

Gas Storage Area - Blowout Preventer Required

* Within boundaries of Liberty Gas Storage Field *

Gas Storage Area - Blowout Preventer Required

For KCC Use: Effective Date: 12-16-07 District # 3 SGA? Yes

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

Form C-1 December 2002

Form must be Typed Form must be Signed All blanks must be Filled

NOTICE OF INTENT TO DRILL

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

Expected Spud Date 12-10-07 month day year

Spot East SW SE Sec. 5 Twp. 34 S. R. 17

OPERATOR: License# 32887 Name: Endeavor Energy Resources, LP Address: PO Box 40 City/State/Zip: Delaware, OK 74027 Contact Person: Joe Driskill Phone: 918-467-3111 CONTRACTOR: License# 33072 Name: Well Refined Drilling

750 feet from N / S Line of Section 1980 feet from E / W Line of Section Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)

County: Montgomery Lease Name: Muller Construction Well #: 5-1 Field Name: Coffeyville

Is this a Prorated / Spaced Field? Yes No Target Formation(s): Weir - Pittsburg Coal Nearest Lease or unit boundary: 750

Well Drilled For: Oil Gas OAWO Seismic Other Well to be drilled w/air to 400' then mud to TD Well Class: Enh Rec Storage Disposal # of Holes Other Well Class: Infield Pool Ext. Wildcat Other Type Equipment: Mud Rotary Air Rotary Cable

Ground Surface Elevation: 768.8' feet MSL

Water well within one-quarter mile: Yes No Public water supply well within one mile: Yes No

Depth to bottom of fresh water: 20' Depth to bottom of usable water: 80-150

Surface Pipe by Alternate: 1 2 Length of Surface Pipe Planned to be set: 250'

Length of Conductor Pipe required: NA Projected Total Depth: 750'

Formation at Total Depth: Mississippi Water Source for Drilling Operations: Well Farm Pond Other

DWR Permit #: (Note: Apply for Permit with DWR)

Will Cores be taken? Yes No If Yes, proposed zone:

If OWWO: old well information as follows: Operator: NA Well Name: NA Original Completion Date: NA Original Total Depth: NA Directional, Deviated or Horizontal wellbore? Yes No If Yes, true vertical depth: NA Bottom Hole Location: NA KCC DKT #: NA

AFFIDAVIT

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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:

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- 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.

I hereby certify that the statements made herein are true and to the best of my knowledge and belief

Date: 12-6-07 Signature of Operator or Agent: Joe Driskill Title: Operations Superintendent

For KCC Use ONLY API # 15 - 125-31489-0000 Conductor pipe required None feet Minimum surface pipe required 250 feet per Alt. Y(2) Approved by: RW 12-11-07 This authorization expires: 12-11-08 (This authorization void if drilling not started within 12 months of approval date.) Spud date: Agent:

Remember to:

- 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; - Obtain written approval before disposing or injecting salt water. - If this permit has expired (See: authorized expiration date) please check the box below and return to the address below.

Well Not Drilled - Permit Expired

Signature of Operator or Agent: Date:

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

5 34 17E

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a prorated or spaced field

If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please show all the wells and within 1 mile of the boundaries of the proposed acreage attribution unit for gas wells and within 1/2 mile of the boundaries of the proposed acreage attribution unit for oil wells.

API No. 15 - 125-31489-0000
 Operator: Endeavor Energy Resources, LP
 Lease: Muller Construction
 Well Number: 5-1
 Field: Coffeyville

Number of Acres attributable to well: 80
 QTR / QTR / QTR of acreage: _____ - SW - SE

Location of Well: County: Montgomery
750 feet from N / S Line of Section
1980 feet from E / W Line of Section
 Sec. 5 Twp. 34 S. R. 17 East West

