

For KCC Use: 3-2-2011  
Effective Date: \_\_\_\_\_  
District # \_\_\_\_\_  
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: April 2 2011  
month day year

OPERATOR: License# 3532  
Name: CMX, Inc.  
Address 1: 1700 N Waterfront Parkway, Bldg 300, Ste B  
Address 2: \_\_\_\_\_  
City: Wichita State: KS Zip: 67206 + \_\_\_\_\_  
Contact Person: Douglas McGinness II  
Phone: 316-289-9052  
CONTRACTOR: License# 33132  
Name: Dan D Drilling

Well Drilled For: ☒ Oil ☐ Enh Rec ☐ Gas ☐ Storage ☐ Disposal ☐ Seismic; \_\_\_\_\_ # of Holes ☐ Other: \_\_\_\_\_  
Well Class: ☒ Infield ☐ Pool Ext. ☐ Wildcat ☐ Other: \_\_\_\_\_  
Type Equipment: ☒ Mud Rotary ☐ Air Rotary ☐ Cable

Operator: \_\_\_\_\_  
Well Name: \_\_\_\_\_  
Original Completion Date: \_\_\_\_\_ Original Total Depth: \_\_\_\_\_

Directional, Deviated or Horizontal wellbore? ☒ Yes ☐ No  
If Yes, true vertical depth: 4807 TVD  
Bottom Hole Location: 400' FNL & 1000' FWL 7-35S-11W  
KCC DKT #: 11-CONS-128-CHOR

Spot Description: \_\_\_\_\_  
S/2 - SW - SW - SW Sec. 7 Twp. 35 S. R. 11 ☐ E ☒ W  
(Q/Q/Q/Q) 150 feet from ☒ N ☒ S Line of Section  
330 feet from ☐ E ☒ W Line of Section

Is SECTION: ☒ Regular ☐ Irregular?

(Note: Locate well on the Section Plat on reverse side)

County: Barber  
Lease Name: Scrooge Well #: 1-7H  
Field Name: Stranathan  
Is this a Prorated / Spaced Field? ☐ Yes ☒ No  
Target Formation(s): Mississippian  
Nearest Lease or unit boundary line (in footage): 330  
Ground Surface Elevation: 1372 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: 180  
Surface Pipe by Alternate: ☒ I ☐ II  
Length of Surface Pipe Planned to be set: 1000  
Length of Conductor Pipe (if any): 60  
Projected Total Depth: 9450 MD, 4807 TVD  
Formation at Total Depth: Mississippian  
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: 2/14/2011 Signature of Operator or Agent: \_\_\_\_\_ Title: President

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API # 15 - 007-23663-01-00  
Conductor pipe required None feet  
Minimum surface pipe required 200 feet per ALT. ☒ I ☐ II  
Approved by: 2-25-2011  
This authorization expires: 2-25-2012  
(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

35  
11  
☐ E  
☒ W

For KCC Use ONLY

API # 15 -

007-2366301-00

**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: CMX, Inc.  
 Lease: Scrooge  
 Well Number: 1-7H  
 Field: Stranathan

Number of Acres attributable to well: \_\_\_\_\_  
 QTR/QTR/QTR/QTR of acreage: S/2 - SW - SW - SW

Location of Well: County: Barber

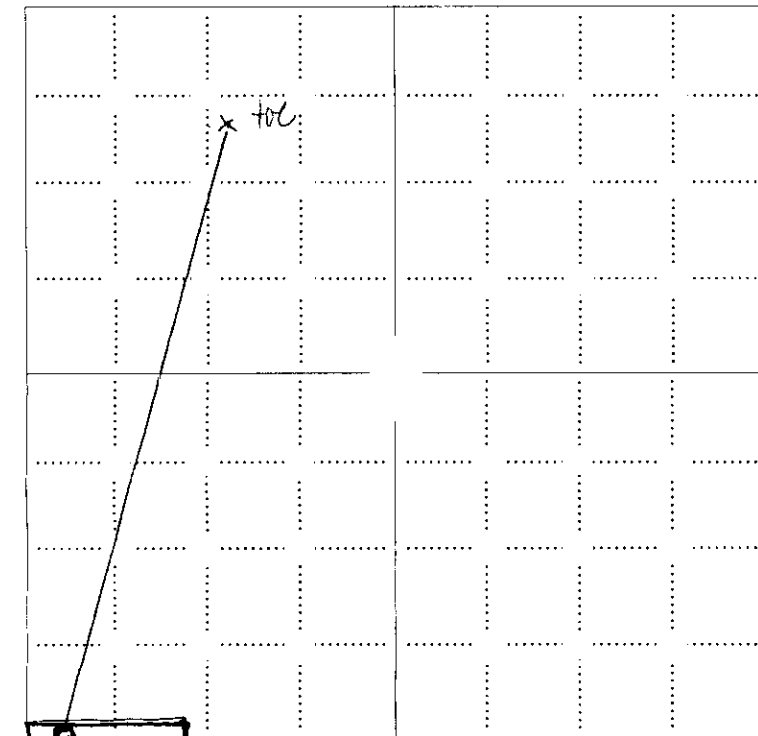
150 feet from ☒ N ☒ S Line of Section  
 330 feet from ☒ E ☒ W Line of Section  
 Sec. 7 Twp. 35 S. R. 11 ☐ E ☒ W

