

For KCC Use: 4-10-2012
Effective Date: 2
District # _____
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

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

CATHODIC PROTECTION BOREHOLE INTENT

Must be approved by the KCC sixty (60) 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: 2-10-2012
month day year

OPERATOR: License# 34475
Name: Transcanada Keystone Pipeline, LP
Address 1: 717 Texas ST, Ste 24100
Address 2: _____
City: Houston State: TX Zip: 77002 + _____
Contact Person: Rod Weber
Phone: 281-900-8168

CONTRACTOR: License# 6427
Name: Rosencrantz-Bemis Enterprises, Inc
Type Drilling Equipment: Mud Rotary Cable
 Air Rotary Other

Construction Features

Length of Cathodic Surface (Non-Metallic) Casing
Planned to be set: 200 250 feet
Length of Conductor pipe (if any): _____ feet
Surface casing borehole size: 16 inches
Cathodic surface casing size: 10 inches
Cathodic surface casing centralizers set at depths of: 10; 50
90; 150; 190; _____; _____; _____; _____

Cathodic surface casing will terminate at:
 Above surface Surface Vault Below Surface Vault
Pitless casing adaptor will be used: Yes No Depth _____ feet
Anode installation depths are: 200; 210; 220; 230; 240
250; 260; 270; 280; 290; 300; 310; 320; 330; 340

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-101 et. seq.

It is agreed that the following minimum requirements will be met:

1. Notify the appropriate District office prior to spudding and again before plugging the well. An agreement between the operator and the District Office on plugs and placement is necessary prior to plugging. In all cases, notify District Office prior to any grouting.
2. Notify appropriate District Office 48 hours prior to workover or re-entry.
3. A copy of the approved notice of intent to drill shall be posted on each drilling rig.
4. The minimum amount of cathodic surface casing as specified below shall be set by grouting to the top when the cathodic surface casing is set.
5. File all required forms: a. File Drill Pit Application (form CDP-1) with Intent to Drill (form CB-1). b. File Certification of Compliance with Kansas Surface Owner Notification Act (form KSONA-1) with Cathodic Protection Borehole Intent (CB-1) c. File Completion Form (ACO-1) within 30 days from spud date. d. Submit plugging report (CP-4) within 30 days after final plugging is completed.

I hereby certify that the statements made herein are true and to the best of my knowledge and belief.

Date: 2-01-2012 Signature of Operator or Agent: Rusty Lee Title: PROJECT COORDINATOR

Spot Description: MP 121.0
SE - SE - SW - SE Sec. 20 Twp. 13 S. R. 3 E W
(a/a/a/a) 119 feet from N / S Line of Section
1,414 feet from E / W Line of Section

Is SECTION: Regular Irregular?
(Check directions from nearest outside corner boundaries)

County: Marion Dickinson
Facility Name: MP 121.0
Borehole Number: 1
Ground Surface Elevation: 1364 1128 MSL
Cathodic Borehole Total Depth: 300 350 feet
Depth to Bedrock: 10 feet

Water Information
Aquifer Penetration: None Single Multiple
Depth to bottom of fresh water: 100
Depth to bottom of usable water: 230
Water well within one-quarter mile: Yes No
Public water supply well within one mile: Yes No
Water Source for Drilling Operations:
 Well Farm Pond Stream Other

Water Well Location: _____
DWR Permit # _____
Standard Dimension Ratio (SDR) is = 26 or Less
(Cathodic surface csg. O.D. in inches / MWT in inches = SDR)
Annular space between borehole and casing will be grouted with:
 Concrete Neat Cement Bentonite Cement Bentonite Clay
Anode vent pipe will be set at: 3 feet above surface
Anode conductor (backfill) material TYPE: SC-3 Coke Breeze
Depth of BASE of Backfill installation material: 300 350
Depth of TOP of Backfill installation material: 3
Borehole will be Pre-Plugged? Yes No

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For KCC Use ONLY
API # 15 - 041-20137-0000
Conductor pipe required None feet
Minimum Cathodic Surface Casing Required: 250 feet AH3
Approved by: Rusty Lee 4-5-2012
This authorization expires: 4-5-2013
(This authorization void if drilling not started within 12 months of approval date.)
Spud date: _____ Agent: _____

If this permit has expired or will not be drilled, check a box below, sign, date and return to the address below.

