

Operator Name: CEP MIDCONTINENT LLC Lease Name: KNISLEY, Carol Well #: 29-1
 Sec. 29 Twp. 32 S. R. 17 East West County: MONTGOMERY

INSTRUCTIONS: Show important tops and base of formations penetrated. Detail all cores. Report all final copies of drill stems tests giving interval tested, time tool open and closed, flowing and shut-in pressures, whether shut-in pressure reached static level, hydrostatic pressures, bottom hole temperature, fluid recovery, and flow rates if gas to surface test, along with final chart(s). Attach extra sheet if more space is needed. Attach copy of all Electric Wireline Logs surveyed. Attach final geological well site report.

Drill Stem Tests Taken (Attach Additional Sheets)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input checked="" type="checkbox"/> Log	Formation (Top), Depth and Datum	<input type="checkbox"/> Sample
Samples Sent to Geological Survey	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name	Top	Datum
Cores Taken	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	LENAFAH	263	573
Electric Log Run (Submit Copy)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	ALTAMONT LIME	283	553
List All E. Logs Run:		PAWNEE	432	404
CDL, DIL		OSWEGO	510 1/2	325 1/2
		VERDIBRIS LIME	708	128
		MISS LIME	1030	-194

CASING RECORD <input type="checkbox"/> New <input type="checkbox"/> Used							
Report all strings set-conductor, surface, intermediate, production, etc.							
Purpose of String	Size Hole Drilled	Size Casing Set (In O.D.)	Weight Lbs. / Ft.	Setting Depth	Type of Cement	# Sacks Used	Type and Percent Additives
SURFACE	12 1/4	8 5/8	24.75	21'6"	A	5	N/A
PROD.	6 3/4	4 1/2	10.5	1075.45	A	139	N/A

ADDITIONAL CEMENTING / SQUEEZE RECORD				
Purpose:	Depth Top Bottom	Type of Cement	#Sacks Used	Type and Percent Additives
<input type="checkbox"/> Perforate <input type="checkbox"/> Protect Casing <input type="checkbox"/> Plug Back TD <input type="checkbox"/> Plug Off Zone				

Shots Per Foot	PERFORATION RECORD - Bridge Plugs Set/Type Specify Footage of Each Interval Perforated	Acid, Fracture, Shot, Cement Squeeze Record (Amount and Kind of Material Used)		Depth
		Amount	Kind of Material Used	
4	WEIR PITT	500 gal 7 1/2% HCL	9900 # 12/30	811-14
4	RIVERTON	500 gal 7 1/2% HCL	5100 # 16/30 78,000 SCF N2	1018-20

RECEIVED
KANSAS CORPORATION COMMISSION

SEP 14 2009

CONSERVATION DIVISION
WICHITA, KS

TUBING RECORD:		Size: <u>2 3/8</u>	Set At: <u>1048</u>	Packer At: <u>-</u>	Liner Run: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date of First, Resumed Production, SWD or Enhr. <u>3-5-09</u>		Producing Method: <input type="checkbox"/> Flowing <input checked="" type="checkbox"/> Pumping <input type="checkbox"/> Gas Lift <input type="checkbox"/> Other (Explain)			
Estimated Production Per 24 Hours	Oil Bbls.	Gas Mcf	Water Bbls.	Gas-Oil Ratio	Gravity
	<u>0</u>	<u>15</u>	<u>221</u>		

DISPOSITION OF GAS: <input type="checkbox"/> Vented <input checked="" type="checkbox"/> Sold <input type="checkbox"/> Used on Lease (If vented, Submit ACO-18.)	METHOD OF COMPLETION: <input type="checkbox"/> Open Hole <input checked="" type="checkbox"/> Perf. <input type="checkbox"/> Dually Comp. <input type="checkbox"/> Commingled <input type="checkbox"/> Other (Specify) _____	PRODUCTION INTERVAL: _____ _____
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KANSAS
CORPORATION COMMISSION

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

October 13, 2009

Richard Marlin
Quest Cherokee, LLC
Oklahoma Tower
210 Park Ave, Ste 2750
OKLAHOMA CITY, OK 73102

RE: Transfer of Operations at the KNISLEY CAROL R lease, located in Section 29, Township 32S, Range 17E,
MONTGOMERY County, Kansas

Dear Richard Marlin:

On September 14, 2009, a well completion report (ACO-1) was received, which indicated to Staff that CEP Mid-Continent LLC is the current operator of the KNISLEY CAROL R lease. However, Conservation Division records indicate you have not filed a Request for Change of Operator; Transfer of Injection or Surface Pit Permit (Conservation Division Form "T-1") transferring operator responsibility to CEP Mid-Continent LLC for the KNISLEY CAROL R lease. Quest Cherokee, LLC therefore remains the Commission's operator of record and party responsible for the proper care and control of the KNISLEY CAROL R lease.

K.A.R. 82-3-136(a) provides that if operator responsibility is transferred, the past operator shall report the transfer to the Conservation Division within 30 days of the change upon a form prescribed by the Commission (the T-1); and/or K.A.R. 82-3-410(a) provides that authority to operate an injection well shall not be transferred from one operator to another without the approval of the Conservation Division. Furthermore, the transferring operator shall in writing notify the Conservation Division of its intent to transfer the injection authority, on a form prescribed by the Commission, the T-1, and in compliance with K.A.R. 82-3-136.

Staff will provide you with 28 days from this letter's date to bring the KNISLEY CAROL R lease into compliance with K.A.R. 82-3-136 and/or K.A.R. 82-3-410(a). As such, you have until November 10, 2009, to bring the KNISLEY CAROL R lease into compliance. To bring your operations into compliance, you need to file a T-1 with the Conservation Division for the KNISLEY CAROL R lease. A blank T-1 is enclosed with this letter. The T-1 is also available on the Conservation Division's website, at <http://kcc.ks.gov/conservation/forms/index.htm>, or upon request in the Conservation Division's central office in Wichita or any of the Conservation Division's district offices. If Quest Cherokee, LLC believes it is still the operator of the KNISLEY CAROL R lease, you need to contact Jonelle Rains, the Conservation Division's Supervisor of Environmental Protection and Remediation, immediately to address the situation. Jonelle Rains may be reached at the Conservation Division's central office in Wichita, at the contact information listed on the bottom of this page.

If by November 10, 2009, the Conservation Division has not received the T-1 requested, or you have not contacted Jonelle Rains and resolved this situation, Staff may refer the matter to Conservation Division legal staff with a recommendation for an administrative penalty or penalties. Violations of K.A.R. 82-3-136(a) and K.A.R. 82-3-410(a) are punishable by up to a \$1,000 fine for the first violation, \$2,000 for a second violation, and \$3,000 and operator license review for a third violation. In addition, Staff may ask the Commission to shut in your current operations until compliance is achieved.

Please contact the Conservation Division immediately, or provide the requested information within 28 days of this letter's date, to remedy the above possible violation(s) and avoid further compliance action by the Commission. Please include a copy of this letter with the completed T-1 form upon filing with the Conservation Division.

Yours truly,
KCC Conservation Division Staff

cc: KCC Conservation Division

Mary Johnson, Land Manager
CEP Mid-Continent LLC
15 West SIXTH ST, STE 1100
TULSA, OK 74119-5415

CONSERVATION DIVISION
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