

OWWO
(Deeper)

For KCC Use: 11-7-2011
Effective Date: _____
District # 01
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: 11/14/2011
month day year

OPERATOR: License# 31528
Name: MIKE KELSO OIL INC
Address 1: P.O. BOX 467
Address 2: 1125 SOUTH MAIN
City: CHASE State: KS Zip: 67524 + 0467
Contact Person: BRUCE D. KELSO
Phone: 918-633-9655

CONTRACTOR: License# 31529
Name: MIKE'S TESTING

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

If OWWO: old well information as follows:

Operator: GIANT HOLDING, LLC
Well Name: SANDERS #3
Original Completion Date: 10/29/1958 Original Total Depth: 4290

Directional, Deviated or Horizontal wellbore? Yes No
If Yes, true vertical depth: _____
Bottom Hole Location: _____
KCC DKT #: 58,435 C

Spot Description: 0-SE-NW-NW
SE - NW - NW Sec. 1 Twp. 25 S. R. 14 E W
4,292 feet from N / S Line of Section
4,315 feet from E / W Line of Section

Is SECTION: Regular Irregular?

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

County: STAFFORD
Lease Name: SANDERS Well #: 3
Field Name: SEEVERS NORTHWEST / MORNING STAR

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): ARBUCKLE DISPOSAL

Nearest Lease or unit boundary line (in footage): 990
Ground Surface Elevation: 1956 KB 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: 160
Depth to bottom of usable water: 180

Surface Pipe by Alternate: I II
Length of Surface Pipe Planned to be set: 327 (8 5/8") - ALREADY SET - OWWO

Length of Conductor Pipe (if any): NONE (0')

Projected Total Depth: 4782

Formation at Total Depth: ARBUCKLE (DISPOSAL PURPOSE)

Water Source for Drilling Operations:
 Well Farm Pond Other: TRUCKED INTO LOCATION

DWR Permit #: NONE
(Note: Apply for Permit with DWR)

Will Cores be taken? Yes No
If Yes, proposed zone: NONE

WILL DRILL WELL DEEPER INTO THE ARBUCKLE TO DISPOSE INTO ARBUCKLE VERSUS THE LANSING KANSAS CITY

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: 10/25/2011 Signature of Operator or Agent: [Signature] Title: ENGINEER

For KCC Use ONLY

API # 15 - 185-13136-0002
Conductor pipe required 0 feet
Minimum surface pipe required 327 feet per ALT. I II
Approved by: [Signature]
This authorization expires: 11-2-2012
(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

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NOV 01 2011
KCC WICHITA

1
25
14
 E
 W

For KCC Use ONLY
 API # 15 - 185-13136-0002

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: MIKE KELSO OIL INC
 Lease: SANDERS
 Well Number: 3
 Field: SEEVERS NORTHWEST / MORNING STAR
 Number of Acres attributable to well: 160
 QTR/QTR/QTR/QTR of acreage: C - SE - NW - NW

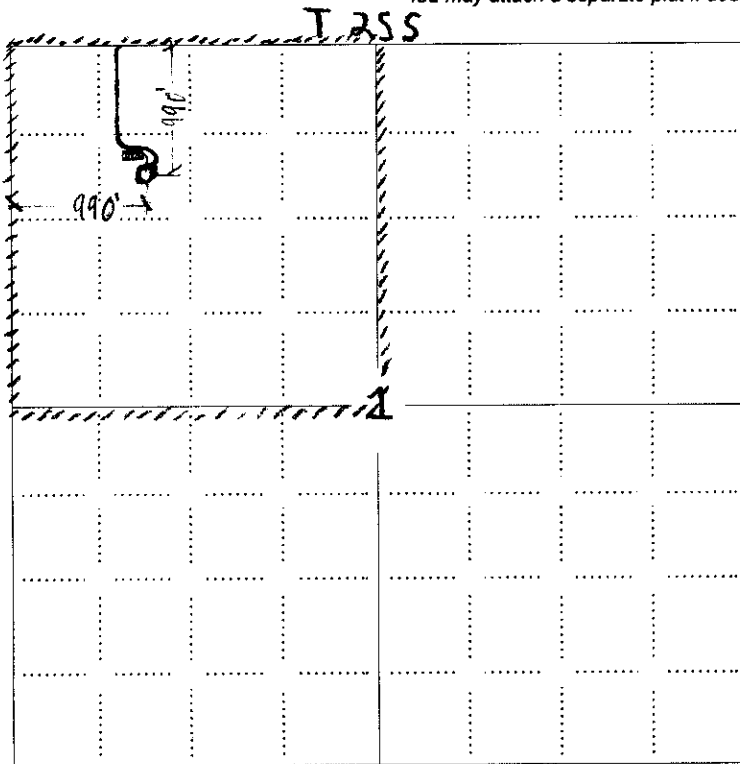
Location of Well: County: STAFFORD
 4,292 feet from N / S Line of Section
 4,315 feet from E / W Line of Section
 Sec. 1 Twp. 25 S. R. 14 E W

