

For KCC Use: 5-22-2012
 Effective Date: _____
 District #: 4
 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: May 20 2012
month day year

OPERATOR: License# 6194 ✓
 Name: ESP Development, Inc.
 Address 1: 1749 250th Avenue
 Address 2: _____
 City: _____ Hays State: KS Zip: 67601 + _____
 Contact Person: Lewis Eulert
 Phone: (785) 625-6394

CONTRACTOR: License# 31548 ✓
 Name: Discovery Drilling Co., 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 #: _____

Spot Description: 60°N & 38°E
 _____ E/2 _____ NW _____ SW Sec. 27 Twp. 11 S. R. 15 E W
 (a/a/a/a) 2,040 feet from N / S Line of Section
1,028 feet from E / W Line of Section

Is SECTION: Regular Irregular?
 (Note: Locate well on the Section Plat on reverse side)
 County: Russell

Lease Name: Hagaman Well #: 4
 Field Name: Hagaman North

Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): LKC & Arbuckle

Nearest Lease or unit boundary line (in footage): 600 feet MSL
 Ground Surface Elevation: 1824

Water well within one-quarter mile: Yes No
 Public water supply well within one mile: Yes No

Depth to bottom of fresh water: 180
 Depth to bottom of usable water: 460

Surface Pipe by Alternate: I II
 Length of Surface Pipe Planned to be set: 500

Length of Conductor Pipe (if any): None
 Projected Total Depth: 3400

Formation at Total Depth: Arbuckle
 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 #133891-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: 5/15/12 Signature of Operator or Agent: [Signature] Title: Agent

For KCC Use ONLY
 API # 15 - 167-23805-0000
 Conductor pipe required None feet
 Minimum surface pipe required 480 feet per ALT. I II
 Approved by: [Signature] 5/17-2012
 This authorization expires: 5/17-2013
 (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: RECEIVED
 Signature of Operator or Agent: _____

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

MAY 16 2012

KCC WICHITA

27
11
15
E
W

For KCC Use ONLY

API # 15 - 167-23805-0000

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: ESP Development, Inc.
 Lease: Hagaman
 Well Number: 4
 Field: Hagaman
 Number of Acres attributable to well: _____
 QTR/QTR/QTR/QTR of acreage: _____ E/2 - NW - SW

Location of Well: County: Russell
 _____ feet from N / S Line of Section
 _____ feet from E / W Line of Section
 Sec. 27 Twp. 11 S. R. 15 E W

Is Section: Regular or Irregular

If Section is Irregular, locate well from nearest corner boundary.

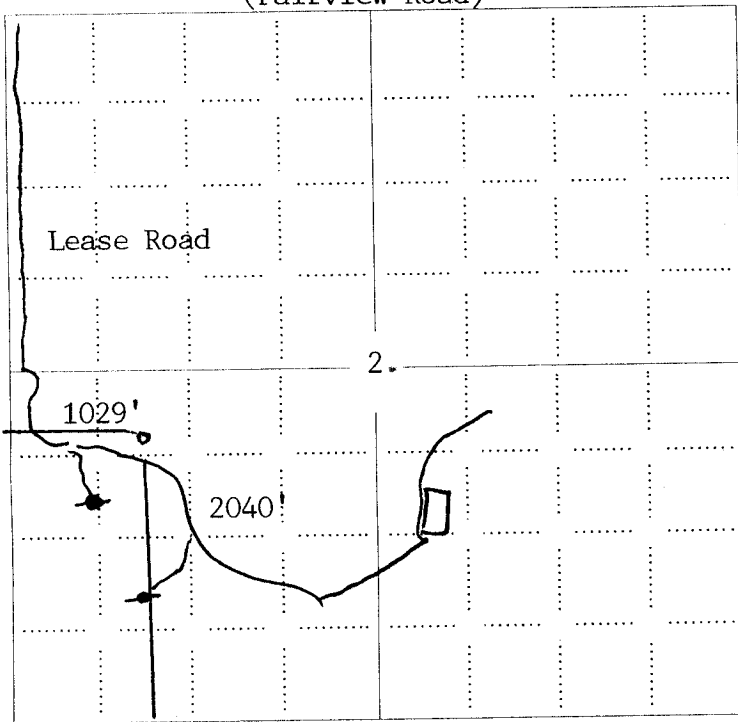
Section corner used: NE NW SE SW

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).

