

For KCC Use: 11-6-2010  
 Effective Date: 4  
 District #: 4  
 SGA?  Yes  No

KANSAS CORPORATION COMMISSION  
 OIL & GAS CONSERVATION DIVISION

Form C-1  
 March 2010  
 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  
 Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act, MUST be submitted with this form.

Expected Spud Date: November 1 2010  
month day year

OPERATOR: License# 6194 ✓  
 Name: ESP Development, Inc.  
 Address 1: 1749 250th Avenue  
 Address 2: \_\_\_\_\_  
 City: Hays State: KS Zip: 67601 + \_\_\_\_\_  
 Contact Person: Lewis Eulert  
 Phone: (785) 625-6394

CONTRACTOR: License# 31548 ✓  
 Name: Discovery Drilling Co., Inc.

Well Drilled For:  Oil  Gas  Seismic: # of Holes \_\_\_\_\_  
 Enh Rec  Storage  Disposal  
 Infield  Pool Ext.  Wildcat  Other \_\_\_\_\_  
 Type Equipment:  Mud Rotary  Air Rotary  Cable  
 If OWWO: old well information as follows: \_\_\_\_\_  
 Operator: \_\_\_\_\_  
 Well Name: \_\_\_\_\_  
 Original Completion Date: \_\_\_\_\_ Original Total Depth: \_\_\_\_\_

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Directional, Deviated or Horizontal wellbore?  Yes  No  
 If Yes, true vertical depth: \_\_\_\_\_  
 Bottom Hole Location: \_\_\_\_\_  
 KCC DKT #: \_\_\_\_\_

Spot Description: 150'N & 240'W of  
 SE - NE - SW Sec. 1 Twp. 13 S. R. 14  E  W  
 (Q:Q:Q) 1,800 feet from  N /  S Line of Section  
2,070 feet from  E /  W Line of Section  
 Is SECTION:  Regular  Irregular?

(Note: Locate well on the Section Plat on reverse side)  
 County: Russell  
 Lease Name: Counts Well #: 1  
 Field Name: Wildcat  
 Is this a Prorated / Spaced Field?  Yes  No  
 Target Formation(s): LKC & Arbuckle  
 Nearest Lease or unit boundary line (in footage): 570  
 Ground Surface Elevation: 1640 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: 150'  
 Depth to bottom of usable water: 240' 320  
 Surface Pipe by Alternate:  I  II  
 Length of Surface Pipe Planned to be set: 325' 340  
 Length of Conductor Pipe (if any): None  
 Projected Total Depth: 3250' ✓  
 Formation at Total Depth: Arbuckle ✓  
 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: Oct. 22, 2010 Signature of Operator or Agent: \_\_\_\_\_ Title: Agent

For KCC Use ONLY  
 API # 15 - 167-23672-00-00  
 Conductor pipe required None feet  
 Minimum surface pipe required 340 feet per ALT.  I  II  
 Approved by: [Signature] 11-1-2010  
 This authorization expires: 11-1-2011  
 (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: \_\_\_\_\_

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API # 15 - 167-23672-0000

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

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

Operator: ESP Development, Inc.  
 Lease: Counts  
 Well Number: 1  
 Field: Wildcat  
 Number of Acres attributable to well: \_\_\_\_\_  
 QTR/QTR/QTR/QTR of acreage: NW - SE - NE - SW

Location of Well: County: Russell  
 \_\_\_\_\_ feet from  N /  S Line of Section  
 \_\_\_\_\_ feet from  E /  W Line of Section  
 Sec. 1 Twp. 13 S. R. 14  E  W