Permit Expired Well Not Drilled

Date _____ Signature of Operator or Agent _____

20
13
3
 E W

For KCC Use ONLY
 API # 15 - 041-20137-0000

IN ALL CASES, PLEASE FULLY COMPLETE THIS SIDE OF THE FORM.

In all cases, please fully complete this side of the form. Include items 1 through 3 at the bottom of this page.

Operator: Transcanada Keystone Pipeline, LP
 Facility Name: MP 121.0
 Borehole Number: 1

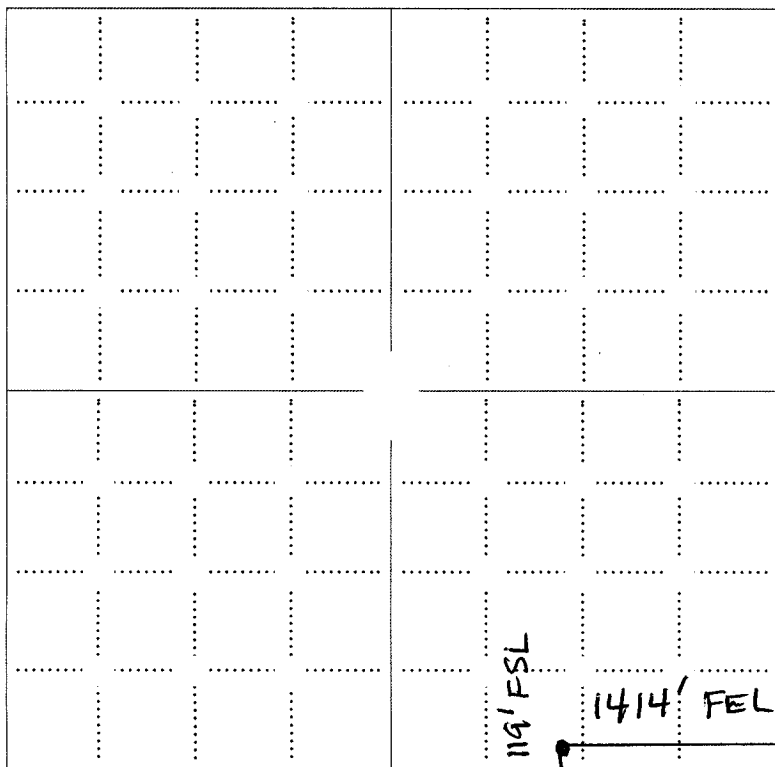
Location of Well: County: Marion
119 feet from N / S Line of Section
1,414 feet from E / W Line of Section
 Sec. 20 Twp. 13 S. R. 3 E W

Is Section: Regular or Irregular

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

PLAT

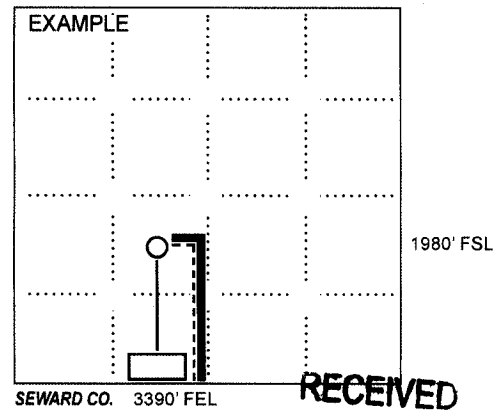
Show location of the Cathodic Borehole. Show footage to the nearest lease or unit boundary line. Show the predicted locations of lease roads, tank batteries, pipelines and electrical lines, as required by the Kansas Surface Owner Notice Act (House Bill 2032). You may attach a separate plat if desired.