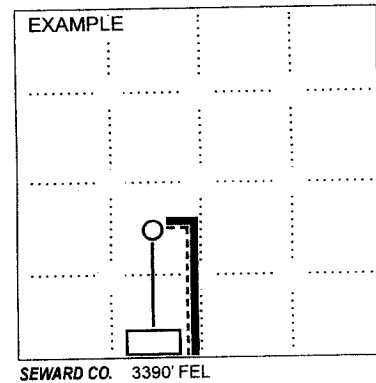
You may attach a separate plat if desired.

(Fairview Road)



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 locaton.

Russell Co., KS

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: (C0-7 for oil wells; CG-8 for gas wells).
5. The predicted locations of lease roads, tank batteries, pipelines, and electrical lines.

ESP DEVELOPMENT, INC.
 HAGAMAN LEASE
 SW. 1/4, SECTION 27, T11S, R15W
 RUSSELL COUNTY, KANSAS

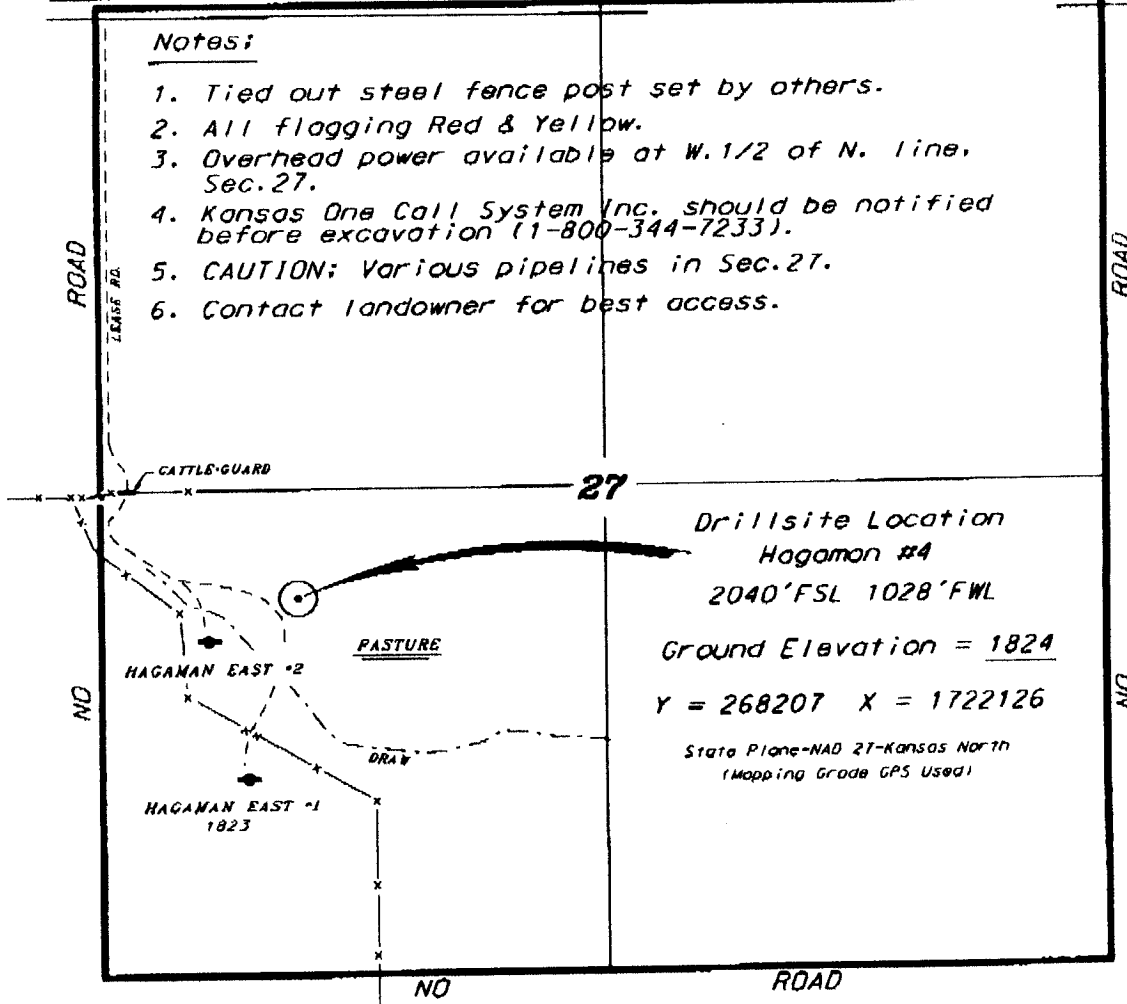
15-167238050000

GRAVEL (FAIRVIEW RD.) ROAD

Notes:

1. Tied out steel fence post set by others.
2. All flagging Red & Yellow.
3. Overhead power available at W. 1/2 of N. line, Sec. 27.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION; Various pipelines in Sec. 27.
6. Contact landowner for best access.

Ingress and egress to location as shown on this plat is per usage only and may not be legally owned for public use. Contact landowner, tenant and county road department for access.



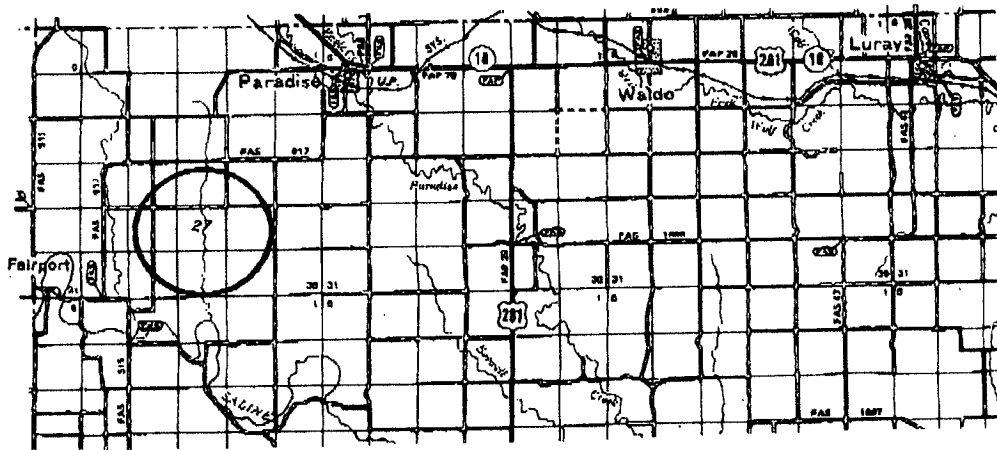
Drillsite Location
 Hagaman #4
 2040' FSL 1028' FWL

Ground Elevation = 1824

Y = 268207 X = 1722126

State Plane-NAD 21-Kansas North
 (Mapping Grade GPS Used)

SCALE 1" = 1000'



Controlling data is based upon the best maps and photographs available to us and upon a regular section of land containing 360 acres.
 Approximate section lines are determined using the normal boundary of some of oilfield surveys practicing in the state of Kansas. The section corners, which establish the precise section lines, were not necessarily located, and the exact location of the drillsite location in the section is not guaranteed. Therefore, the operator securing this service and accepting this plat and all other services relating thereto, agree to hold Central Kansas Oilfield Services, Inc., its officers and employees harmless from all losses, costs and expenses and hold entities released from any liability from incidental or consequential damages.
 Elevations derived from National Geodetic Vertical Datum.

