

NOV 20 2008

For KCC Use:
Effective Date: 11-26-08
District #: 3
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

REGULATORY

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: 11 month 05 day 2008 year

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 / 33832
Name: Smith Oilfield Services, Inc. (vert. to KOP) / Pense Bros. Drlg. (horiz. portion)

Spot Description:
SE - NW - NW Sec. 32 Twp. 32 S. R. 17
829 feet from N / S Line of Section
770 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: KNISLEY Well #: 32-1
Field Name: Coffeyville-Cherryvale

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Weir-Pitt
Nearest Lease or unit boundary line (in footage): 770'

Ground Surface Elevation: 833' 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: 70'

Depth to bottom of usable water: 20' 150'

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: 1120'

Formation at Total Depth: Weir-Pitt

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:

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

Operator:
Well Name:
Original Completion Date: Original Total Depth:

Directional, Deviated or Horizontal wellbore? Yes No
If Yes, true vertical depth: 804'
Bottom Hole Location: 1829' FNL, 2502' FWL in NW4 Sec. 32, T32S, R17E
KCC DKT #: 09-CONS-010-CHOR

AFFIDAVIT

KANSAS CORPORATION COMMISSION

RECEIVED

KANSAS CORPORATION COMMISSION

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:

FEB 23 2009

OCT 28 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;
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.

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

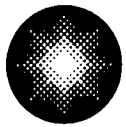
Date: 10/21/09 Signature of Operator or Agent: [Signature] Title: Engineering Manager

For KCC Use ONLY
API # 15 - 125-31840-01-00
Conductor pipe required None feet
Minimum surface pipe required 20 feet per ALT.
Approved by: [Signature] 11-21-09
This authorization expires: 11-21-09
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: 2-19-09



**Constellation Energy®**  
**Partners LLC**

One Allen Center  
500 Dallas Street, Suite 3300  
Houston, TX 77002

CEP Mid-Continent LLC  
15 West Sixth Street, Suite 1400  
Tulsa, OK 74119-5415  
918-877-2912

February 19, 2009

*15-125-31840-01-00*

Mr. Rick Hestermann  
Kansas Corporation Commission  
Conservation Division  
130 S. Market, Room 2078  
Wichita, KS 67202

Dear Mr. Hestermann:

Re: Proposed Knisley #32-1 Horizontal Well  
NW Section 32, Township 32 South, Range 17 East, Montgomery Co., Kansas

As we spoke about today by phone, the above-referenced proposed well was permitted and approved by the KCC on 11-26-08 and assigned API #15-125-31840-01-00. A decision has been made by our geology and engineering personnel that this well will NOT be drilled at this time and location because it may compromise the integrity of an existing nearby gas well. As you instructed, enclosed is a copy of the approved Form C-1 indicating the well was not drilled, dated and signed by David F. Spitz, our VP, Engineering. Please cancel this proposed well and API number in your records.

A proposal is currently in progress to drill this well a later date possibly this year or next at approximately the same surface hole location but in a different direction. A new Notice of Intent to Drill will be submitted to the KCC at that time.

Thank you for your assistance in this matter.

Sincerely,

*Sarah Schalk*

Sarah Schalk  
Regulatory Affairs

/ss  
Enclosure

cc: D. Spitz, Eng.  
R. Tate, Geol.  
Well File

KANSAS CORPORATION COMMISSION

**FEB 23 2009**

**RECEIVED**