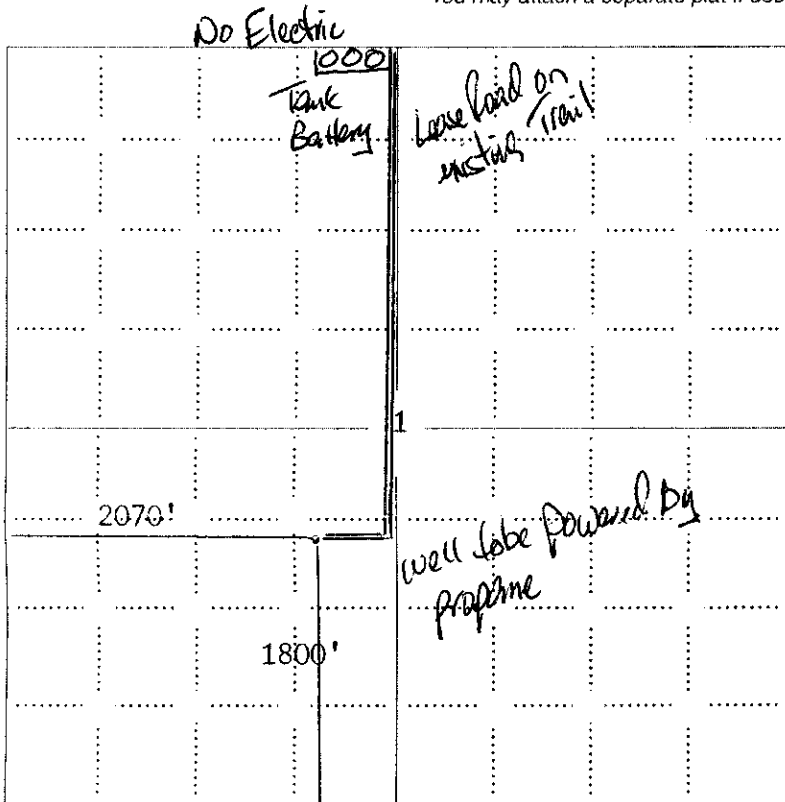
Is Section:  Regular or  Irregular

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

Section corner used:  NE  NW  SE  SW

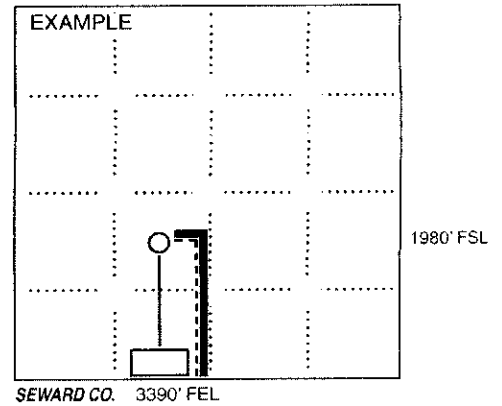
**PLAT**

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.

Russell Co., KS

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.

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ESP DEVELOPMENT, INC.  
COUNTS LEASE