Is Section: Regular or Irregular

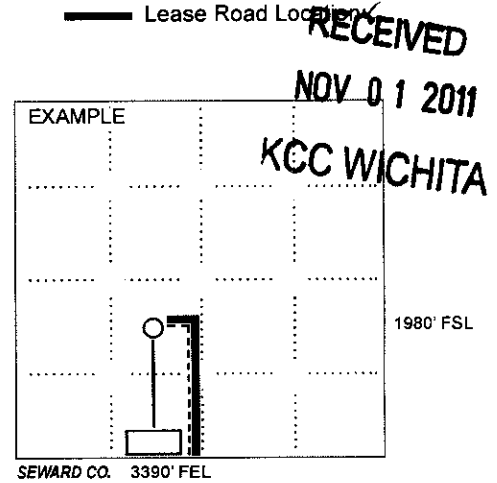
If Section Is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

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 ✓

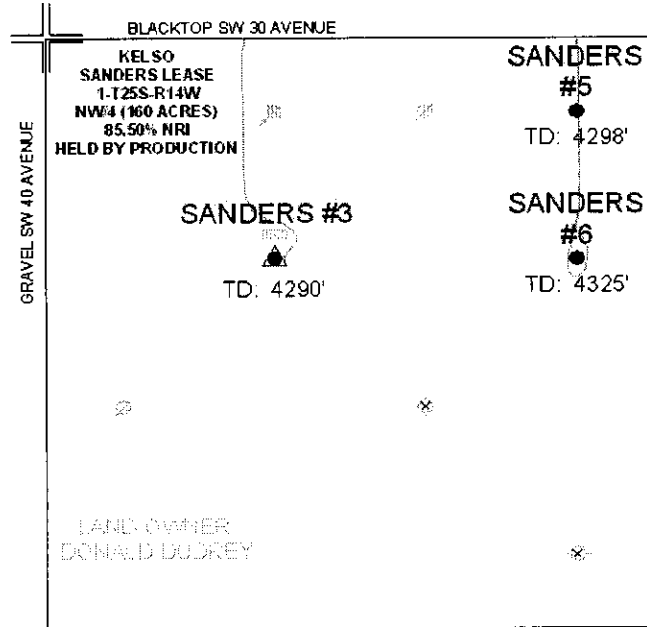


NOTE: In all cases locate the spot of the proposed drilling location.

