

For KCC Use: 11-22-2011  
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: November, 28, 2011  
month day year

OPERATOR: License# 9152  
Name: MAREXCO, Inc.  
Address 1: 3033 NW 63rd St. - Suite 151  
Address 2: \_\_\_\_\_  
City: Oklahoma City State: OK Zip: 73116+  
Contact Person: Stephen W. Marden  
Phone: (405) 286-5657

CONTRACTOR: License# 5822  
Name: VAL Energy, Inc.

Well Drilled For:  Oil  Gas  Enh Rec  Storage  Disposal  Seismic; # of Holes \_\_\_\_\_  Other: \_\_\_\_\_  
Well Class:  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: \_\_\_\_\_

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

PRORATED & SPACED: HUGOTON-PANOMA

Spot Description:  
SW SE NE  
NE NW SE SW Sec. 31 Twp. 22 S. R. 36  E  W  
(20/0/0) 1,350' feet from  N /  S Line of Section  
2,230' feet from  E /  W Line of Section  
Is SECTION:  Regular  Irregular?

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

County: Kearny  
Lease Name: Branine Well #: 1-31  
Field Name: Hugoton-Panoma  
Is this a Prorated / Spaced Field?  Yes  No  
Target Formation(s): Chase Herrington/Krider  
Nearest Lease or unit boundary line (in footage): 1,350'  
Ground Surface Elevation: 3,215 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: 220'  
Depth to bottom of usable water: 950' 900'  
Surface Pipe by Alternate:  I  II  
Length of Surface Pipe Planned to be set: 320'  
Length of Conductor Pipe (if any): \_\_\_\_\_  
Projected Total Depth: 2,700'  
Formation at Total Depth: Chase Winfield  
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: 11/11/11 Signature of Operator or Agent: Stephen W. Marden Title: V.P.

For KCC Use ONLY  
API # 15 - 093-21873-0000  
Conductor pipe required None feet  
Minimum surface pipe required 240 feet per ALT.  I  II  
Approved by: Puma 11-17-2011  
This authorization expires: 11-17-2012  
(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 prorations 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 14 2011

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For KCC Use ONLY

API # 15 - 15-093-21873-0000

**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: MAREXCO, Inc.  
Lease: Branine  
Well Number: 1-31  
Field: Hugoton

Location of Well: County: Kearny  
1,350 feet from  N /  S Line of Section  
2,230 feet from  E /  W Line of Section  
Sec. 31 Twp. 22 S. R. 36  E  W

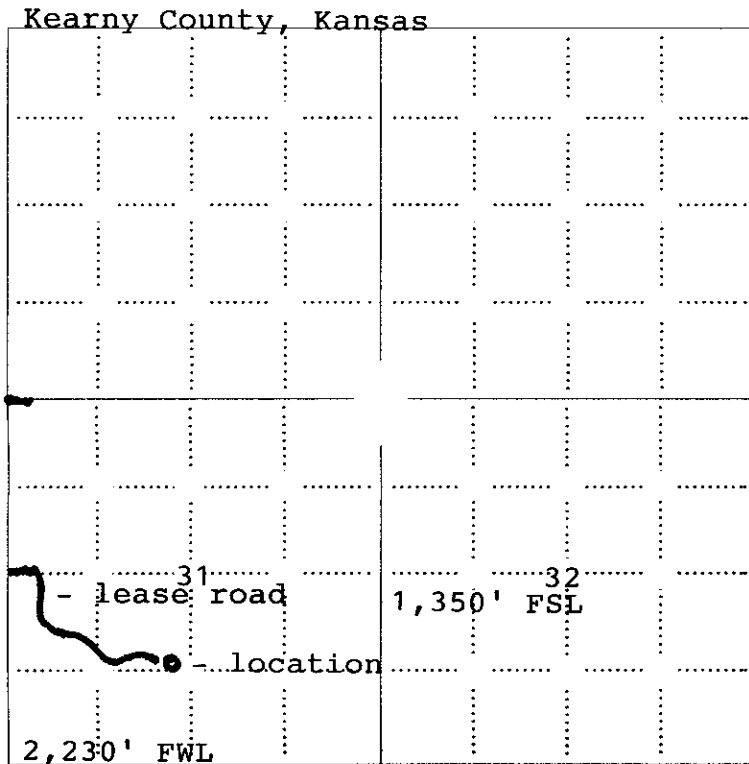
Number of Acres attributable to well: 320 (Hugoton infill)  
QTR/QTR/QTR of acreage: part of a 640 acre unit is Section:  Regular or  Irregular