SW. 1/4, SECTION 1, T13S, R14W  
RUSSELL COUNTY, KANSAS

15-167-23672-00-00

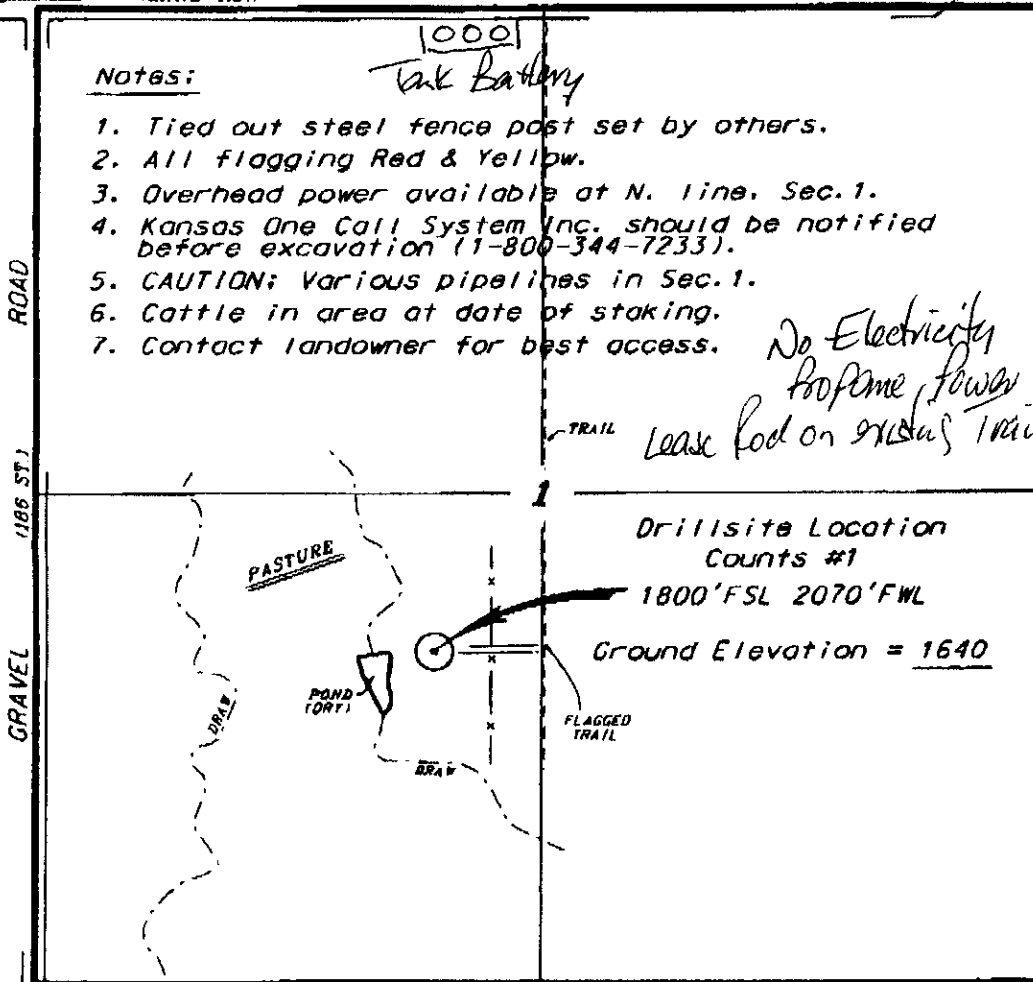
(LAND RD.) GRAVEL ROAD

Notes:

1. Tied out steel fence post set by others.
2. All flagging Red & Yellow.
3. Overhead power available at N. line, Sec. 1.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION: Various pipelines in Sec. 1.
6. Cattle in area at date of staking.
7. Contact landowner for best access.

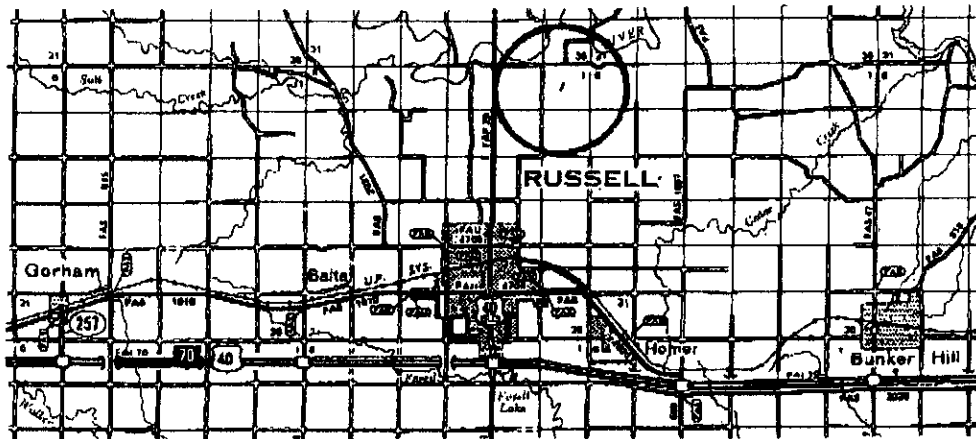
1000 Tank Battery

No Electricity  
Propane Power  
Lease Rod on 9150's Trac



SCALE 1" = 1000'

Ingress and egress to location as shown on this plat is for usage only and may not be legally opened for public use. Contact landowner, tenant and county road department for access.



