

For KCC Use: 8-28-2010
Effective Date: 3
District # 3
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

JUL 23 2010

Form C-1
March 2010

Form must be Typed
Form must be Signed
All blanks must be Filled

NOTICE OF INTENT TO DRILL LEGAL SECTION

Must be approved by KCC five (5) days prior to commencing well

Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act, MUST be submitted with this form.

Expected Spud Date: 8 1 2010
month day year

OPERATOR: License# 34027
Name: CEP MID CONTINENT LLC
Address 1: 15 WEST 6TH ST SUITE 1100
Address 2: _____
City: TULSA State: OK Zip: 74119 + _____
Contact Person: VICKIE HARTER
Phone: 918-877-2923

CONTRACTOR: License# 33832
Name: PENSE BROS. DRILLING CO

Well Drilled For: Oil Gas Enh Rec Storage Disposal Seismic; # of Holes Other: SIDETRACK IN THE RIVERTON

Well Class: Infield Pool Ext. Wildcat Other

Type Equipment: Mud Rotary Air Rotary Cable

If OWWO: old well information as follows: sidetrack
Operator: CEP Mid-Continent LLC
Well Name: Knisley 32-1
Original Completion Date: 5/15/10 Original Total Depth: 1130

Directional, Deviated or Horizontal wellbore? Yes No
If Yes, true vertical depth: 1025
Bottom Hole Location: 1843 FNL 2507 FWL 32-32-17E
KCC DKT #: 11-CONS-018-CHDR

Spot Description: _____
NE SW NW NW Sec. 32 Twp. 32 S. R. 17 E W
(Q/Q/Q) 843 feet from N / S Line of Section
775 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: CHEROKEE BASIN COAL AREA

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): RIVERTON

Nearest Lease or unit boundary line (in footage): 425

Ground Surface Elevation: 831 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: 150

Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set: SURFACE ALREADY SET AT 188

Length of Conductor Pipe (if any): _____

Projected Total Depth: MD 2960

Formation at Total Depth: RIVERTON

Water Source for Drilling Operations:

Well Farm Pond Other: _____

DWR Permit #: _____

(Note: Apply for Permit with DWR)

Will Cores be taken? Yes No

If Yes, proposed zone: _____

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 to the best of my knowledge and belief.

Date: 7-16-2010 Signature of Operator or Agent: Sealed B. Ringer Title: V.P. OPERATIONS

For KCC Use ONLY
API # 15 - 125-31920-01-00
Conductor pipe required None feet
Minimum surface pipe required 188 feet per ALT. I II
Approved by: 7/23/2010
This authorization expires: _____
(This authorization void if drilling not started within 12 months of approval date.)
Spud date: _____ Agent: _____

Remember to:

- File Certification of Compliance with the Kansas Surface Owner Notification Act (KSONA-1) with Intent to Drill;
- 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 well will not be drilled or permit has expired (See: authorized expiration date) please check the box below and return to the address below.

Well will not be drilled or Permit Expired Date: _____
Signature of Operator or Agent: _____

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

32
32
17
 E W

JUL 23 2010

For KCC Use ONLY

API # 15 - 125-31920-01-00

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW **LEGAL SECTION**

In all cases, please fully complete this side of the form. Include items 1 through 5 at the bottom of this page.

Operator: CEP MID CONTINENT LLC
Lease: KNISLEY
Well Number: 32-1
Field: CHEROKEE BASIN COAL AREA

Location of Well: County: MONTGOMERY
843 feet from N / S Line of Section
775 feet from E / W Line of Section
Sec. 32 Twp. 32 S. R. 17 E W

Number of Acres attributable to well: _____
QTR/QTR/QTR/QTR of acreage: NE - SW - NW - NW

