For KCC Use: Effective Date:

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

Colorer 15, 2009 Sale Colorer 15, 2009 Sale		Mı	ist be approved by KCC five	e (5) days prior to commencing well	
OPERATOR: Learnage 31819 9 OPERATOR: Learnage 31819 9 Name Obela Production, LIC Addrass 1: 7815 South Each Obela, Suite 201 Name Obela Production, LIC Addrass 1: 7815 South Each Obela, Suite 201 Name Obela Production, LIC Obela Preprox. Emily Hundley-Gord Papers. Emily Hundley-Gord Papers. Emily Hundley-Gord Papers. Emily Hundley-Gord Papers. Emily Hundley-Gord County, Graham Well Date of Record Papers of Papers. Emily Hundley-Gord Papers. Emily Hundley-Gord County, Graham Well Date of Record Papers of Papers. Emily Hundley-Gord County, Graham Well Date of Record Papers of Paper	Expected Soud Date:	October 15, 2009		Spot Description:	
OPERATOR: Licensed 1819 South Earlier 1800	Expedice Oped Date.	month de	year year		s p 23 □r ☑w
Java		31819		(0/0/0/0)	
Name:	Ot - II - D			leet nom	
Address 2: Maile Locate wall on the Section Plat on reverse side)	11001101	A.		leet from 🔼	= / w Line of Section
Counter Ferson: Emity Hundley-Goff Phone: 30.0423-4665 CONTRACTOR: Loenees 31548 CONTRACTOR: Loenees 31548 Well Drilled For: Well Class: Type Equipment: Got			V-WARF BW-14, MW.1119-1	is SECTION: Hegular I irregular?	
Contact Person. Emily Funding-Goff Phone. 303-624-5668 CONTRACTOR: Licenses	Address 2:	Canac. CO	7: 80120	(Note: Locate well on the Section Plat on	reverse side)
ContractOrd: Licenses 31548	Contact Person: Emily Hu	undlev-Goff	Zip:	County: Granam	
Field Name Fie	000 000 4505			Lease Name: Fountain-Youth	Well #: 1-3
Nemeric Discreety Disting Well Class: Type (guipment: Most Polary Most Polar		24540		Field Name: Wildcat	
Well Drilled For: Well Class: Type Squipment: Special	6:	# 31340			Yes No
Ground Surface Elevation: 2416 Madd Rotary Disposal Millocat Disposal Disposal Millocat Disposal Dispos	Name: Discovery Drilling	C. M			
Seismic Month M	Well Drilled For:	Well Class:	Type E quipment:		
Water well within one-quarter mile: Water well within one mile: Disposal Willocat Gable Willocat Willocat Gable	⊠oii □ Enh	Rec Infield	Mud Rotary		
Spismic # of Holes Other Other Depth to bottom of tresh water; 25 Depth to bottom of tresh water; 25 Depth to bottom of tresh water; 25 Depth to bottom of usable water; 1175 Surface Pipe by Alternate:		—		Water well within one-quarter mile:	Yes X No
Depth to bottom of usable water: 1178 Surface Pipe by Atlemate: 1178 Surface Pipe by Atlemate: 1178 Surface Pipe by Atlemate: 1178 Surface Pipe Plannet to be set: 250 Length of Conductor Pipe (if arry): 1000 Projected Total Depth: 3920 Projected Total Depth: 3920 Projected Total Depth: 3920 Projected Total Depth: 3920 Promation at Total Depth: 9920 Promatical atlention		* =	=		Yes No
Surface Pipe by Alternate:	Seismic : #	of Holes Other	_		
Operator: Operator: Original Completion Date: Original Total Depth: Season Date: Water Soupe for Dilling Operations: Water Soupe	Other:			· — — /	for the tradeout market whether the constitution and the state of the
Operator: Well Name: Original Completion Date: Original Completion Dat	Пи очино. «Id»	H 3-4		Surface Pipe by Alternate:	my many facility of the
Well Name: Original Completion Date: Original Total Depth: Projected Total Depth: Pleasanton Water Source for Milling Operations: Water Source Milling Operations: Water Source for Milling Operations: Water Source for Milling Operations: Water Source for Milling Operations: Water Source Milling Operation Milling Operation of Mil	IITOWWO: old wel	ii information as follows:		Length of Surface Pipe Planned to be set: 250	, note 400 years \$ 100
