

For KCC Use: 7-23-2012  
 Effective Date: 7-23-2012  
 District # 3  
 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: July -28-2012  
 month day year

OPERATOR: License# 3149T 31941  
 Name: 3B Energy, Inc  
 Address 1: 315 Mill St  
 Address 2: PO Box 354  
 City: Neodesha State: Ks Zip: 66757 + 0354  
 Contact Person: Bruce B Burkhead  
 Phone: 620-330-7854

CONTRACTOR: License# 5675  
 Name: McPherson Drilling

<b>Well Drilled For:</b>	<b>Well Class:</b>	<b>Type Equipment:</b>
<input checked="" type="checkbox"/> Oil	<input checked="" type="checkbox"/> Infield	<input type="checkbox"/> Mud Rotary
<input type="checkbox"/> Gas	<input type="checkbox"/> Enh Rec	<input checked="" type="checkbox"/> Air Rotary
	<input type="checkbox"/> Storage	<input type="checkbox"/> Cable
	<input type="checkbox"/> Disposal	
<input type="checkbox"/> Seismic ; # of Holes	<input type="checkbox"/> Pool Ext.	
<input type="checkbox"/> Other:	<input type="checkbox"/> Wildcat	
	<input type="checkbox"/> Other	

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:  
 SE - SE - SW - NE Sec. 16 Twp. 20 S. R. 20  E  W  
 (0.00/0.0) 2,475 feet from  N /  S Line of Section  
1,485 feet from  E /  W Line of Section

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

County: Anderson  
 Lease Name: Peine Well #: 1  
 Field Name: Garnett Shoestring

Is this a Prorated / Spaced Field?  Yes  No  
 Target Formation(s): Bartlesville  
 Nearest Lease or unit boundary line (in footage): 165  
 Ground Surface Elevation: 1005 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: 50  
 Depth to bottom of usable water: 125

Surface Pipe by Alternate:  I  II  
 Length of Surface Pipe Planned to be set: 20 Ft

Length of Conductor Pipe (if any): \_\_\_\_\_  
 Projected Total Depth: 845  
 Formation at Total Depth: Shale

Water Source for Drilling Operations:  
 Well  Farm Pond  Other: City

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: 7-16-12 Signature of Operator or Agent: [Signature] Title: President

**For KCC Use ONLY**  
 API # 15 - 003-25518-0000  
 Conductor pipe required None feet  
 Minimum surface pipe required 20 feet per ALT.  I  II  
 Approved by: [Signature] 7-18-2012  
 This authorization expires: 7-18-2013  
 (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: \_\_\_\_\_  
 Signature of Operator or Agent: \_\_\_\_\_

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

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JUL 18 2012

KCC WICHITA

16  
20  
20  
 E  
 W

For KCC Use ONLY  
API # 15 - 003-25518-00-00

**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: 3B Energy, Inc  
Lease: Peine  
Well Number: 1  
Field: Garnett Shoestring  
Number of Acres attributable to well: 5  
QTR/QTR/QTR/QTR of acreage: SE - SE - SW - NE

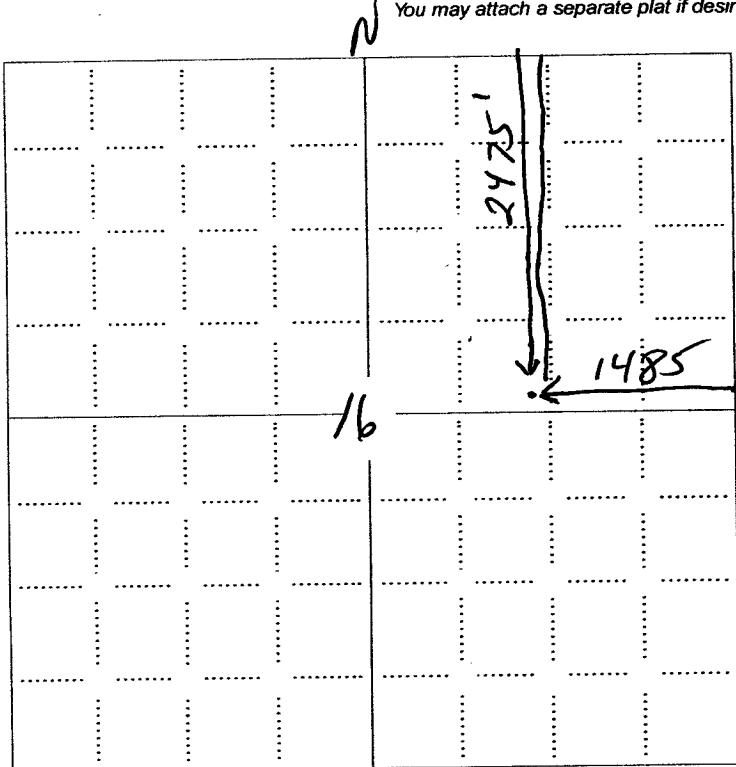
Location of Well: County: Anderson  
2,475 feet from  N /  S Line of Section  
1,485 feet from  E /  W Line of Section  
Sec. 16 Twp. 20 S. R. 20  E  W