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.

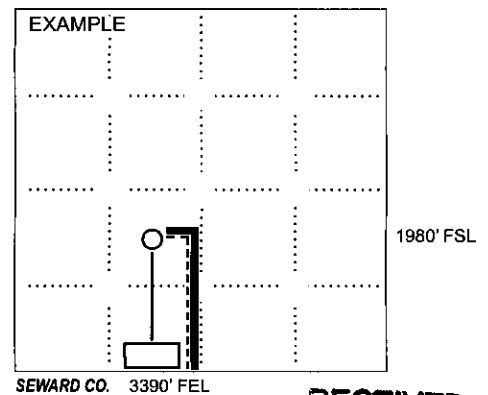


NOTE: In all cases locate the spot of the proposed drilling location.

Heel

**LEGEND**

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



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In plotting the proposed location of the well, you must show:

- 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.
- The distance of the proposed drilling location from the south / north and east / west outside section lines.
- The distance to the nearest lease or unit boundary line (in footage).
- 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).
- The predicted locations of lease roads, tank batteries, pipelines, and electrical lines.

15-007-23663-01-00  
KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

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

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

*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 # 3532  
Name: CMX, Inc.  
Address 1: 1700 N Waterfront Parkway, Bldg 300, Ste B  
Address 2: \_\_\_\_\_  
City: Wichita State: KS Zip: 67206 + \_\_\_\_\_  
Contact Person: Douglas McGinness II  
Phone: ( 316 ) 269-9052 Fax: ( 316 ) 269-2517  
Email Address: dmay@cmxoil-gas.com

Well Location:  
S/2 SW SW Sec. 7 Twp. 35 S. R. 11 ☐ East ☒ West  
County: Barber  
Lease Name: Scrooge Well #: 1-7H

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

**Surface Owner Information:**

Name: Dennis Meyer  
Address 1: 44866 Leflore Road  
Address 2: \_\_\_\_\_  
City: Alva State: OK Zip: 73717 + \_\_\_\_\_

*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: 2/14/2011 Signature of Operator or Agent: \_\_\_\_\_ Title: President

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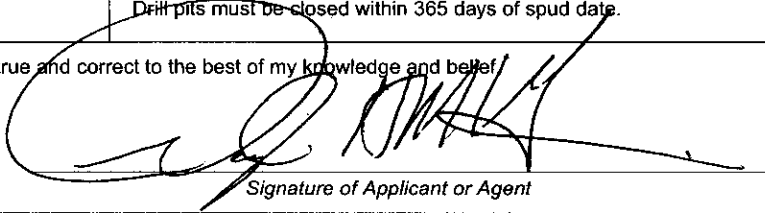
FEB 16 2011

