

For KCC Use: 2-28-2009
 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: 2-25-09
 month day year

OPERATOR: License# 34027
 Name: CEP MID CONTINENT LLC
 Address 1: 15 WEST 6TH ST SUITE 1400
 Address 2:
 City: TULSA State: OK Zip: 74119
 Contact Person: DAVID SPITZ, ENG. MGR.
 Phone: 918-877-2912 X309
 CONTRACTOR: License# 34126
 Name: SMITH OILFIELD SERVICES

Spot Description:
SE - NE Sec. 13 Twp. 33 S. R. 16 E W
 (00/00) 2,500 feet from N / S Line of Section
330 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: FELTS Well #: 13-8

Field Name: KANMAP Cherokee Basin Coal Area

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): RIVERTON

Nearest Lease or unit boundary line (in footage): 330

Ground Surface Elevation: 788 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: 200/100

Depth to bottom of usable water: 100/150

Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set: 20'

Length of Conductor Pipe (if any): NONE

Projected Total Depth: 1116

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: _____

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

If OWWO: 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 #: _____

Oil & Gas Lease attached

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.

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

Date: 2-11-09 Signature of Operator or Agent: _____ Title: ENGINEERING MGR.

For KCC Use ONLY
 API # 15 - 125-31867-00-00
 Conductor pipe required None feet
 Minimum surface pipe required 20 feet per ALT. I II
 Approved by: PHH 2-23-2009
 This authorization expires: 2-23-2010
 (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: _____

13
33
16
 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 - 125-31867-00-00
 Operator: CEP MID CONTINENT LLC
 Lease: FELTS
 Well Number: 13-8
 Field: KANMAP
 Number of Acres attributable to well: NA
 QTR/QTR/QTR/QTR of acreage: _____ - _____ - _____ - _____

Location of Well: County: MONTGOMERY
 _____ feet from N / S Line of Section
 _____ feet from E / W Line of Section
 Sec. 13 Twp. 33 S. R. 16 E W

Is Section: Regular or Irregular

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

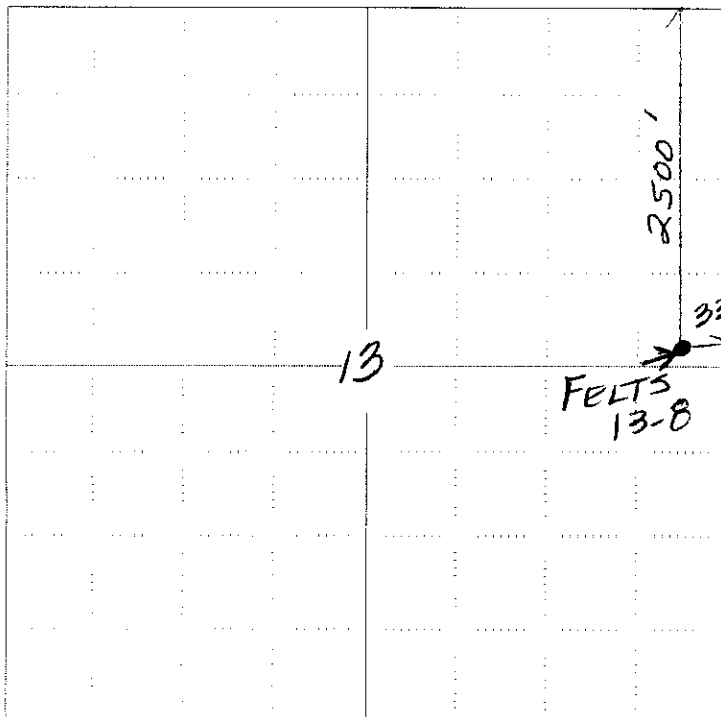
Section corner used: NE NW SE SW

PLAT

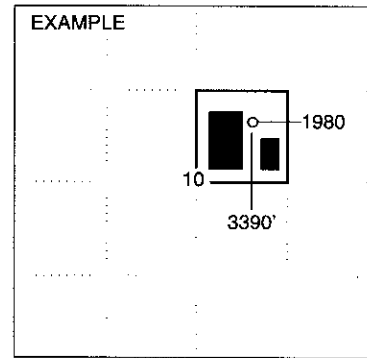
(Show location of the well and shade attributable acreage for prorated or spaced wells.) **KANSAS COMMISSION**
 (Show footage to the nearest lease or unit boundary line.)