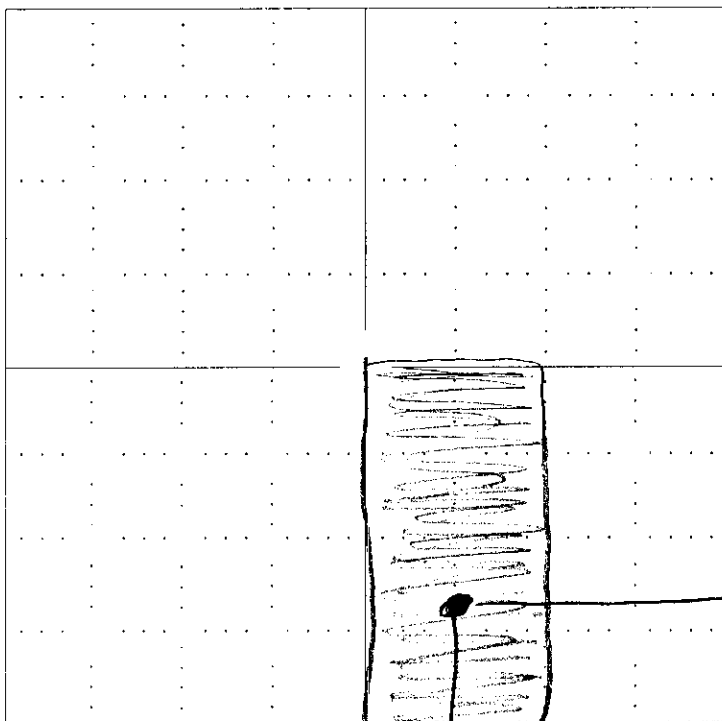
Is Section: Regular or Irregular

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

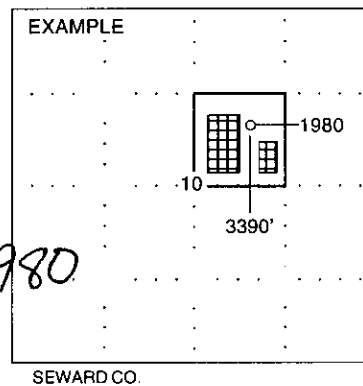
Section corner used: NE NW SE SW

PLAT

*(Show location of the well and shade attributable acreage for prorated or spaced wells.)
 (Show footage to the nearest lease or unit boundary line.)*



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NOTE: In all cases locate the spot of the proposed drilling location.

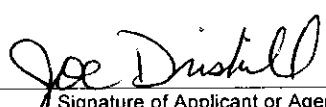
In plotting the proposed location of the well, you must show:

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 section's south / north and east / west.
3. The distance to the nearest lease or unit boundary line.
4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (CO-7 for oil wells; CG-8 for gas wells).

**KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT**

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

| | | |
|--|--|---|
| Operator Name: Endeavor Energy Resources, LP | | License Number: 32887 |
| Operator Address: PO BOX 40 Delaware, OK 74027 | | |
| Contact Person: Joe Driskill | | Phone Number: (918) 467 - 3111 |
| Lease Name & Well No.: Muller Construction 5-1 | | Pit Location (QQQQ): _____ SW _____ SE Sec. 5 Twp. 34S R. 17 <input checked="" type="checkbox"/> East <input type="checkbox"/> West 750 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 1980 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Montgomery County |
| Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input checked="" type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <small>(If WP Supply API No. or Year Drilled)</small> | Pit is: <input checked="" 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 checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | Chloride concentration: _____ mg/l <small>(For Emergency Pits and Settling Pits only)</small> |
| Is the bottom below ground level? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | Artificial Liner? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | How is the pit lined if a plastic liner is not used? natural clay / earth |
| Pit dimensions (all but working pits): <u>30</u> Length (feet) <u>10</u> Width (feet) _____ N/A: Steel Pits Depth from ground level to deepest point: <u>6</u> (feet) | | |
| If the pit is lined give a brief description of the liner material, thickness and installation procedure. NA | | Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. NA |
| Distance to nearest water well within one-mile of pit <u>unknown</u> feet Depth of water well <u>unknown</u> feet | | Depth to shallowest fresh water <u>unknown</u> feet. Source of information: _____ measured _____ well owner <input checked="" type="checkbox"/> electric log _____ 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: <u>mud</u> Number of working pits to be utilized: <u>2</u> Abandonment procedure: <u>haul off and dispose</u> Drill pits must be closed within 365 days of spud date. |
| I hereby certify that the above statements are true and correct to the best of my knowledge and belief. | | |
| 12-6-07 Date |  Signature of Applicant or Agent | |