Is Section:  Regular or  Irregular

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

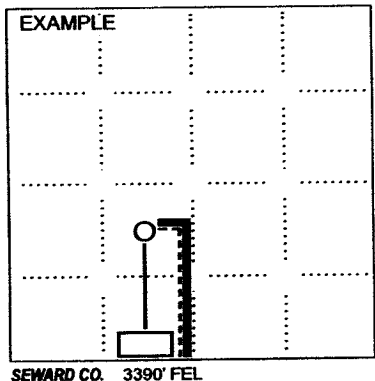
**PLAT**

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.

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KCC WICHITA

### 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 # 31491  
Name: 3B Energy, Inc  
Address 1: 315 Mill St  
Address 2: PO Box 354  
City: Neodesha State: Ks Zip: 66757 + 0354  
Contact Person: Bruce B Burkhead  
Phone: ( 620 ) 330-7854 Fax: ( \_\_\_\_\_ ) \_\_\_\_\_  
Email Address: bbburkhead@gmail.com

Well Location:  
SE SE SW NE Sec. 16 Twp. 20 S. R. 20  East  West  
County: Anderson  
Lease Name: Peine Well #: 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: Ron Peine  
Address 1: 26274 NE 2000 Rd  
Address 2: \_\_\_\_\_  
City: Greeley State: Ks Zip: 66033 + \_\_\_\_\_

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.

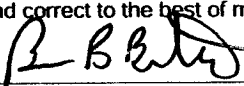
**Select one of the following:**

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: 07-16-12 Signature of Operator or Agent:  Title: President

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>3B Energy, Inc</b>		License Number: <b>31491</b>	
Operator Address: <b>315 Mill St</b>		<b>PO Box 354 Neodesha Ks 66757</b>	
Contact Person: <b>Bruce B Burkhead</b>		Phone Number: <b>620-330-7854</b>	
Lease Name & Well No.: <b>Peine 1</b>		Pit Location (QQQQ): <b>SE - SE - SW - NE</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>160</b> (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 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>Earthen</b>			
Pit dimensions (all but working pits): <u>20</u> Length (feet) <u>8</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>N/A</u> 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	
<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: <u>A, R</u> Number of working pits to be utilized: <u>1</u> Abandonment procedure: <u>Doze in and reseed</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>7-16-12</u> Date		 Signature of Applicant or Agent	

15-003-25578-0000

<b>KCC OFFICE USE ONLY</b>			
		<input type="checkbox"/> Liner <input type="checkbox"/> Steel Pit <input checked="" type="checkbox"/> RFAC <input type="checkbox"/> RFAS	
Date Received: <u>7-18-12</u>	Permit Number: _____	Permit Date: <u>7-18-12</u>	Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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

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**JUL 18 2012**  
**KCC WICHITA**

July 18, 2012

3B Energy, Inc.  
315 Mill St  
PO Box 354  
Neodesha, KS 66757-0354

RE: Drilling Pit Application  
Peine Lease Well No. 1  
NE/4 Sec. 16-20S-20E  
Anderson 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 the free fluids must be removed. The fluids are to be removed from the reserve pit immediately after drilling operations have ceased.

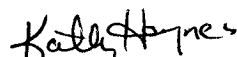
**If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.**

The fluids should be taken to an authorized disposal well. Please call the District Office at (620) 432-2300 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](http://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: File