spot location; ~~NE NW SE SW~~  
~~SW SE NE~~

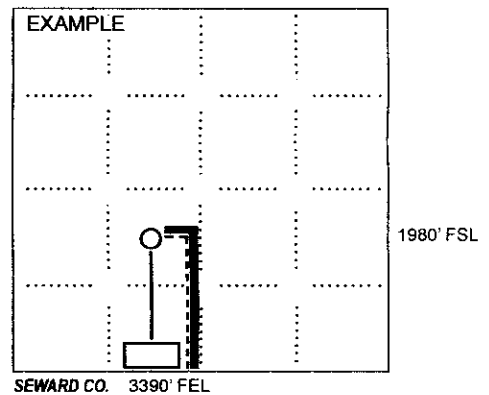
If Section is Irregular, locate well from nearest corner boundary.  
Section corner used:  NE  NW  SE  SW

**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.

Simshauser Hugoton Gas Unit  
640 acres

**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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**PLAT AND CERTIFICATION OF ACREAGE ATTRIBUTABLE TO A GAS WELL**

Kansas Corporation Commission, Conservation Division  
 Finney State Office Building, 130 South Market, Room 2078  
 Wichita, Kansas 67202

API NUMBER 15- 15-093-21873-0000

LOCATION OF WELL: COUNTY Kearny

OPERATOR MAREXCO, Inc.

LEASE Branine

WELL NUMBER 1-31

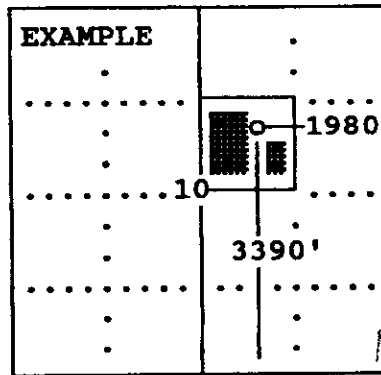
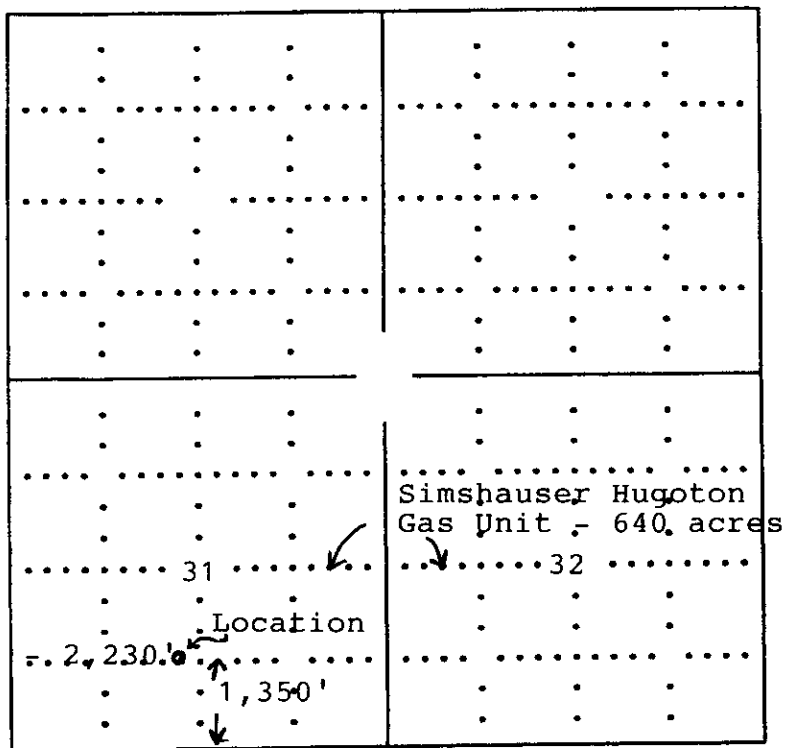
FIELD Hugoton

1,350 feet from south/north line of section  
2,230 feet from east / west line of section

SECTION 31 TWP 22 (S) RG 36 E/W  
 IS SECTION X REGULAR or IRREGULAR  
 IF SECTION IS IRREGULAR, LOCATE WELL FROM  
 NEAREST CORNER BOUNDARY. (check line below)  
 Section corner used: NE NW SE X SW

NUMBER OF ACRES ATTRIBUTABLE TO WELL 320  
 QTR/QTR/QTR OF ACREAGE NE-NW-SE-SW

(Show the location of the well and shade attributable acreage for prorated or spaced wells).  
 (Show the footage to the nearest lease or unit boundary line; and show footage to the nearest common source supply well).