KCC WICHITA

**KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION  
APPLICATION FOR SURFACE PIT**

Form CDP-1  
May 2010  
Form must be Typed

*Submit in Duplicate*

Operator Name: <b>CMX, Inc.</b>		License Number: <b>3532</b>
Operator Address: <b>1700 N Waterfront Parkway, Bldg 300, Ste B, Wichita, KS 67206</b>		
Contact Person: <b>Douglas H. McGinness II</b>		Phone Number: <b>316-269-9052</b>
Lease Name & Well No.: <b>Scrooge 1-7H</b>		Pit Location (QQQQ): <b>SW - SW - SW</b> Sec. <b>7</b> Twp. <b>35</b> R. <b>11</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <b>150</b> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <b>330</b> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section <b>BARBER</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 <small>(If WP Supply API No. or Year Drilled)</small>	Pit is: <input type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: _____ (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: _____ mg/l <small>(For Emergency Pits and Settling Pits only)</small>
Is the bottom below ground level? <input type="checkbox"/> Yes <input type="checkbox"/> No	Artificial Liner? <input type="checkbox"/> Yes <input type="checkbox"/> No	How is the pit lined if a plastic liner is not used?
Pit dimensions (all but working pits): _____ Length (feet) _____ Width (feet) <input checked="" type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: _____ (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: _____ feet    Depth of water well _____ feet		Depth to shallowest fresh water _____ feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input type="checkbox"/> KDWR
<b>Emergency, Settling and Burn Pits ONLY:</b> 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		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> Type of material utilized in drilling/workover: _____ Number of working pits to be utilized: _____ Abandonment procedure: _____ 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.  2/18/2011 Date   Signature of Applicant or Agent		

**KCC OFFICE USE ONLY**

Date Received: <b>2-22-11</b> Permit Number: _____		Permit Date: <b>2-22-11</b> Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<input type="checkbox"/> Liner <input checked="" type="checkbox"/> Steel Pit <input checked="" type="checkbox"/> RFAC <input type="checkbox"/> RFAS			

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

15007-23663-01-00

Conservation Division  
Finney State Office Building  
130 S. Market, Rm. 2078  
Wichita, KS 67202-3802



phone: 316-337-6200  
fax: 316-337-6211  
<http://kcc.ks.gov/>

Thomas E. Wright, Chairman  
Ward Loyd, Commissioner

Corporation Commission

Sam Brownback, Governor

February 22, 2011

CMX, Inc.  
1700 N. Waterfront Pkwy Ste B  
Wichita, KS 67206

RE: Drilling Pit Application  
Scrooge Lease Well No. 1-7H  
SW/4 Sec. 07-35S-11W  
Barber County, Kansas

According to the drilling pit application referenced above, no earthen pits will be used at this location. Steel pits will be used. Please inform the Commission in writing as to which disposal well you utilized to dispose of the contents in the steel pits and the amount of fluid that was disposed. Please file form CDP-5 (August 2008), Exploration and Production Waste Transfer, within 30 days of fluid removal.

Should a haul-off pit be necessary please file form CDP-1 (May 2010), Application for Surface Pit, This location will have to be inspected prior to approval of the haul-off pit application.

Conservation division forms are available through our office and on the KCC web site: [www.kcc.state.ks.us/conservation/forms](http://www.kcc.state.ks.us/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 District Office at (620) 225-8888.

# Kansas Corporation Commission Oil & Gas Conservation Division

## HAUL-OFF PIT APPLICATION FILING REQUIREMENTS

### 82-3-607. DISPOSAL OF DIKE AND PIT CONTENTS.

- (a) Each operator shall perform one of the following when disposing of dike or pit contents:
- (1) Remove the liquid contents to a disposal well or other oil and gas operation approved by the commission or to road maintenance or construction locations approved by the department;
  - (2) dispose of reserve pit waste down the annular space of a well completed according to the alternate requirements of K.A.R. 82-3-106, if the waste to be disposed of was generated during the drilling and completion of the well; or
  - (3) dispose of the remaining solid contents in any manner required by the commission. The requirements may include any of the following:
    - (A) Burial in place, in accordance with the grading and restoration requirements in K.A.R. 82-3-602 (f);
    - (B) removal and placement of the contents in an on-site disposal area approved by the commission;
    - (C) removal and placement of the contents in an off-site disposal area on acreage owned by the same landowner or to another producing lease or unit operated by the same operator, if prior written permission from the landowner has been obtained; or
    - (D) removal of the contents to a permitted off-site disposal area approved by the department.
- (b) Each violation of this regulation shall be punishable by the following:
- (1) A \$1,000 penalty for the first violation;
  - (2) a \$2,500 penalty for the second violation; and
  - (3) a \$5,000 penalty and an operator license review for the third violation.

### **Complete and return with Haul-Off Pit Application, Form CDP1(2004)**

Haul-off pit will be located in an on-site disposal area: ☐ Yes ☐ No

Haul-off pit is located in an off-site disposal area on acreage owned by the same landowner:  
☐ Yes ☐ No If yes, written permission from the land owner must be obtained. Attach written permission to haul-off pit application.

Haul-off pit is located in an off-site disposal area on another **producing** lease or unit operated by the same operator: ☐ Yes ☐ No If yes, written permission from the land owner must be obtained. Attach permission and a copy of the lease assignment that covers the acreage where the haul-off pit is to be located, to the haul-off pit application.