Original Completion Date: Original Total Depth: Peasanton Directional, Deviated or Horizontal wellbore?	Operator:				(-0-9-2)
Water Soupse for Drilling Operations: Water Soupse for Drilling Operations: Water Soupse for Drilling Operations: Water Soupse for Drilling Operations: Water Apply for Permit with DWR 2009/02.53	Well Name:			Projected Total Depth: 3920	الودن <u>نفايط المامة</u>
Directional, Deviated or Horizontal wellbore? Yes No	Original Completion D	Date: Origin	al Total Depth:		and the second second second
Will Cores be taken?	minimum b minimum and a set				
Note: Apply for Permit with DWR Will Cores be taken? If yes, proposed zone:				Well Farm Pond Other:	2002D 2 C2
Will Cores be taken? If Yes, proposed zone: ### City of thill City SE NE SE AFFIDAVIT The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq. ### Si No No 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 uset 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. Thereby certify that the statements made herein are true and correct to the best of my knowledge and belief. File Drill Pit Application (form CDP-1) with Intent to Drill; File acreage attribution plat according to field proration orders; Notify appropriate district office by ownkrover 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 authorization expires: This authorizat					
If Yes, proposed zone: # City of Hill City SE NE SE AFFIDAVIT The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq. # 85 mi les to Not 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 appropriate district office prior to spudding of well; 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. For KCC Use ONLY Approved by: Well 10 - 12 - 200 D This authorization void it drilling not started within 12 months of approval date.) 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 witten approval before disposing or injecting salt water. - File acreage attribution plat according to field proration orders; Notify appropriate district office 48 ho					
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Poate: Signature of Operator or Agent:					any cementing.
For KCC Use ONLY API # 15 - O65 - 235 8 7 - 00 - 00 Conductor pipe required	I hereby certify that the s	statements made herein	are true and correct to the b		
For KCC Use ONLY API # 15 - 065 - 23587 - 00 - 00 Conductor pipe required	9/25/2009	Cianatura of One	rator or Amont Gill	Hundled III Owner	/Manager
For KCC Use ONLY API # 15 - 065 - 23587 - 00 - 00 Conductor pipe required	Date:	Signature of Ope	rator of Agent.) // (/)	
API # 15 - O65 - 23567 - OO - OO Conductor pipe required			,		
Conductor pipe required		. 22567	·	1 ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' '	
Conductor pipe required Minimum surface pipe required Approved by: Law 10-12-2010 This authorization void if drilling not started within 12 months of approval date.) Positive 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:	API # 15 - UOS		-W-UU		
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Well Not Drilled - Permit Expired Date:m Signature of Operator or Agent:		168			
Spud date: Agent: Signature of Operator or Agent:	Trans administration void it	r oming not statica within th	Emonare or approve unio./	Well Not Drilled - Permit Expired Date:	
	Spud date:	Agent:		Signature of Operator or Agent:	\square

