for consideration and determination. Having examined its files and records, and being duly advised in the premises, the Commission makes the following findings:

I. JURISDICTION

1. K.S.A. 74-623 provides that the Commission has the exclusive jurisdiction and authority to regulate oil and gas activities.

2. K.A.R. 82-3-108(a) provides that the setback requirement for oil and gas wells shall be 330 feet from any lease or unit boundary line, except as provided in subsection (b) or (c).

3. K.A.R. 82-3-108(b) provides that an oil well drilled to a total depth of less than

2,000 feet in any of the following counties in eastern Kansas shall be subject to a setback of 165

feet from any lease or unit boundary: Allen, Anderson, Atchison, Bourbon, Brown Cherokee,

Coffey, Crawford, Douglas, Elk, Franklin, Greenwood, Jackson, Jefferson, Johnson, Labette,

Leavenworth, Linn, Lyon, Miami, Montgomery, Neosho, Osage, Shawnee, Wilson, Woodson,

and Wyandotte. Further, wells drilled to a total depth of less than 2,500 feet in Chautauqua

County are subject to the 165-foot setback.

4. K.A.R. 82-3-108(c) provides that the Commission may grant an exception to the well setback requirements if necessary either to prevent waste or protect correlative rights.

H. FINDINGS OF FACT

5. Commission records indicate the operator is currently licensed to conduct oil and gas activities in Kansas under K.S.A. 55-155.

6. The operator filed an application on August 31, 2016, requesting a well location exception for the Hazlett A #48 (the "subject well") in Butler County, Kansas. The subject well is located 1,565 feet from the North line and 990 feet from the West line of Section 34, Township 25 South, Range 5 East, Butler County, Kansas.

7. The operator has verified that notice was properly served and published, as required under K.A.R. 82-3-135a, at least 15 days before the issuance of this Order. Protests were received and subsequently withdrawn from Carol S. Falkner and Charles R. Dixon.

8. The application states that the subject well will be located 330 feet Northeast of the center line of the railroad on the lease but only 265 feet from the right-of-way which is the lease boundary. Less than the required 330 feet from the lease boundary.

9. The operator does not expect that the offset wells will be adversely affected.

10. Staff has recommended that the application should be granted to prevent waste and protect correlative rights.

III. CONCLUSIONS OF LAW

11. The application was filed in accordance with the rules and regulations of the Commission and Kansas statutes.

12. Notice was properly served and published.

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13. Based on the available facts, the Commission finds that the application should be granted to prevent waste and protect correlative rights.

THEREFORE, THE COMMISSION ORDERS:

A. The application for a well location exception for the subject well is hereby granted, and the well is assigned a full allowable.

B. This Order is a summary proceeding pursuant to K.S.A. 77-537, which provides in paragraph (b)(4) that summary proceedings are not effective until the time for requesting a hearing has expired. K.S.A. 77-542 provides that a request for hearing shall be filed within 15 days of any agency notice resulting in a right to request a hearing. If service of this Order is by mail, three days are added to the deadline. Any party taking an action permitted by this summary proceeding before the deadline for requesting a hearing has expired shall be deemed to have waived their right to a hearing pursuant to K.S.A. 77-504.

C. Any party affected by this Order may file with the Commission a petition for reconsideration pursuant to K.S.A. 77-529(a). The petition shall be filed within 15 days after service of this Order. If service of this Order is by mail, three days are added to the deadline. The petition shall be addressed to the Commission and sent to 266 N. Main, Ste. 220, Wichita, Kansas 67202. Pursuant to K.S.A. 55-606, K.S.A. 66-118b, and K.S.A. 77-529(a), reconsideration is prerequisite for judicial review of this Order. Any party taking an action permitted by this summary proceeding before the deadline for a petition for reconsideration does so at their own risk of further proceedings.

D. The Commission retains jurisdiction of the subject matter and the parties and may enter additional orders as it deems appropriate.

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BY THE COMMISSION IT IS SO ORDERED.