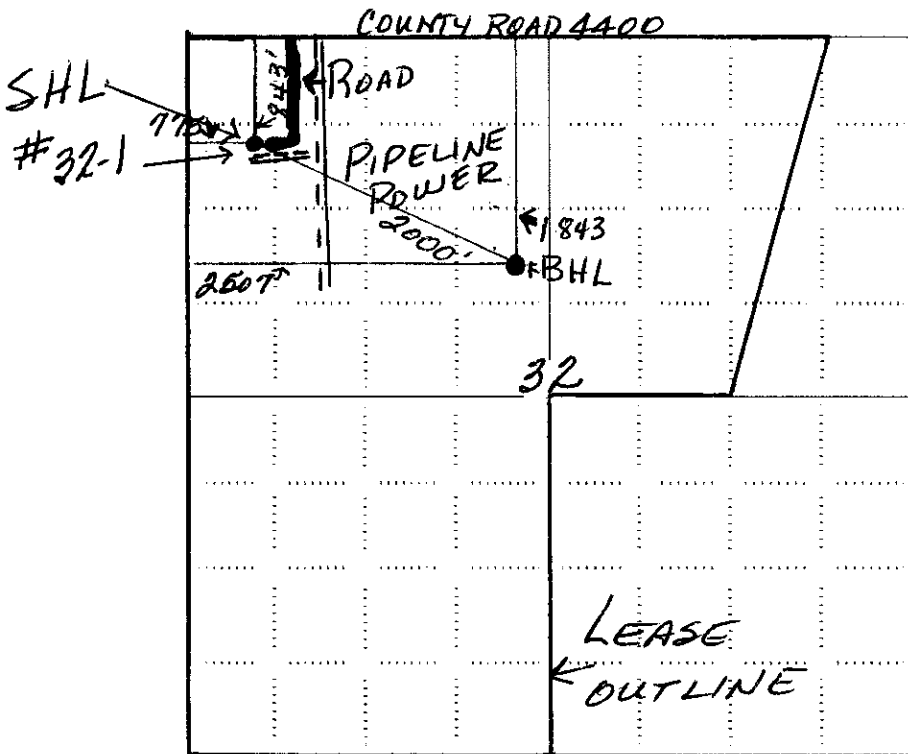
Is Section: Regular or Irregular

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

Section corner used: NE NW SE SW

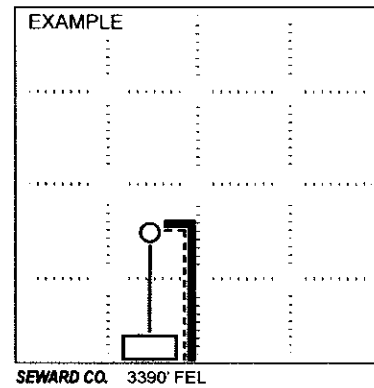
PLAT

Show location of the well. Show footage to the nearest lease or unit boundary line. Show the predicted locations of lease roads, tank batteries, pipelines and electrical lines, as required by the Kansas Surface Owner Notice Act (House Bill 2032). You may attach a separate plat if desired.



LEGEND

- Well Location
- Tank Battery Location
- Pipeline Location
- Electric Line Location
- Lease Road Location



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: (CO-7 for oil wells; CG-8 for gas wells).
5. The predicted locations of lease roads, tank batteries, pipelines, and electrical lines.

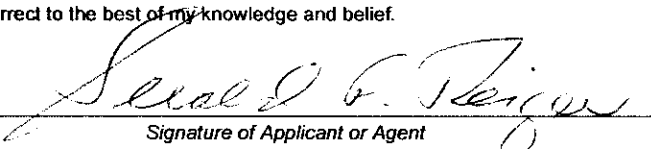
RECEIVED
KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form CDP-1
 May 2010
 Form must be Typed