Date May 8, 2012

RECEIVED

MAY 16 2012

CENTRAL KANSAS OILFIELD SERVICES, INC. (620)792-1977

KCC WICHITA

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**

15-167-23805-0500

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 # 6194
Name: ESP Development, Inc.
Address 1: 1749 250th Avenue
Address 2: _____
City: Hays State: KS Zip: 67601 + _____
Contact Person: Lewis Eulert
Phone: (785) 625-6394 Fax: (_____) _____
Email Address: _____

Well Location:
E/2 NW SW Sec. 27 Twp. 11 S. R. 15 East West
County: Russell
Lease Name: Hagaman Well #: 4

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

Surface Owner Information:

Name: Norman Nelson/1st State Bank
Address 1: P.O. Box 560
Address 2: _____
City: Norton State: KS Zip: 67654 + _____

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.

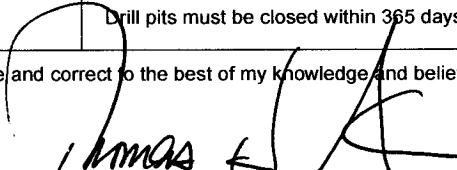
Date: 5/15/12 Signature of Operator or Agent: [Signature] Title: Agent

RECEIVED
MAY 16 2012

**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: ESP Development, Inc. | | License Number: 6194 |
| Operator Address: 1749 250th Avenue | | Hays KS 67601 |
| Contact Person: Lewis Eulert | | Phone Number: (785) 625-6394 |
| Lease Name & Well No.: Hagaman 4 | | Pit Location (QQQQ): <u> </u> - <u> E/2 </u> - <u> NW </u> - <u> SW </u> Sec. <u> 27 </u> Twp. <u> 11 </u> R. <u> 15 </u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <u> 2,040 </u> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <u> 1,028 </u> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section <u> Russell </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 (If WP Supply API No. or Year Drilled) | | Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 3,000 (bbls) |
| Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | Chloride concentration: _____ mg/l <i>(For Emergency Pits and Settling Pits only)</i> |
| 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? Sealed with clay soil, native and fresh mud. |
| Pit dimensions (all but working pits): <u> 70 </u> Length (feet) <u> 70 </u> Width (feet) <input type="checkbox"/> N/A: Steel Pits | | Depth from ground level to deepest point: <u> 5 </u> (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: <u> 2972 </u> feet Depth of water well <u> 30 </u> feet | | Depth to shallowest fresh water <u> 11 </u> feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input checked="" 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> Fresh Mud </u> Number of working pits to be utilized: <u> 3 </u> Abandonment procedure: <u> Allow liquid contents to evaporate, let cuttings dry and 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. | | |
| <u> 5/15/12 </u> Date |  Signature of Applicant or Agent | |

15-167-23805-0000

| | | | |
|--|----------------------|---------------------------------|---|
| KCC OFFICE USE ONLY | | | |
| Date Received: <u> 5-16-12 </u> | Permit Number: _____ | Permit Date: <u> 5-17-12 </u> | Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| <input 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

MAY 16 2012

KCC WICHITA

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

May 17, 2012

ESP Development, Inc.
1749 250th Ave
Hays, KS 67601

RE: Drilling Pit Application
Hagaman Lease Well No. 4
SW/4 Sec. 27-11S-15W
Russell County, Kansas

Dear Sir or Madam:

District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and free fluids must be removed. The fluids are to be removed from the reserve pit after drilling operations have ceased. Keep pits away from draw/drainage.

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 (785) 625-0550 when the fluids have been removed. Please file form CDP-5 (August 2004), 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

cc: district