

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
WELL PLUGGING APPLICATION
Please TYPE Form and File ONE Copy

Form CP-1
March 2009
This Form must be Typed
Form must be Signed
All blanks must be Filled

OPERATOR: License #: 33725
Name: Foundation Energy Management, LLC
Address 1: 14800 Landmark Blvd. Ste. 220
Address 2: _____
City: Dallas State: TX Zip: 75254 + 1434
Contact Person: David Koss
Phone: (918) 585-1650

API No. 15 - 159-35236-6000
If pre 1967, supply original completion date: 6/4/64
Spot Description: _____
ne-nw-nw Sec. 13 Twp. 18 S. R. 10 East West
4,965 Feet from North / South Line of Section
4,386 Feet from East / West Line of Section
Footages Calculated from Nearest Outside Section Corner:
 NE NW SE SW
County: Rice
Lease Name: Schultz A Well #: 3

Handwritten: 2/10/10

Check One: Oil Well Gas Well OG D&A Cathodic Water Supply Well Other: _____
 SWD Permit #: _____ ENHR Permit #: _____ Gas Storage Permit #: _____
Conductor Casing Size: _____ Set at: _____ Cemented with: _____ Sacks
Surface Casing Size: 8-5/8" Set at: 209 Cemented with: 150 Sacks
Production Casing Size: 4-1/2" Set at: 3258 Cemented with: 125 Sacks

List (ALL) Perforations and Bridge Plug Sets:
Open hole 3258'-65'.

Elevation: 1748 (G.L. / K.B.) T.D.: 3265 PBTD: 3265 Anhydrite Depth: 440
(Stone Corral Formation)

Condition of Well: Good Poor Junk in Hole Casing Leak at: _____
(Interval)

Proposed Method of Plugging (attach a separate page if additional space is needed):
per KCC instructions

Is Well Log attached to this application? Yes No Is ACO-1 filed? Yes No
If ACO-1 not filed, explain why:

**RECEIVED
FEB 01 2010
KCC WICHITA**

Plugging of this Well will be done in accordance with K.S.A. 55-101 et. seq. and the Rules and Regulations of the State Corporation Commission
Company Representative authorized to supervise plugging operations: Kent Strube
Address: P.O. Box 533 City: Clafin State: KS Zip: 67525 + _____
Phone: (620) 786-4161
Plugging Contractor License #: 32098 Name: Classic Well Service
Address 1: P.O. Box 539 Address 2: _____
City: Clafin State: KS Zip: 67525 + _____
Phone: (620) 562-8088
Proposed Date of Plugging (if known): _____

Payment of the Plugging Fee (K.A.R. 82-3-118) will be guaranteed by Operator or Agent
Date: 1/28/2010 Authorized Operator / Agent: _____
(Signature)

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

Handwritten: 2/10/10

NOTICE OF RECEIPT OF WELL PLUGGING APPLICATION (CP-1)

• FOUNDATION ENERGY MANAGEMENT, LLC
14800 LANDMARK BLVD
STE 220
DALLAS, TX 75254-1434

February 10, 2010

Re: SCHULTZ A #3
API 15-159-35236-00-00
13-18S-10W, 4965 FSL 4386 FEL
RICE COUNTY, KANSAS

Dear Operator:

The purpose of this letter is twofold. First, this letter is to notify you that the Conservation Division has received your plugging proposal, form CP-1, for the above well and has reviewed the proposal for completeness. The central office will now forward your CP-1 to the district office listed below for review of the proposed plugging method. **Please contact the district office for approval of your proposed plugging method at least five (5) days before plugging the well, pursuant to K.A.R. 82-3-113(b). If a workover pit will be used during the plugging of the well it must be permitted. A CDP-1 form must be filed and approved prior to the use of the pit in accordance with K.A.R. 82-3-600.**

This letter is also to notify you that during the central office's review of your CP-1 for license number verification, staff has discovered that you are not the current operator of record of the above well on file with the Conservation Division. **Central office staff is therefore requesting that you verify that you are the operator of record of the above well. The proper procedure for verifying operator authority is by filing a Conservation Division form T-1 (Request for Change of Operator; Transfer of Injection or Surface Pit Permit).** If a T-1 has already been filed with the Conservation Division reflecting the transfer of operator authority, please disregard this paragraph. If a T-1 has not been filed reflecting the transfer, please see the attached letter, which explains the T-1 filing process.

The Conservation Division's review of form CP-1, either in the central or district office, does not include an inquiry into well ownership or the filing operator's legal right to plug the well. Furthermore, this notice in no way constitutes authorization to plug the above well by persons not having legal rights of ownership or interest in the well.

This notice is void after August 9, 2010. The CP-1 filing does not bring the above well into compliance with K.A.R. 82-3-111 with regard to the Commission's temporary abandonment requirements.

Sincerely,



Steve Bond

Production Department Supervisor

District: #2
3450 N. Rock Road, Suite 601
Wichita, KS 67226
(316) 630-4000