

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form CP-1
March 2010
This Form must be Typed
Form must be Signed
All blanks must be Filled

WELL PLUGGING APPLICATION

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

OPERATOR: License #: 34420
Name: Exodus Gas & Oil LLC
Address 1: 1701 Walnut Street
Address 2: 4th Floor
City: Kansas City State: MO Zip: 64108 +
Contact Person: Steve Littell
Phone: (620) 365-7555

API No. 15 - 011-23238-0000
If pre 1967, supply original completion date: _____
Spot Description: _____
C NE NW Sec. 1 Twp. 27 S. R. 23 East West
660 Feet from North / South Line of Section
1,980 Feet from East / West Line of Section
Footages Calculated from Nearest Outside Section Corner:
 NE NW SE SW
County: Bourbon
Lease Name: Rastegar Well #: 3-1

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: 200.75 feet Cemented with: 112 Sacks
Production Casing Size: 4 1/2" Set at: 485 feet Cemented with: 88 Sacks

List (ALL) Perforations and Bridge Plug Sets:
None

Elevation: 930 feet (G.L. / K.B.) T.D.: 498 feet PBTD: 484 feet Anhydrite Depth: N/A
(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):

Set 50 foot cement plug from 484' to 434 feet.
Set final cement plug from 100 feet to surface.
Cut off casing 36" below ground level and weld on steel plate.

Is Well Log attached to this application? Yes No Is ACO-1 filed? Yes No

If ACO-1 not filed, explain why:

RECEIVED
JAN 03 2011
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: Steve Littell
Address: 204 S State St City: Iola State: KS Zip: 66749 +
Phone: (620) 365-7555
Plugging Contractor License #: 31519 Name: Leland Jackson
Address 1: 509 E Walnut Address 2: _____
City: Blue Mound State: KS Zip: 66010 +
Phone: (620) 363-0492

Proposed Date of Plugging (if known): Exact date unknown, expect to plug in January 2011.

Payment of the Plugging Fee (K.A.R. 82-3-118) will be guaranteed by Operator or Agent

Date: 12/27/10 Authorized Operator / Agent: MS Valtia (Signature)

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 # 34420
Name: Exodus Gas & Oil LLC
Address 1: 1701 Walnut Street
Address 2: 4th Floor
City: Kansas City State: MO Zip: 64108 + _____
Contact Person: Steve Littell
Phone: (620) 365-7555 Fax: (620) 365-7560
Email Address: slittell@deltaCBM.com

Well Location:
C - NE - NW - Sec. 1 Twp. 27 S. R. 23 East West
County: Bourbon
Lease Name: Rastegar Well #: 3-1

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

Surface Owner Information:

Name: Mikel Rastegar
Address 1: 1399 9th Ave
Address 2: Apt. #618
City: San Diego State: CA Zip: 92101 + _____

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: 12/27/10 Signature of Operator or Agent: MS [Signature] Title: V.P. Operations



Mark Parkinson, Governor Thomas E. Wright, Chairman, Joseph F. Harkins, Commissioner, Ward Loyd, Commissioner

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

• EXODUS GAS & OIL LLC
1701 WALNUT ST, 4TH FL
KANSAS CITY, MO 64108

January 11, 2011

Re: RASTEGAR #3-1
API 15-011-23238-00-00
1-27S-23E, 660 FNL 1980 FWL
BOURBON 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 July 10, 2011. 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: #3
1500 W. 7th
Chanute, KS 67220
(316) 432-2300



KANSAS
CORPORATION COMMISSION

Mark Parkinson, Governor Thomas E. Wright, Chairman, Joseph F. Harkins, Commissioner, Ward Loyd, Commissioner

January 11, 2011

Steven Tedesco
Admiral Bay (USA) Inc.
7060 S TUCSON WAY, STE B
CENTENNIAL, CO 80112

RE: Transfer of Operations at the RASTEGAR lease, located in Section 1, Township 27S, Range 23E, BOURBON County, Kansas

Dear Steven Tedesco:

On January 3, 2011, a well plugging application (CP-1) was received, which indicated to Staff that Exodus Gas & Oil LLC is the current operator of the RASTEGAR 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 Exodus Gas & Oil LLC for the RASTEGAR lease. Admiral Bay (USA) Inc. therefore remains the Commission's operator of record and party responsible for the proper care and control of the RASTEGAR 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 RASTEGAR lease into compliance with K.A.R. 82-3-136 and/or K.A.R. 82-3-410(a). As such, you have until February 8, 2011, to bring the RASTEGAR lease into compliance. To bring your operations into compliance, you need to file a T-1 with the Conservation Division for the RASTEGAR 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 Admiral Bay (USA) Inc. believes it is still the operator of the RASTEGAR 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 February 8, 2011, 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**

Jeff Mohajir
Exodus Gas & Oil LLC
1701 WALNUT ST, 4TH FL
KANSAS CITY, MO 64108

CONSERVATION DIVISION
Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802
(316) 337-6200 • Fax (316) 337-6211 • <http://kcc.ks.gov/>