JUL 23 2010

APPLICATION FOR SURFACE PIT
LEGAL SECTION

Submit in Duplicate

Operator Name: CEP MID CONTINENT LLC		License Number: 34027	
Operator Address: 15 WEST 6TH ST SUITE 1100		TULSA OK 74119	
Contact Person: VICKIE HARTER		Phone Number: 918-877-2923	
Lease Name & Well No.: KNISLEY 32-1		Pit Location (QQQQ): ^{NE} ^{SE} NE - SW - NW - NW Sec. <u>32</u> Twp. <u>32</u> R. <u>17</u> <input checked="" type="checkbox"/> East <input type="checkbox"/> West <u>843</u> Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section <u>775</u> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section MONTGOMERY County	
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input checked="" type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <i>(If WP Supply API No. or Year Drilled)</i>		Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 1,710 (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ mg/l <i>(For Emergency Pits and Settling Pits only)</i>	
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? NATIVE CLAYS	
Pit dimensions (all but working pits): <u>30</u> Length (feet) <u>40</u> Width (feet) <input type="checkbox"/> N/A: Steel Pits		Depth from ground level to deepest point: <u>8</u> (feet) <input type="checkbox"/> No Pit	
If the pit is lined give a brief description of the liner material, thickness and installation procedure. NA		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. NA	
Distance to nearest water well within one-mile of pit: <u>4856</u> feet Depth of water well <u>70</u> feet		Depth to shallowest fresh water <u>20</u> feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input checked="" type="checkbox"/> KDWR	
Emergency, Settling and Burn Pits ONLY: Producing Formation: _____ Number of producing wells on lease: _____ Barrels of fluid produced daily: _____ Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: <u>FRESH WATER</u> Number of working pits to be utilized: <u>1</u> Abandonment procedure: <u>AIR DRIED AND BACKFILLED</u> 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.			
_____ 7-15-10 Date		 Signature of Applicant or Agent	

15-125-31920-01-00

KCC OFFICE USE ONLY			
		<input type="checkbox"/> Liner <input type="checkbox"/> Steel Pit <input type="checkbox"/> RFAC <input type="checkbox"/> RFAS	
Date Received: <u>7-28-10</u>	Permit Number: _____	Permit Date: <u>7-28-10</u>	Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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

JUL 23 2010

Form KSONA-1
July 2010

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

**CERTIFICATION OF COMPLIANCE WITH THE
KANSAS SURFACE OWNER NOTIFICATION ACT**

LEGAL SECTION
Form Must Be Typed
Form must be Signed
All blanks must be Filled

15-125-31920-01-00

This form must be submitted with all Forms C-1 (Notice of Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); T-1 (Request for Change of Operator Transfer of Injection or Surface Pit Permit); and CP-1 (Well Plugging Application). Any such form submitted without an accompanying Form KSONA-1 will be returned.

Select the corresponding form being filed: C-1 (Intent) CB-1 (Cathodic Protection Borehole Intent) T-1 (Transfer) CP-1 (Plugging Application)

OPERATOR: License # 34027
Name: CEP MID CONTINENT LLC
Address 1: 15 WEST 6TH ST SUITE 1100
Address 2: _____
City: TULSA State: OK Zip: 74119 + _____
Contact Person: VICKIE HARTER
Phone: (918) 877-2923 Fax: (918) 877-2913
Email Address: VICKIE.HARTER@CEPLLC.COM

Well Location:
NE SW NW NW Sec. 32 Twp. 32 S. R. 17 East West
County: MONTGOMERY
Lease Name: KNISLEY Well #: 32-1

If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:

Surface Owner Information:

Name: CAROL & SHIRLEY KNISLEY, TRUSTEES OF CAROL AND SHIRLEY KNISLEY REV LIVING TRUST
Address 1: 5145 CR 4200
Address 2: _____
City: CHERRYVALE State: KS Zip: 67335 + _____

When filing a Form T-1 involving multiple surface owners, attach an additional sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the county, and in the real estate property tax records of the county treasurer.

If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary non-binding estimates. The locations may be entered on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.

Select one of the following:

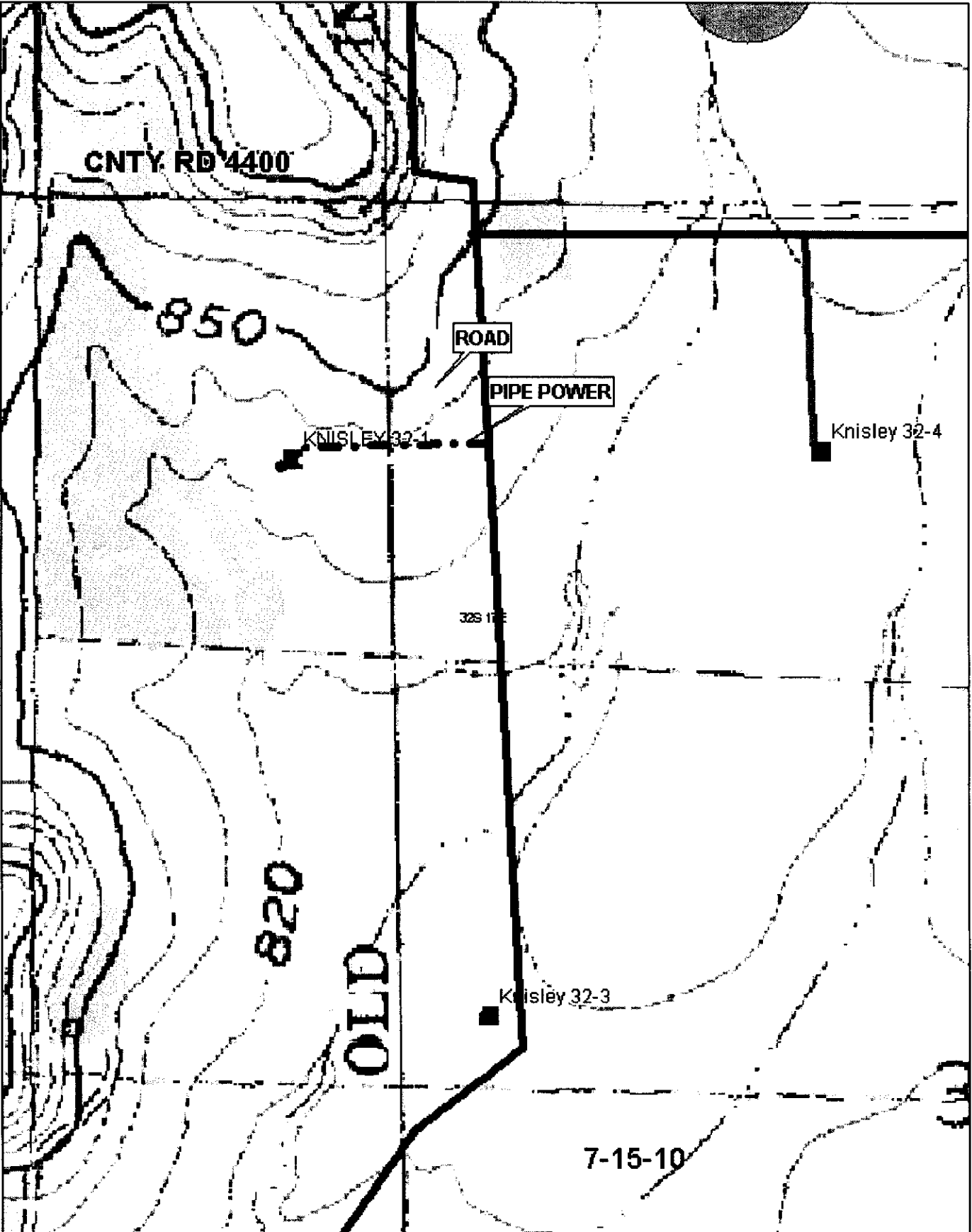
I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this form; 2) if the form being filed is a Form C-1 or Form CB-1, the plat(s) required by this form; and 3) my operator name, address, phone number, fax, and email address.

I have not provided this information to the surface owner(s). I acknowledge that, because I have not provided this information, the KCC will be required to send this information to the surface owner(s). To mitigate the additional cost of the KCC performing this task, I acknowledge that I am being charged a \$30.00 handling fee, payable to the KCC, which is enclosed with this form.

If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.

