

For KCC Use: 11-2408
 Effective Date: 3
 District #: 3
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION

Form C-1
 October 2007
 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 08 2008
month day year

Spot Description: _____
 _____ SW - NW - SW Sec. 29 Twp. 32 S. R. 17 E W
 (a000) 1,974 feet from N / S Line of Section
330 feet from E / W Line of Section

OPERATOR: License# 34027
 Name: CEP Mid-Continent LLC
 Address 1: 15 West Sixth Street, Suite 1400
 Address 2: _____
 City: Tulsa State: OK Zip: 74119 + 5415
 Contact Person: David Spitz, Engineering Manager
 Phone: (918) 877-2912, ext. 309
 CONTRACTOR: License# 34126
 Name: Smith Oilfield Services, Inc.

Is SECTION: Regular Irregular?
 (Note: Locate well on the Section Plat on reverse side)

Well Drilled For: Oil Gas Seismic; _____ # of Holes Other: _____
 Well Class: Enh Rec Storage Disposal Other Infield Pool Ext. Wildcat Other
 Type Equipment: Mud Rotary Air Rotary Cable

County: Montgomery

Lease Name: KNISLEY Well #: 29-3
 Field Name: Cherokee Basin Coal Area

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Weir-Pitt, Riverton Coals
 Nearest Lease or unit boundary line (in footage): 330'

Ground Surface Elevation: 870' 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: 82'

Depth to bottom of usable water: 47/50

Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set: 20' est.

Length of Conductor Pipe (if any): none

Projected Total Depth: 1,207'

Formation at Total Depth: Mississippi Chat

Water Source for Drilling Operations: Well Farm Pond Other: City

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

Will Cores be taken? Yes No

If Yes, proposed zone: _____

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

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:

NOV 18 2008

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 correct to the best of my knowledge and belief.

Date: 11-17-08 Signature of Operator or Agent: [Signature] Title: Engineering Manager

For KCC Use ONLY
 API # 15 - 125-31833-0000
 Conductor pipe required None feet
 Minimum surface pipe required 20 feet per ALT. I II
 Approved by: [Signature]
 This authorization expires: 11-19-09
 (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 (within 60 days);
 - 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 Date: _____
 Signature of Operator or Agent: _____

29 32 17 E W

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 - 125-31833-0000

Operator: CEP Mid-Continent LLC

Lease: KNISLEY

Well Number: 29-3

Field: Cherokee Basin Coal Area

Number of Acres attributable to well: 40

QTR/QTR/QTR/QTR of acreage: _____ - SW - NW - SW

Location of Well: County: Montgomery

1,974 feet from N / S Line of Section

330 feet from E / W Line of Section

Sec. 29 Twp. 32 S. R. 17 E W

Is Section: Regular or Irregular

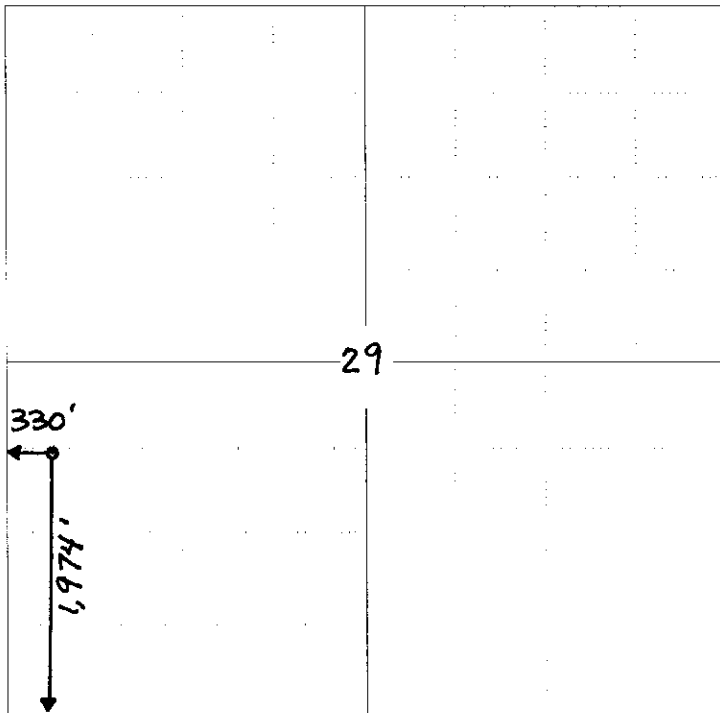
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