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

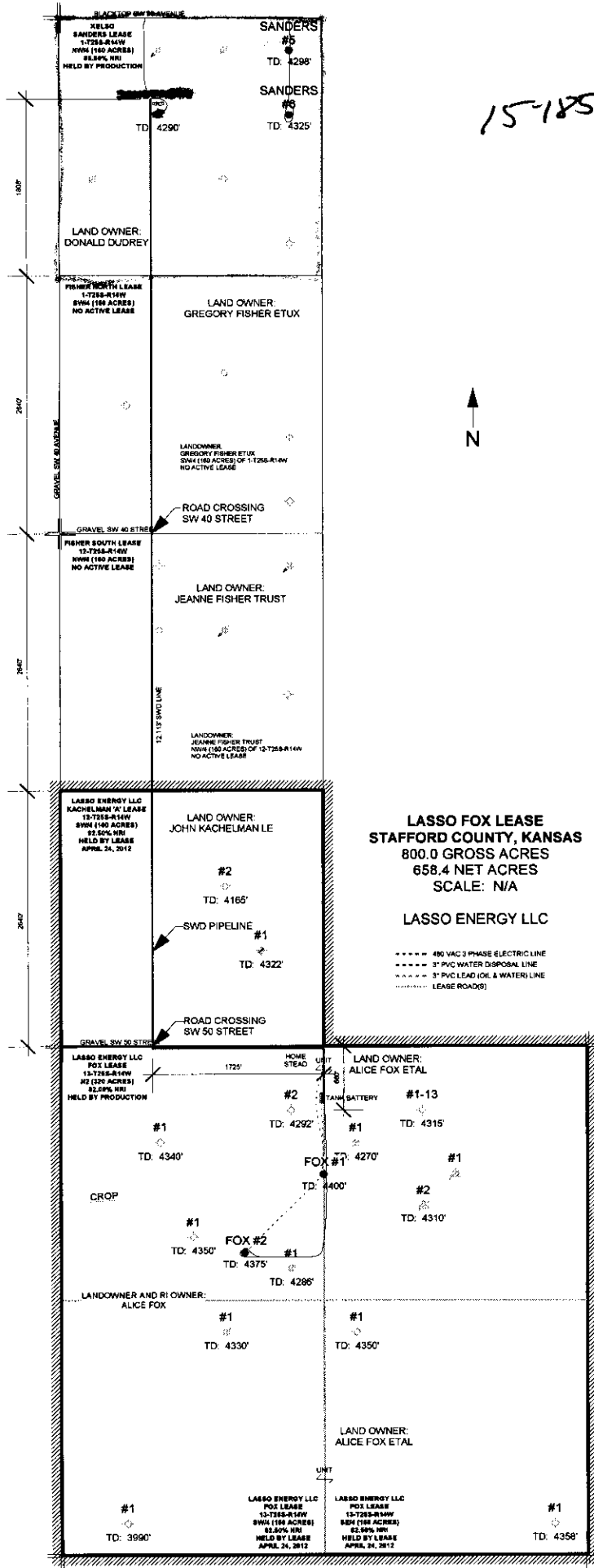
1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the south / north and east / west outside section lines.
3. The distance to the nearest lease 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.

15-185-13136-00-02



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LASSO FOX LEASE
STAFFORD COUNTY, KANSAS
800.0 GROSS ACRES
658.4 NET ACRES
SCALE: N/A

LASSO ENERGY LLC

- 480 VAC 3 PHASE ELECTRIC LINE
- 3" PVC WATER DISPOSAL LINE
- 3" PVC LEAD OIL & WATER LINE
- LEASE ROAD(S)

PREFERRED SALT WATER DISPOSAL LINE ROUTE
 Second option to run in county right away ditch

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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**

15-185-13136-0002

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 # 31528
Name: MIKE KELSO OIL INC
Address 1: P.O. BOX 467
Address 2: 1125 SOUTH MAIN
City: CHASE State: KS Zip: 67524 + 0467
Contact Person: BRUCE D. KELSO
Phone: (918) 633-9655 Fax: (620) 928-2945
Email Address: bkelso@lassoenergy.com

Well Location:
C SE NW NW Sec. 1 Twp. 25 S. R. 14 East West
County: STAFFORD
Lease Name: SANDERS Well #: 3

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

Surface Owner Information:

Name: REBECCA DUDREY
Address 1: 1900 HARRISON STREET
Address 2: -
City: GREAT BEND State: KS Zip: 67530 + 0000

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.