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

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:

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 section's south / north and east / west; line.
3. The predicted locations of lease roads, tank batteries, pipelines, and electrical lines.

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**

15041-20137-00-00

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 # 34475
Name: Transcanada Keystone Pipeline, LP
Address 1: 717 Texas ST, Ste 24100
Address 2: _____
City: Houston State: TX Zip: 77002 + _____
Contact Person: Rod Weber
Phone: (281) 900-8168 Fax: (_____) _____
Email Address: rod_weber@transcanada.com

Well Location:
SE SE SW SE Sec. 20 Twp. 13 S. R. 3 East West
County: Marion
Lease Name: MP 121.0 Well #: 1

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

KCC CONSERVATION
PAID

APR 04 2012

AMT. \$ 30.⁰⁰

Surface Owner Information:

Name: CLIFFORD & EVELYN HETT
Address 1: 1080 SUNFLOWER
Address 2: _____
City: PEABODY State: KS Zip: 66866 + _____

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: 3/29/2012 Signature of Operator or Agent: Charles A. Bucy Title: CORROSION SPECIALIST

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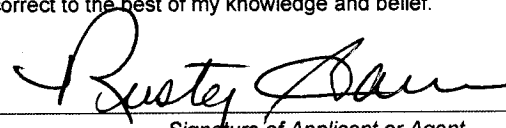
APR 02 2012

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: Transcanada Keystone Pipeline, LP		License Number: 34475
Operator Address: 717 Texas ST, Ste 24100		Houston TX 77002
Contact Person: Rod Weber		Phone Number: 281-900-8168
Lease Name & Well No.: MP 121.0		Pit Location (QQQQ): <u>SE - SE - SW - SE</u> Sec. <u>20</u> Twp. <u>13</u> R. <u>3</u> <input checked="" type="checkbox"/> East <input type="checkbox"/> West <u>119</u> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <u>1,414</u> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section <u>Marion Dickinson</u> 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 checked="" 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 checked="" 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 checked="" 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?
Pit dimensions (all but working pits): _____ Length (feet) _____ Width (feet) Depth from ground level to deepest point: _____ (feet)		<input checked="" 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.
		Empty Daily
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	
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: <u>Drilling Mud</u> Number of working pits to be utilized: <u>1</u> Abandonment procedure: <u>Backfill</u> 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.		RECEIVED APR 02 2012 KCC WICHITA
2-01-2012 Date	 Signature of Applicant or Agent	

15-041-20137-00-00

KCC OFFICE USE ONLY

Liner Steel Pit RFAC RFAS

Date Received: 4-2-12 Permit Number: _____ Permit Date: 4-5-12 Lease Inspection: Yes No

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

April 5, 2012

Transcanada Keystone Pipeline, LP
717 Texas St. Ste 24100
Houston, TX 77002

RE: Drilling Pit Application
MP 121.0
SE/4 Sec. 20-13S-03E
Dickinson 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.

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 (316) 630-4000.

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 I 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.

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

April 5, 2012

Clifford & Evelyn Hett
1080 Sunflower
Peabody, KS 66866

RE: Kansas Surface Owners Notice Act

The 2009 Legislature passed House Bill 2032, known as the Kansas Surface Owners Notice Act. This Act requires the KCC to provide copies of drilling intents, operator transfers, and well plugging applications to the surface owner, if they are not provided by the lease operator. The operator has advised us they have not provided you with a copy of the attached form. Therefore, this letter and the attached form shall serve as notice of the operator's action. You do not need to respond to the KCC. Please contact the operator listed on the form if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Rick Hestermann". The signature is written in a cursive style with a long horizontal stroke at the end.

Rick Hestermann
Production Department

cc: Transcanada Keystone Pipeline LP