

For KCC Use: 9-14-2009
 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: 9-13-09
 month 9 day 13 year 09

OPERATOR: License# 33749

Name: Kepley Well Service, LLC

Address 1: 19245 Ford Road

Address 2: Chanute State: KS Zip: 66720

Contact Person: Mike Kepley
 Phone: 620-431-8945

CONTRACTOR: License# 33374

Name: L & S Well Service

Well Drilled For:	Well Class:	Type Equipment:
<input checked="" type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input type="checkbox"/> Infield
<input type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Pool Ext.
<input type="checkbox"/> Disposal	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat
<input type="checkbox"/> Seismic	<input type="checkbox"/> # of Holes	<input type="checkbox"/> Air Rotary
<input type="checkbox"/> Other	<input type="checkbox"/> Other	<input type="checkbox"/> 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 #: _____

Spot Description: _____
 SE NE SE Sec. 33 Twp. 27 S. R. 18 E W
 (quad) 1,352 feet from N / S Line of Section
 535 feet from E / W Line of Section

Is SECTION: Regular Irregular?

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

County: Neosho

Lease Name: Kepley Well #: N-1

Field Name: Chanute/Humboldt

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Bartlesville

Nearest Lease or unit boundary line (in footage): 1/4 Mile (1320')

Ground Surface Elevation: n/a 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: 150'

Surface Pipe by Alternate: II

Length of Surface Pipe Planned to be set: 20'

Length of Conductor Pipe (if any): -

Projected Total Depth: 850'

Formation at Total Depth: 850' Bartlesville

Water Source for Drilling Operations:

Well Farm Pond Other:

DWR Permit #: _____

(Note: Apply for Permit with DWR) Yes No

Will Cores be taken?

If Yes, proposed zone: _____

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 SEP - 8 2009
 KANSAS CORPORATION COMMISSION
 CONSERVATION DIVISION
 WICHITA, KS

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: 9-4-09

Signature of Operator or Agent: Mike Kepley

Owner

Title: _____

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: _____

For KCC Use ONLY	
API # 15 - <u>133-27518-00-00</u>	
Conductor pipe required	<u>None</u> feet
Minimum surface pipe required	<u>20</u> feet per ALT. <input type="checkbox"/> <input checked="" type="checkbox"/>
Approved by:	<u>9-9-2009</u>
This authorization expires:	<u>9-9-2010</u>
(This authorization void if drilling not started within 12 months of approval date.)	
Spud date:	Agent: _____

33 27 18
 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 - 133-27518-00-00

Operator: Kepley Well Service, LLC

Lease: Kepley

Well Number: N-1

Field: Chanute/Humboldt

Number of Acres attributable to well: 1

QTR/QTR/QTR/QTR of acreage: - SE - NE - SE

Location of Well: County: Neosho

1,352

feet from N / S Line of Section

535

feet from E / W Line of Section

Sec. 33

Twp. 27

S. R. 18

 E WIs Section: Regular or Irregular

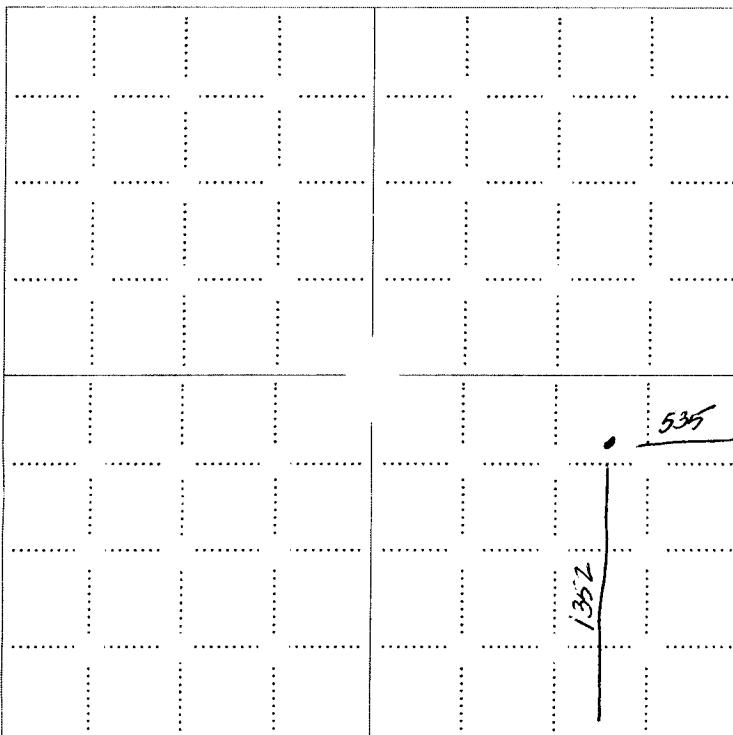
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