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SEWARD CO.

Kearny County, Kansas

The undersigned hereby certifies as VP (title) for

MAREXCO, Inc. (Co.), a duly authorized agent, that all information shown hereon is true and correct to the best of my knowledge and belief, that all acreage claimed attributable to the well named herein is held by production from that well and hereby make application for an allowable to be assigned to the well upon the filing of this form and the State test, whichever is later.

Signature Stephen W. Mark

Subscribed and sworn to before me on this 14 day of November, 2011

Bill Fullbright  
 Notary Public

My Commission expires \_\_\_\_\_



FORM CG-8 (12/94)

### 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 # 9152  
Name: MAREXCO, Inc.  
Address 1: 3033 NW 63rd St. - Suite 151  
Address 2: \_\_\_\_\_  
City: Oklahoma City State: OK Zip: 73116 + \_\_\_\_\_  
Contact Person: Stephen W. Marden  
Phone: ( 405 ) 286-5657 Fax: ( \_\_\_\_\_ ) \_\_\_\_\_  
Email Address: smarden@cox.net

Well Location: 1,350' FSL and 2,230' FWL  
SW/4 Sec. 31 Twp. 22 S. R. 36  East  West  
County: Kearny  
Lease Name: Branine Well #: 1-31

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

**Surface Owner Information:**

Name: First National Bank of Hutchinson  
Address 1: 1 North Main  
Address 2: \_\_\_\_\_  
City: Hutchinson State: KS Zip: 67504 + \_\_\_\_\_

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: 11/11/11 Signature of Operator or Agent: Stephen W. Marden Title: V.P. RECEIVED

NOV 16 2011

KCC WICHITA

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form CDP-1  
May 2010  
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: <b>MAREXCO, Inc.</b>		License Number: <b>9152</b>	
Operator Address: <b>3033 NW 63rd St. - Suite 151 Oklahoma City, OK 73116</b>			
Contact Person: <b>Stephen W. Marden</b>		Phone Number: <b>(405) 286-5657</b>	
Lease Name & Well No.: <b>Branine #1-31</b>		Pit Location (QQQQ): <b>SU SE NE</b> <b>NE - NW - SE - SW</b>	
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 checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: <b>4,000</b> (bbls)	Sec. <b>31</b> Twp. <b>22</b> R. <b>36</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <b>1,350'</b> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <b>2,230</b> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section <b>Kearny</b> County	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ 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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No	How is the pit lined if a plastic liner is not used? <b>native muds prior to using ch. mud</b>	
Pit dimensions (all but working pits): <b>100</b> Length (feet) <b>100</b> Width (feet) Depth from ground level to deepest point: <b>4</b> (feet)		<input type="checkbox"/> N/A: Steel Pits <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.	
		<b>RECEIVED</b> <b>NOV 14 2011</b>	
Distance to nearest water well within one-mile of pit: <b>irrigation well to northwest</b> <b>3,500'</b> feet    Depth of water well <b>N/A</b> feet		Depth to shallowest fresh water <b>220</b> feet <b>KCC WICHITA</b> Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input checked="" 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: <b>chemical mud system</b> Number of working pits to be utilized: <b>1</b> Abandonment procedure: <b>knock down corners, let completely dry. Fill at owners request</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.			
<u>11/11/11</u> Date		<u>Stephen W. Marden</u> Signature of Applicant or Agent	

15-093-21873-0000

<b>KCC OFFICE USE ONLY</b>			
Date Received: <u>11-14-11</u> Permit Number: _____		Permit Date: <u>11-14-11</u> Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<input type="checkbox"/> Liner	<input type="checkbox"/> Steel Pit	<input type="checkbox"/> RFAC	<input type="checkbox"/> RFAS

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