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October 19, 2010

\* Controlling data is based upon the best maps and photographs available to us and upon a regular section of land containing 640 acres.  
 \* Approximate section lines were determined using the normal standards of care of oilfield surveys originating in the state of Kansas. The section corners, which establish the precise section lines, were not necessarily located, and the exact location of the drillsite location in the section is not guaranteed. Therefore, the operator, accepting this service and accepting this plat and all other parties relying thereon agree to hold Central Kansas Oilfield Services, Inc., its officers and employees harmless from all losses, costs and expenses and hold harmless released from any liability from incidental or consequential damages.  
 \* Elevations derived from National Geodetic Vertical Datum.

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15-167-23672-00-00  
KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

CERTIFICATION OF COMPLIANCE WITH THE  
KANSAS SURFACE OWNER NOTIFICATION ACT

Form KSONA-1  
July 2010  
Form Must Be Typed  
Form must be Signed  
All blanks must be Filled

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 # 6194  
Name: ESP Development, Inc.  
Address 1: 1749 250th Avenue  
Address 2: \_\_\_\_\_  
City: Hays State: KS Zip: 67601 + \_\_\_\_\_  
Contact Person: Lewis Eulert  
Phone: ( 785 ) 625-6394 Fax: ( \_\_\_\_\_ ) \_\_\_\_\_  
Email Address: \_\_\_\_\_

Well Location:  
NW SE NE SW Sec. 1 Twp. 13 S. R. 14  East  West  
County: Russell  
Lease Name: Counts Well #: 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: MG OIL INC  
Address 1: 127 EVES DRIVE  
Address 2: \_\_\_\_\_  
City: RUSSELL State: KS Zip: 67658

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: Oct. 22, 2010 Signature of Operator or Agent: Lewis Eulert Title: Agent

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KANSAS CORPORATION COMMISSION  
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APPLICATION FOR SURFACE PIT

Form CDP-1  
May 2010  
Form must be Typed

Submit in Duplicate

Operator Name: <b>ESP Development, Inc.</b>		License Number: <b>6194</b>	
Operator Address: <b>1749 250th Avenue</b>		<b>Hays KS 67601</b>	
Contact Person: <b>Lewis Eulert</b>		Phone Number: <b>(785) 625-6394</b>	
Lease Name & Well No.: <b>Counts 1</b>		Pit Location (QQQQ): <b>NW SE NE SW</b> Sec. <b>1</b> Twp. <b>13</b> R. <b>14</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <b>1,800</b> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <b>2,070</b> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section <b>Russell</b> 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: <b>3,000</b> (bbls)	Is the pit located in a Sensitive Ground Water Area? <input checked="" 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? <b>Clay soil, native and fresh mud.</b>	
Pit dimensions (all but working pits): <b>70</b> Length (feet) <b>70</b> Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: <b>5</b> (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: <b>3983</b> feet Depth of water well <b>70</b> feet	
Depth to shallowest fresh water <b>43</b> 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: <b>Fresh Mud</b> Number of working pits to be utilized: <b>3</b> Abandonment procedure: <b>Allow liquid contents to evaporate, let cuttings dry and abckfill.</b> 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.  <b>October 22, 2010</b> Date  <i>[Signature]</i> Signature of Applicant or Agent	

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<b>KCC OFFICE USE ONLY</b>			
Date Received: <b>10-28-10</b>	Permit Number: _____	Permit Date: <b>11/1/10</b>	Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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

November 1, 2010

Lewis Eulert  
ESP Development, Inc.  
1749 250<sup>th</sup> Avenue  
Hays KS 67601

Re: Drilling Pit Application  
Counts Lease Well No. 1  
SW/4 1-13S-14W  
Russell County, Kansas

Dear Mr. Eulert:

District staff has inspected the above referenced location and has determined that the reserve pit shall be **kept away from drainage**, 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 the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred. The fluids should be removed again 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 2008), 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.