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15-125-31489-0250

| | | | |
|--------------------------------|----------------------|------------------------------|---|
| KCC OFFICE USE ONLY | | | |
| Date Received: <u>12/10/07</u> | Permit Number: _____ | Permit Date: <u>12/10/07</u> | Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

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

15-125-31489-0000



FAX COVER

PLEASE DELIVER IMMEDIATELY

TO: BRUCE LOCKE
FAX: 918 488 1860
COMPANY: ENDAVOR

FROM: MATT FRIHART
FAX: (615) 790 - 9337
COMPANY: _____

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DATE: 9-29-07 TIME: 11:00 AM

NUMBER OF PAGES INCLUDING COVER SHEET 10

IF YOU HAVE ANY QUESTIONS CONCERNING THIS FAX, PLEASE CALL

(615) 595 - 7700

MULLER STORAGE LEASE
REQUIREMENTS START ON P. 2 6(a)-(h)

REQUIRES 250 ft of SURFACE CASING

- URGENT
- FOR REVIEW
- PLEASE COMMENT
- PLEASE REPLY
- PLEASE RECYCLE

15-125-31489-0000

K-1959

OIL AND GAS LEASE AND GAS STORAGE AGREEMENT
MODIFICATION

WHEREAS, a certain Oil and Gas Lease and Gas Storage Agreement was entered into by and between Union Gas System, Inc., as Lessee, and George W. Muller and Ferris M. Muller, his wife

as Lessors, dated January 15, 1947 and recorded in Book 48, ~~at~~ Page 371, in the office of the Register of Deeds of Montgomery County, Kansas, covering all or a portion of the following described lands in said county and state, to-wit:

The West Half (W/2) of the Southeast Quarter (SE/4) of Section 5, Township 34 South, Range 17 East

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AND, WHEREAS, the parties desire to make certain modifications to the said Oil and Gas Lease and Gas Storage Agreement as set forth herein;

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NOW, THEREFORE, for and in consideration of the covenants contained herein, it is agreed by and between the Lessor (or the Lessor's successors, or assigns, hereinafter named) and the Lessee, that the said Oil and Gas Lease and Gas Storage Agreement be modified insofar as the same applies to the lands hereinabove described in the following particulars, to-wit:

A. GAS STORAGE PROVISIONS

1. Gas Storage Rental. Lessee shall have the continuing right to conduct gas storage operations on the said lands pursuant to the Oil and Gas Lease and Gas Storage Agreement, but the annual rental shall be increased from \$1 per annum per acre to \$3.45 per annum per acre effective for payments due on or after July 1, 1984, and each year thereafter the storage rental shall be increased by 15 cents per acre per annum effective July 1 of each year beginning in the year 1985.

2. Gas Storage Zone. The gas storage rights of the Lessee shall include all surface rights and subsurface rights granted by the said Oil and Gas Lease and Gas Storage Agreement to a depth of 50 feet below the bottom of the geological formation known as Squirrel Sandstone. The subsurface to a depth of 50 feet below the bottom of the Squirrel Sandstone shall hereinafter be referred to as the Gas Storage Zone.

*Union Gas Sys.
Larry Tarrant
Box 347, Topeka*

STATE OF KANSAS }
MONTGOMERY COUNTY } SS

This Instrument was filed for record on the 25 day of Feb. A.D., 1985 at 8:30 o'clock A. M. and duly recorded in book 64 of Misc. page 271