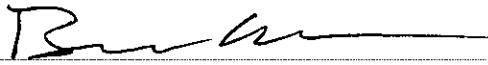
Date: 10/25/2011 Signature of Operator or Agent: *Bruce D. Kelso* Title: ENGINEER

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**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: MIKE KELSO OIL INC		License Number: 31528
Operator Address: P.O. BOX 467		1125 SOUTH MAIN CHASE KS 67524
Contact Person: BRUCE D. KELSO		Phone Number: 918-633-9655
Lease Name & Well No.: SANDERS 3		Pit Location (QQQQ): C SE NW NW
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) 15-185-13136-0002</small>	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: N/A Pit capacity: 203 (bbls)	Sec. 1 Twp. 25 R. 14 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 4,292 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 4,315 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section STAFFORD County
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: 15,000 mg/l <small>(For Emergency Pits and Settling Pits only)</small>
Is the bottom below ground level? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Artificial Liner? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	How is the pit lined if a plastic liner is not used? PLASTIC LINER WILL BE USED
Pit dimensions (all but working pits): 19 Length (feet) 10 Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: 6 (feet) <input type="checkbox"/> No Pit		
If the pit is lined give a brief description of the liner material, thickness and installation procedure. Standard black plastic liner (PE). Install per instructions on liner packaging. MIL		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. Visually watch fluid levels and observe for wet soil around the pit ever hour. Look for holes – visually.
Distance to nearest water well within one-mile of pit: 467 feet Depth of water well 113 feet		Depth to shallowest fresh water 16 feet. Source of information: <input type="checkbox"/> measured <input checked="" type="checkbox"/> well owner <input type="checkbox"/> electric log <input 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: FRESH WATER Number of working pits to be utilized: 1 Abandonment procedure: Vacuum out water and haul to SWD well, dispose of liner in trash/landfill or resue, back fill, put top soil on top 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.		
10/25/2011 Date	 Signature of Applicant or Agent	RECEIVED NOV 01 2011 KCC WICHITA

15-185-13136-00-02

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

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/>

Mark Sievers, Chairman
Ward Loyd, Commissioner
Thomas E. Wright, Commissioner

Sam Brownback, Governor

**NOTICE TO OPERATORS FILING INTENT TO DRILL
FOR DISPOSAL OR ENHANCED RECOVERY
INJECTION WELLS, (CLASS II INJECTION WELL)**

The attached approved Notice of Intent to Drill indicates the proposed well is to be used for injection. An approved "Intent to Drill" does not approve injection authority as a Class II Injection Well in Kansas.

Before any well is used for injection purposes, the operator must file an application for injection authority in accordance with K.A.R. 82-3-401 and provide notice in accordance with K.A.R. 82-3-402. The Conservation Division must issue a written permit granting the application before commencement of injection.

The Conservation Division requirements and restrictions associated with Class II Injection are identified in **K.A.R. 82-3-400 et seq** of our regulations. Associated regulations governing drilling, completion and injection applications may be found in K.A.R. 82-3-135, Table I, Table II, in the Cedar Hills Sandstone Moratorium, (Docket #156,397-C), and the Eastern Kansas Surface Casing Order, (Docket #133,891-C).

If you have questions regarding the approval of injection authority, an injection application may be filed as a "Design Approval" before actual drilling and completion of the well occurs. If you have any questions or concerns regarding Class II injection wells or regulations, call the Underground Injection Control Department at 316-337-6200.

Failure to obtain commission approval before beginning injection is punishable by a penalty, shut-in of the well or both.

November 1, 2011

Mike Kelso Oil Inc.
PO Box 467
1125 S. Main
Chase, KS 67524-0467

Re: Drilling Pit Application
Sanders Lease Well No. 3
NW/4 Sec. 01-25S-14W
Stafford County, Kansas

Dear Sir or Madam:

District staff has inspected the above referenced location and has determined that an unsealed condition will present a pollution threat to water resources. District staff has recommended that the reserve pit be lined. If a plastic liner is to be used it must have a minimum thickness of 10 mil. Integrity of the liner must be maintained at all times.

The free fluids are to be removed from the reserve pit after drilling operations have ceased.

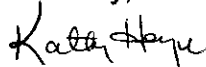
If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

The fluids should be taken to an authorized disposal well. Please call the District Office at (620) 225-8888 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: 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 undersigned at the above address.

Sincerely,



Kathy Haynes
Environmental Protection and Remediation Department