FEB 19 2009

**CONSERVATION DIVISION
 WICHITA, KS**



*330' FROM
 LEASE
 BOUNDARY*



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

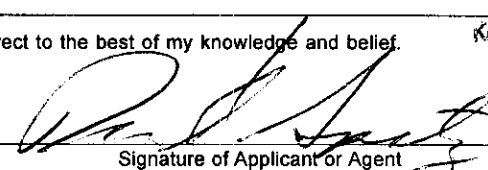
In plotting the proposed location of the well, you must show:

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: (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: CEP MID CONTINENT LLC		License Number: 34027	
Operator Address: 15 WEST 6TH ST SUITE 1400		TULSA OK 74119	
Contact Person: DAVID SPITZ, ENG. MGR.		Phone Number: 918-877-2912 X309	
Lease Name & Well No.: FELTS 13-8		Pit Location (QQQQ): _____ SE _____ NE Sec. <u>13</u> Twp. <u>33</u> R. <u>16</u> <input checked="" type="checkbox"/> East <input type="checkbox"/> West <u>2,500</u> Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section <u>330</u> 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 <i>(If WP Supply API No. or Year Drilled)</i>	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: <u>1,700</u> (bbls)		
Is the pit located in a Sensitive Ground Water Area? <input checked="" 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 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? NATIVE CLAYS	
Pit dimensions (all but working pits): <u>30</u> Length (feet) <u>40</u> Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: <u>8</u> (feet) <input type="checkbox"/> No Pit			
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>3300</u> feet Depth of water well <u>130</u> feet		Depth to shallowest fresh water <u>90</u> feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input checked="" 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: <u>FRESH WATER</u> Number of working pits to be utilized: <u>1</u> Abandonment procedure: <u>AIRDRIED AND BACKFILLED</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.		KANSAS CORP. REGISTRATION DIVISION	
<u>2-11-09</u> Date		 Signature of Applicant or Agent	
		FEB 19 2009 CONSERVATION DIVISION WICHITA, KS	
KCC OFFICE USE ONLY			
Date Received: <u>2/19/09</u> Permit Number: _____		Steel Pit <input type="checkbox"/> RFAC <input type="checkbox"/> RFAS <input type="checkbox"/>	
Permit Date: <u>2/19/09</u> Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

15-125-2186-70000

SEP. 10 1990 15-125-31867-0000 10,00

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 22 day of August, 1990 by and between R. Wayne Felts & Frances L. Felts, his wife

whose mailing address is RR#1, Liberty, Kansas and J & J Leasing Company

WITNESSETH: That the said lessor, for and in consideration of Ten and other consideration DOLLARS, cash in hand paid, the receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on part of lessor to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto the said lessee for the sole and only purpose of exploring by geophysical and other methods, mining and operating for oil and gas, and of laying of pipe lines, and of building tanks, power stations and structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Montgomery State of Kansas Specifically includes all gases from coal seams described as follows, to-wit:

See Exhibit A attached to and made a part hereof:

of Section XXXX Township 33 Range 16 and containing 340 acres, more or less

It is agreed that this lease shall remain in force for a term of 6 months from this date, and as long thereafter as all or gas or either of them is produced from said land by lessee.

In consideration of the premises the said lessee covenants and agrees: 1st. To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd. To pay lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8), at the market price at the well for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. Where gas from a well producing gas only is not sold or used, lessee may pay or tender as royalty One Dollar (1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for lessee's operation thereon, except water from the wells of lessor.

When requested by lessor, lessee shall bury lessee's pipe lines below plow depth. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of lessor.

Lessee shall pay for damages caused by lessee's operations to growing crops on said land. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to shut and remove cesspools.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed in the covenants hereof, it shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of the lease shall constitute a release of the binding on the lessee until after the lessee has been furnished with a written transfer or assignment of a true copy hereof. If an assignee accepts the lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions at any subsequent date of termination of this lease.