Nora Steinberger
By NORA STEINBERGER Deputy Register

ORIGINAL COMPARED WITH RECORD

X

15-125-31489-0020

3. Gas for Domestic Purposes. So long as Union Gas System, Inc., shall conduct gas storage operations on and under the land hereinabove described, Union Gas System, Inc., shall pay for gas used for domestic purposes in the principal residence of the Lessor located on said land and supplied under regular rural main line domestic contract made by Union Gas System, Inc., or with any other supplier rendering such service. It is the intention of the parties that Union Gas System, Inc., shall pay for all gas so used, without express limitation as to quantity. It is provided, however, that to prevent waste and loss, Union Gas System, Inc., shall retain the right to meter and gauge the gas so used. In the event of waste or other loss resulting from leaks or deficiencies in Lessor's service lines or equipment, Union Gas System, Inc., may by written notice to Lessor require that such leak be repaired or deficiency remedied, and should Lessor fail to repair or remedy such condition, Union Gas System, Inc., shall have the right to repair or remedy at the cost of Lessor. Lessor recognizes that the supply of natural gas is subject to varying pressures, failure, freeze-offs, line breaks, and other interruptions of service, and agrees that failure of such supply for any reason shall in no way operate to invalidate this Agreement. In the event, for any reason, it appears impractical or impossible to obtain a supply of gas from Union Gas System, Inc., or any other supplier, or in the event that the Lessor does not maintain a residence on said land, then in lieu of providing gas for domestic purposes, Union Gas System, Inc., shall pay, in addition to the Gas Storage Rental provided for above, the sum of \$1.00 per acre per annum payable on the anniversary date of the Oil and Gas Lease and Gas Storage Agreement referred to hereinabove, at the same time and manner in which the Gas Storage Rental is paid.
4. Right of Gas Purchase. If gas is produced from below the Gas Storage Zone while Lessee is conducting gas storage operations on the said land, whether the gas is produced by Lessee during the term of its Oil and Gas Lease rights, or thereafter by Lessor, its successors, assigns, or subsequent lessees, Union Gas System, Inc., shall have the right to purchase such gas at its established pipe lines at the prevailing price paid for gas in the general vicinity of said lands.
5. Surface Use. In the event that Union Gas System, Inc., shall subsequently require the permanent use or occupancy of any additional portion of the lands subject to this Agreement for the construction, erection, or installation of surface facilities for the conduct of gas storage operations, Union Gas System, Inc., shall pay Lessor the market value of the surface so used or occupied.
6. Protective Covenants. The parties acknowledge that due care and caution must be exercised in drilling and conducting oil and/or gas production operations from formations under or above the Gas Storage Zone. During the term of Lessee's Oil and Gas Lease rights, and thereafter should drilling or production operations

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15-25-31489-0000

be conducted by the Lessor, its successors, assigns, or subsequent lessees, the party undertaking such operations (Operator) shall perform the following acts:

- a. Operator shall deliver to Union Gas System, Inc., a copy of Kansas Notice of Intent to Drill no less than five (5) days prior to spudding in any well;
- b. Operator shall not drill any well within 440 feet of gas storage wells of Union Gas System, Inc.;
- c. Operator shall grant free access to Union Gas System, Inc., to the well site and the drilling platform during the conduct of any operations for the purpose of inspections;
- d. Operator shall set and cement surface casing to a depth of 250 feet below the surface and maintain good industry standards of operation at all times;
- e. Operator shall immediately install and use a blowout preventer upon the surface pipe before drilling below the surface casing;
- f. If in testing for oil or gas the gas storage zone is penetrated, Operator shall set production casing of not less than 4 1/2 inches diameter to a depth not less than 50 feet below the base of the Squirrel Sandstone, and shall circulate cement to the surface.
- g. Operator shall perform Gamma Ray/Neutron and Cement Bond logs from Total Depth to Surface and promptly furnish Union Gas System, Inc., with two field and two final correct copies of each, as well as two copies of the operator's log and the KCC Completion Forms.
- h. Operator shall notify Union Gas System, Inc., at its Independence, Kansas, office three (3) days in advance of commencing well completion or workover operations of any sort as well as the methods to be employed therein; Operator shall also furnish Union a copy of Kansas Notice of Intent to Abandon Well five (5) days in advance of commencing plugging operations, and, subsequent to plugging, furnish Union a copy of Affidavit of Plugging

B. OIL AND GAS LEASE PROVISIONS:

1. Continuing Term. Lessee shall have the continuing Oil and Gas Lease rights to explore, prospect, drill, develop, operate, produce, and save oil, gas and other hydrocarbons for a primary term of three (3) years from the date hereof, and as long thereafter as oil, gas, or other hydrocarbons are produced in paying quantities. Upon expiration of the Oil and Gas Lease rights, the oil and gas rights below the Gas Storage zone shall revert to Lessor, subject to Lessee's

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