PLAT

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

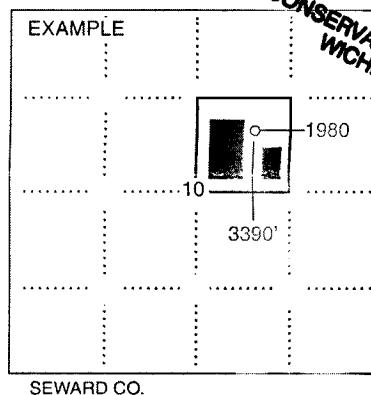
(Show footage to the nearest lease or unit boundary line.)



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

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).



RECEIVED
KANSAS CORPORATION COMMISSION
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CONSERVATION DIVISION
WICHITA, KS

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: Kepley Well Service, LLC		License Number: 33749	
Operator Address: 19245 Ford Road		Chanute	KS 66720
Contact Person: Mike Kepley		Phone Number: 620-431-8945	
Lease Name & Well No.: Kepley N-1		Pit Location (QQQQ):	
Type of Pit: □ Emergency Pit □ Burn Pit □ Settling Pit <input checked="" type="checkbox"/> Drilling Pit □ Workover Pit □ Haul-Off Pit (If WP Supply API No. or Year Drilled)	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: Pit capacity: (bbls)	SE NE SE Sec. 33 Twp. 27 R. 18 <input checked="" type="checkbox"/> East <input type="checkbox"/> West 1,352 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 535 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Neosho County	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ mg/l (For Emergency Pits and Settling Pits only)	
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? Clay	
Pit dimensions (all but working pits): 20 Length (feet) 10 Width (feet)		<input type="checkbox"/> N/A: Steel Pits	
Depth from ground level to deepest point: 5 (feet)		<input type="checkbox"/> No Pit	
If the pit is lined give a brief description of the liner material, thickness and installation procedure.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.	
Distance to nearest water well within one-mile of pit n/a 4822 feet		Depth to shallowest fresh water 20 21 feet. CONSERVATION DIVISION Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log MONITORING KDWRS	
Emergency, Settling and Burn Pits ONLY: Producing Formation: _____		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: Drill Cuttings	
Number of producing wells on lease: _____		Number of working pits to be utilized: 1	
Barrels of fluid produced daily: _____		Abandonment procedure: Remove fluids. Fill in.	
Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		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.			
9-4-09 Date		 Signature of Applicant or Agent	

KCC OFFICE USE ONLY		Steel Pit <input type="checkbox"/>	RFAC <input checked="" type="checkbox"/>	RFAS <input type="checkbox"/>
Date Received: 9/8/09 Permit Number: _____		Permit Date: 9/9/09	Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

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



Mark Parkinson, Governor
Thomas E. Wright, Chairman
Michael C. Moffet, Commissioner
Joseph F. Harkins, Commissioner

September 9, 2009

Kepley Well Service, LLC
19245 Ford Rd
Chanute, KS 66720

RE: Drilling Pit Application
Kepley Lease Well No. N-1
SE/4 Sec. 33-27S-18E
Neosho 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 appears to read "Kathy Haynes".

Kathy Haynes
Environmental Protection and Remediation Department

cc: File

CONSERVATION DIVISION

Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802
(316) 337-6200 • Fax: (316) 337-6211 • <http://kcc.ks.gov/>