PLAT

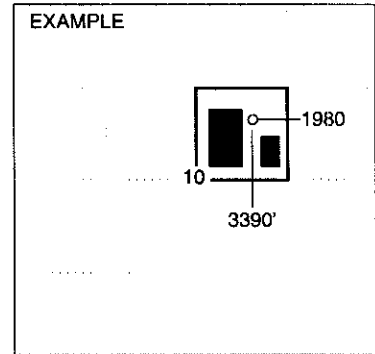
(Show location of the well and shade attributable acreage for prorated or spaced wells.)

(Show footage to the nearest lease or unit boundary line.)



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

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CONSERVATION DIVISION
WICHITA, KS



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: (CO-7 for oil wells; CG-8 for gas wells).

15-125-31833-0000

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KANSAS CORPORATION COMMISSION

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CEP MID-CONTINENT, LLC

CONSERVATION DIVISION
WICHITA, KS

LANDOWNER/ WELL
NAME

Krisley 29-3

COUNTY/
STATE

Montgomery/KS

SECTION

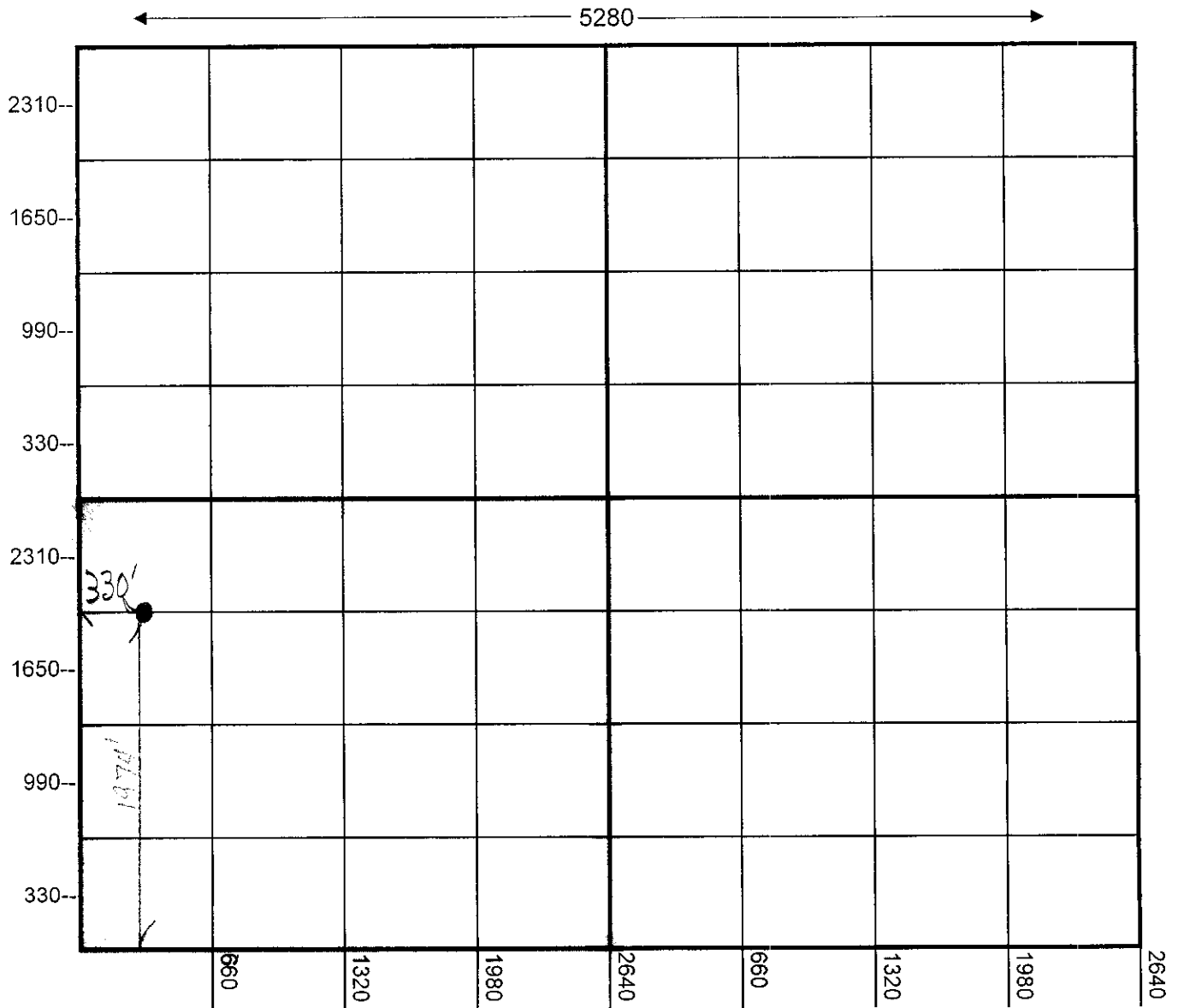
29

TWNSHP

32S

RANGE

17E



Elevation

870'

Calls

330' FWL

Latitude

N 37° 13' 42.14"

19.14' FSL

Longitude

W 95° 34' 31.00"

PAUL WALLACE



*Kathleen Sebelius, Governor
Thomas E. Wright, Chairman
Michael C. Moffet, Commissioner
Joseph F. Harkins, Commissioner*

November 19, 2008

CEP Mid Continent LLC
15 West 6th St Ste 1400
Tulsa, OK 74119-5415

RE: Drilling Pit Application
Knisley Lease Well No. 29-3
SW/4 Sec. 29-32S-17E
Montgomery County, Kansas

Dear Sir or Madam:

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 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 (620) 432-2300 when the fluids have been removed. Please file form CDP-5 (August 2004), Exploration and Production Waste Transfer, within 30 days of fluid removal. Conservation division forms are available through our office and on the KCC web site:
www.kcc.state.ks.us/conservation/forms.

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 undersigned at the above address.

Sincerely,

A handwritten signature in black ink that reads "Kathy Haynes".

Kathy Haynes
Environmental Protection and Remediation Department

cc: File

15-125-31833-0000



Geological Well Prognosis

API#:
 Well Name: **Knisley**
 Well Number: **29-3**
 Field: Kanmap
 Lease: Knisley
 County: Montgomery
 State: Kansas

Qtr/Qtr: NWSW
 Section: 29
 Township: 32S
 Range: 17E
 Footage Call: 330' FWL 1974' FSL
 Elevation(ft): 870 GL

Latitude: 37° 13' 42.14"
 Longitude: 95° 34' 31.00"

Casing Details

Surface Hole(in):	Production Hole(in):	
Surface Casing(in):	Production Casing(in):	5.5"
Surface Depth(ft):	Total Depth(ft):	1207

<u>Formation Tops</u>	Top ft, md (GL)	Thickness ft	Sub Sea Top ft
Higginsville	590		280
L Osage	621		249
Mulky	646		224
Prue	668		202
Skinner	739		131
Mineral Coal	791		79
W-Pitt	873	3.0	-3
Rowe	1033		-163
Riverton	1094	3.0	-224
MS	1107		-237

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 WICHITA, KS

Objective

Vertical production well to be completed in the Weir-Pitt and Riverton coals
 TD 100' into the Mississippi

Notes

Lat/lon and footages represent the staked location