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

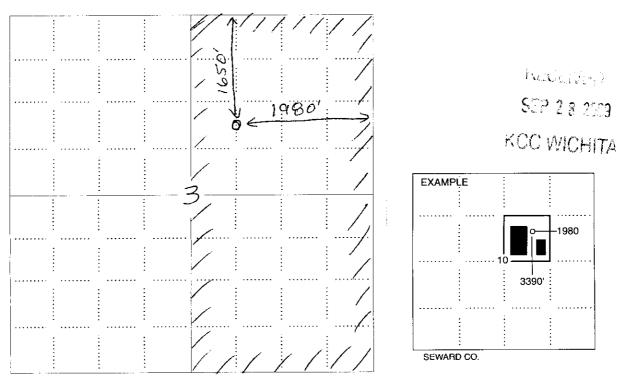
Plat of acreage attributable to a well in a prorated or spaced field

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 - 065-23587-00-00			
Operator: Cholla Production, LLC	Location of Well: County: Graham		
Lease: Fountain-Youth	1,650 feet from N / S Line of Section		
Well Number: 1-3	1,980 feet from X E / W Line of Section		
Field: Wildcat	Sec. 3 Twp. 7 S. R. 23 E X W		
Number of Acres attributable to well: 320 QTR/QTR/QTR/QTR of acreage: C-N/2 - SW - NE -	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 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: (C0-7 for oil wells; CG-8 for gas wells).

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

Form CDP-1 April 2004 Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: Cholla Production, LI	LC	License Number:						
Operator Address: 7851 South Elati Street, Suite 201 Littleton CO 80120								
Contact Person: Emily Hundley-Go	ff	Phone Number: 303-623-4565						
Lease Name & Well No.: Fountain-Yo	outh #1-3	Pit Location (QQQQ):						
Type of Pit:	Pit is:		sw _ ne _ sw _ ne					
Emergency Pit Burn Pit	Proposed	Existing	Sec. 3 Twp. 7 R. 23 East West					
Settling Pit Drilling Pit	If Existing, date constructed:		1,700 North / South Line of Section					
Workover Pit Haul-Off Pit	Pit capacity:	·····	1,850 Feet from East / West Line of Section					
(If WP Supply API No. or Year Drilled)	11,160	(bbls)	Graham County					
Is the pit located in a Sensitive Ground Water	Area? Yes	No	Chloride concentration: mg/l					
Is the bottom below ground level?	Artificial Liner?		(For Emergency Pits and Settling Pits only) How is the pit lined if a plastic liner is not used?					
Yes No	Yes X	No	well will be drilled with fresh water based bentonite mud to seal pit bottom					
Pit dimensions (all but working pits):	25 Length (fe	eet)125	Width (feet) N/A: Steel Pits					
Depth fi	rom ground level to de	eepest point:	4 (feet) No Pit					
If the pit is lined give a brief description of the material, thickness and installation procedure		•	edures for periodic maintenance and determining ncluding any special monitoring.					
material, trickness and installation procedure	5 ,	inter integrity, i	induling any special monitoring.					
			15					
Distance to nearest water well within one-mile	e of pit	Depth to shallowest fresh water80 \ \(\frac{9}{2} \) feet.						
*Not in KDWR data -2000 3575 feet Depth of water well L		Source of information: X measured well owner electric log XDWR						
Emergency, Settling and Burn Pits ONLY:		Drilling, Workover and Haul-Off Pits ONLY:						
Producing Formation:	·		Type of material utilized in drilling/workover: Presh water - best and					
Number of producing wells on lease:		Number of working pits to be utilized:						
Barrels of fluid produced daily:		Abandonment procedure: Evaporate 4 basts 2009						
Does the slope from the tank battery allow al flow into the pit? Yes No	spilled fluids to	Drill pits must be closed within 365 days of spud date. KCC WICHITA						
I hereby certify that the above statements are true and correct to the best of my knowledge and belief.								
9/25/09 Date Guily Hundle H Signature of Applicant or Agent								
	KCC (OFFICE USE O	NLY Steel Pit RFAC RFAS RFAS					
Date Received: 9/25/09 Permit Num	nber:	Perm	it Date: 10/12 /09 Lease Inspection: X Yes 10					

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

October 12, 2009

Emily Hundley-Goff Cholla Production, LLC 7851 South Elati Street, Ste 201 Littleton CO 80120

Re: Drilling Pit Application

Fountain-Youth Lease Well No. 1-3

NE/4 3-7S-23W

Graham County, Kansas

Dear Ms. Hundley-Goff:

District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed <u>without slots</u>, 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 (785) 625-0550 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: http://kcc.ks.gov/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,

Jonelle Rains, Supervisor

Somelle Rain

Department of Environmental Protection and Remediation

CC:

Case Morris

File