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

Date: 7-14-2010 Signature of Operator or Agent: [Signature] Title: V.P. OPERATIONS



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MN (3.2° E)



Data Zoom 15-6

KNISLEY LEASEHOLD
CEP MID-CONTINENT, LLC

LANDOWNER/ WELL
NAME

KNISLEY 32-1

COUNTY/
STATE

Montgomery
KS

SECTION

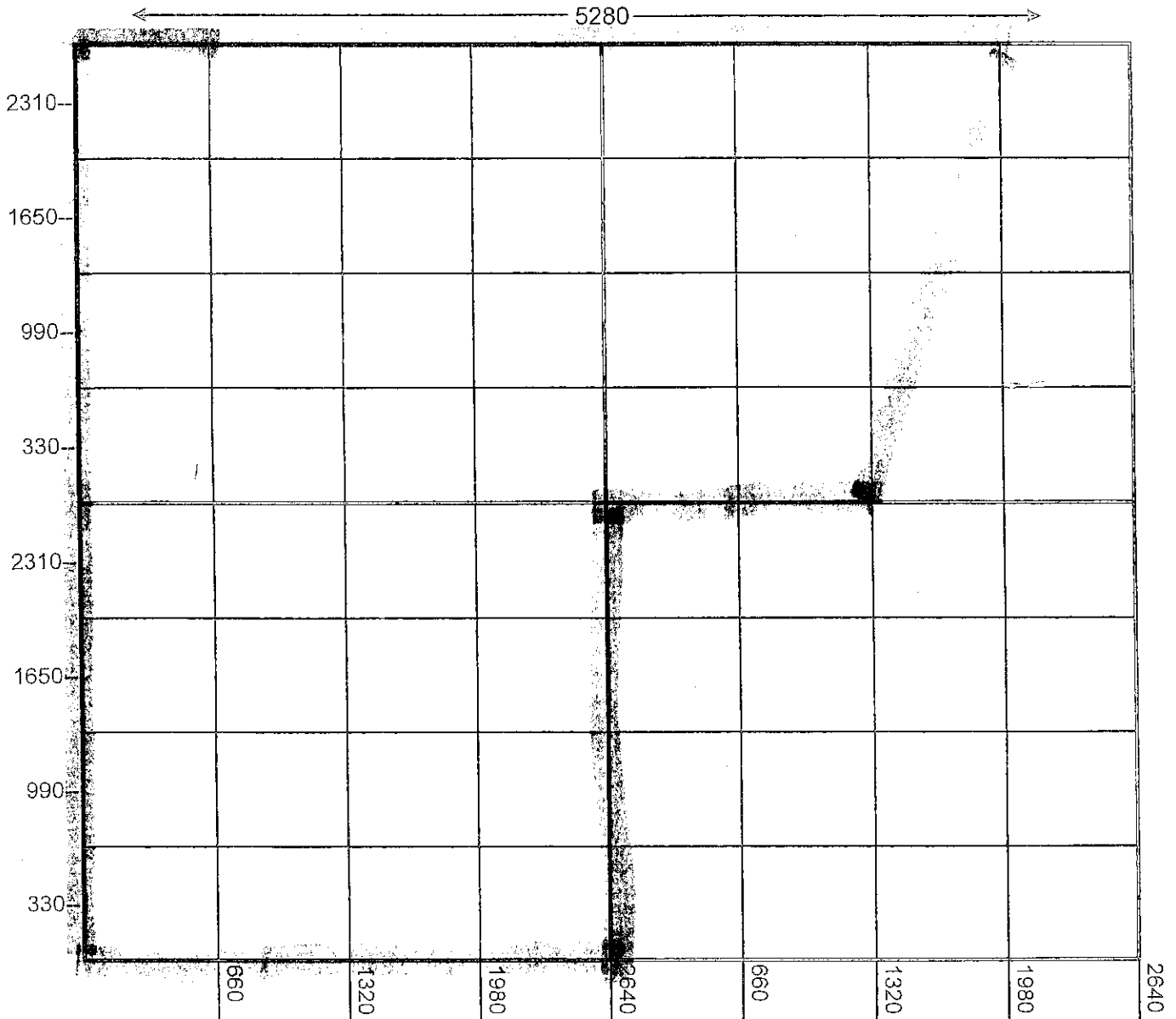
32

TWNSHP

~~335~~
325

RANGE

17E



Elevation _____

Calls _____

Latitude _____

Longitude _____