Emler, Chairman; Albrecht, Commissioner; Apple, Commissioner

Date: 0CT 1 3 2016

nen Amy L.Gibert

Secretary

Date Mailed: October 13, 2016

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CERTIFICATE OF SERVICE

I certify that on October 13, 2016, I caused a complete and accurate copy of this Order to be served via United States mail, with the postage prepaid and properly addressed to the following:

Greg L. Bauer Law Office of Bauer & Pike, LLC 1310 Kansas Avenue P.O. Box 1349 Great Bend, Kansas 67530 *Attorney for Vess Oil Corporation*

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J M Vess Vess Oil Corporation 1700 Waterfront Parkway, Building 500 Wichita, Kansas 67206

And delivered electronically to:

Jim Hemmen KCC Conservation Division

<u>/s/ Cynthia K. Maine</u> Cynthia K. Maine Administrative Assistant Kansas Corporation Commission Conservation Division 266 N. Main St., Ste. 220 Wichita, KS 67202-1513



Phone: 316-337-6200 Fax: 316-337-6211 http://kcc.ks.gov/

Jay Scott Emler, Chairman Shari Feist Albrecht, Commissioner Pat Apple, Commissioner Sam Brownback, Governor

October 26, 2016

Casey Coats Vess Oil Corporation 1700 WATERFRONT PKWY BLDG 500 WICHITA, KS 67206-6619

Re: Drilling Pit Application Hazlett A 48 NW/4 Sec.34-25S-05E Butler County, Kansas

Dear Casey Coats:

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

District staff has instructed that no earthen pits are to be used at this location. Steel pits are to be used. Please inform the Commission in writing as to which disposal well you utilized to dispose of the contents in the steel pits and the amount of fluid that was disposed. Please file form CDP-5 (August 2008), Exploration and Production Waste Transfer, within 30 days of fluid removal.

Should a haul-off pit be necessary please file form CDP-1 (April 2004), Application for Surface Pit, through KOLAR. This location will have to be inspected prior to approval of the haul-off pit application.

Conservation Division 266 N. Main St., Ste. 220 Wichita, KS 67202-1513

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



Phone: 316-337-6200 Fax: 316-337-6211 http://kcc.ks.gov/

Sam Brownback, Governor

HAUL-OFF PIT APPLICATION FILING REQUIREMENTS

82-3-607. DISPOSAL OF DIKE AND PIT CONTENTS. Each operator shall perform one of the following when disposing of dike or (a) pit contents: (1) Remove the liquid contents to a disposal well or other oil and gas operation approved by the commission or to road maintenance or construction locations approved by the department; dispose of reserve pit waste down the annular space of a well completed (2) according to the alternate I requirements of K.A.R. 82-3-106, if the waste to be disposed of was generated during the drilling and completion of the well; or dispose of the remaining solid contents in any manner required by the (3) commission. The requirements may include any of the following: Burial in place, in accordance with the grading and restoration (A) requirements in K.A.R. 82-3-602 (f); removal and placement of the contents in an on-site disposal area (B) approved by the commission; removal and placement of the contents in an off-site disposal area (C) on acreage owned by the same landowner or to another producing lease or unit operated by the same operator, if prior written permission from the landowner has been obtained; or

(D) removal of the contents to a permitted off-site disposal area

approved

by the department.

- (b) Each violation of this regulation shall be punishable by the following:
 - (1) A \$1,000 penalty for the first violation;
 - (2) a \$2,500 penalty for the second violation; and
 - (3) a \$5,000 penalty and an operator license review for the third violation.

File Haul-Off Pit Application in KOLAR. Review the information below and attach all required documents to the pit application when submitting through KOLAR. This form will automatically generate and fill in from questions asked in KOLAR.

Haul-off pit will be located in an on-site disposal area: ____Yes ____No

Haul-off pit is located in an off-site disposal area on acreage owned by the same landowner: ____Yes ____No If yes, written permission from the land owner must be obtained. Attach written permission to haul-off pit application.

Haul-off pit is located in an off-site disposal area on another **producing** lease or unit operated by the same operator: ___Yes ___No If yes, written permission from the land owner must be obtained. Attach permission and a copy of the lease assignment that covers the acreage where the haul-off pit is to be located, to the haul-off pit application.