Lessee may at any time execute and deliver to lessor or place of record a release or releases covering any part in or portions of the leased premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment any mortgages, taxes or other liens on the above described lands, in the event of default or payment by lessor, and be subrogated to the rights of the holder thereof, and the undersigned lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

Lessee shall consult with Lessor prior to drilling any wells as to access to each well site, as to location of any wells and as to placement of any tank battery. If Lessor has a reasonable alternative to any proposed action by Lessee as hereinabove described, Lessee agrees to use Lessor's reasonable alternative.

Lessor shall have the right to free gas for both principal dwellings located on the above described lands from any well thereon, by making connections to the well at their own risk and expense.

Lessee shall fence all pits and well equipment sufficiently to keep cattle from harm or injury.

Lessee shall pay to Lessor \$500.00 for site damages for each well drilled on the previous described lands.

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written

Witnesses: SSN

R. Wayne Felts R. Wayne Felts

Frances L. Felts Frances L. Felts

Conquest Oil Co, 3400 W. 16th Suite 6L Greeley, Colo. 80631 \$10.00

RECEIVED KANSAS CORPORATION COMMISSION

FEB 23 2009

CONSERVATION DIVISION WICHITA, KS

15-125-31867-00-00

STATE OF Kansas }
County of Montgomery } ss.

ACKNOWLEDGMENT FOR INDIVIDUAL (Kans. Okla. and Colo.)

Before me, the undersigned, a Notary Public, within and for said County and State, on this 22nd day of August, 1990, personally appeared R. Wayne Felts and Frances L. Felts, his wife, who executed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth. IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written. My commission expires 11-16-1991. Jeffrey L. Parker, Notary Public.

STATE OF _____ }
County of _____ } ss.

ACKNOWLEDGMENT FOR INDIVIDUAL (Kans. Okla. and Colo.)

Before me, the undersigned, a Notary Public, within and for said County and State, on this _____ day of _____, 19____, personally appeared _____ and _____ to me personally known to be the identical person _____ who executed the within and foregoing instrument and acknowledged to me that _____ executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth. IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written. My commission expires _____ Notary Public.

STATE OF _____ }
County of _____ } ss.

(CORPORATION ACKNOWLEDGMENT)

On this _____ day of _____ A. D. 19____, before me, the undersigned, a Notary Public, in and for the County and State aforesaid, personally appeared _____ to me known to be the identical person _____ who subscribed the name of the maker thereof to the foregoing instrument as its President and acknowledged to me that _____ he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth. Given under my hand and seal of office the day and year last above written. My commission expires _____ Notary Public.

Oil and Gas Lease FROM R. Wayne Felts et ux TO J & J Leasing Company. No. of Acres, Lot, Block, Addition, STATE OF Kansas, County of Montgomery. This instrument was filed for record on the 4 day of October, 1990 at 12:15 o'clock P.M. and duly recorded in book 109, 011 page 121 of the records of this office. JEANNE BURTON, Register of Deeds. Original Reported With Record.

STATE OF ARKANSAS, }
County of _____ } ss.

(ARKANSAS ACKNOWLEDGMENT)

BE IT REMEMBERED, That on this _____ day of _____, 19____, before me the undersigned, a _____ within and for the County of _____ in the State of Arkansas, duly commissioned and acting, appeared in person _____ to me personally well known as the person _____ whose name appears upon the within and foregoing instrument of writing as the party _____, and stated that _____ he had executed the same for the considerations and purposes therein mentioned and set forth, and I do hereby so certify. And I do further certify that on the same day voluntarily appeared before me, _____ wife of the said _____ to me well known to be the person whose name appears upon the within and foregoing instrument of writing, and, in the absence of her husband, stated and declared that she had of her own free will, executed said instrument of writing and had signed the relinquishment of dower and homestead therein expressed for the purpose and consideration therein contained and set forth, without compulsion or undue influence of said husband. IN TESTIMONY WHEREOF, I have hereunto set my hand and seal of office as such _____ in the County and State aforesaid, on this _____ day of _____, 19____. My commission expires _____ Notary Public.

RECEIVED KANSAS CORPORATION COMMISSION FEB 23 2009 CONSERVATION DIVISION WICHITA, KS

