

For KCC Use: 08/27/2013
Effective Date: 08/27/2013
District # 3
SGA? Yes No

KANSAS CORPORATION COMMISSION 1156066
OIL & GAS CONSERVATION DIVISION

Form C-1
March 2010

Form must be Typed
Form must be Signed
Blanks must be Filled

NOTICE OF INTENT TO DRILL

CORRECTED

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: 08/28/2013
month day year

OPERATOR: License# 33594
Name: Quito, Inc.
Address 1: 1613 W 6TH ST
Address 2:
City: BARTLESVILLE State: OK Zip: 74003 + 3712
Contact Person: MARK W McCANN
Phone: 918-337-4747

CONTRACTOR: License# 34133
Name: Southwinds Energy LLC

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

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 #: JAN 20 2015

RECEIVED
KANSAS CORPORATION COMMISSION
JAN 20 2015
CONSERVATION DIVISION
WICHITA, KS

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.

*WAS: Ne-Ne-Ne-SE 2470 FSL; 170' FEL
IS: ne-ne-ne-SW 2320' FSL; 2837' FEL

Submitted Electronically

For KCC Use ONLY
API # 15 - 15-019-27333-00-00
Conductor pipe required 0 feet
Minimum surface pipe required 40 feet per ALT. I II
Approved by: Rick Hestermann 08/22/2013
This authorization expires: 08/22/2014
(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:

15
34
12
 E
 W

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

"Corrected"

For KCC Use ONLY

API # 15 - 15-019-27333-00-00

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: Quito, Inc.
Lease: DEARMOND
Well Number: M-8
Field: PERU-SEDAN

Location of Well: County: Chautauqua
2470 2320 feet from N / S Line of Section
170 2837 feet from E / W Line of Section
Sec. 15 Twp. 34 S. R. 12 E W

Number of Acres attributable to well:
QTR/QTR/QTR/QTR of acreage: NE - NE - NE - SE

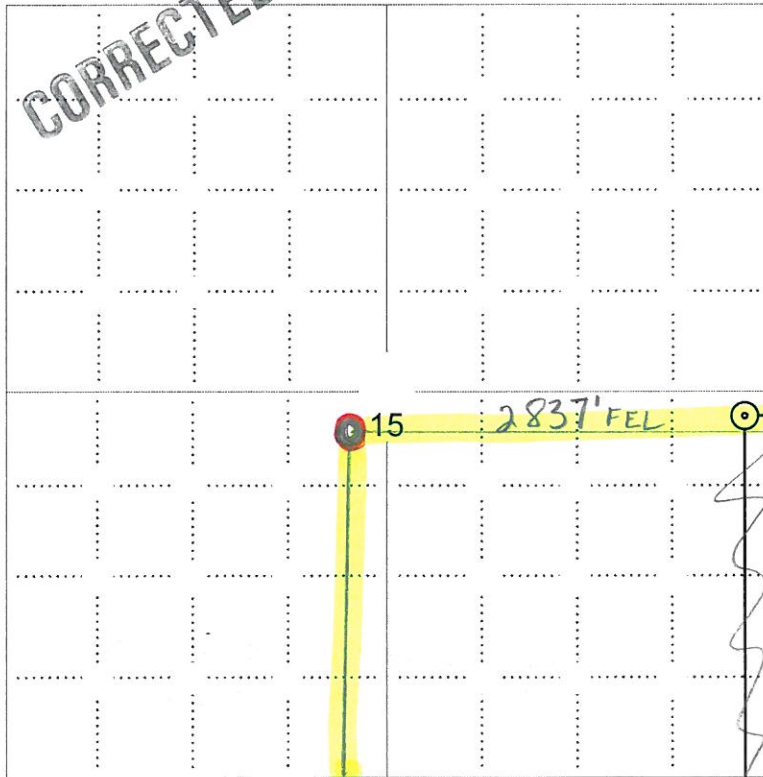
Is Section: Regular or Irregular

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

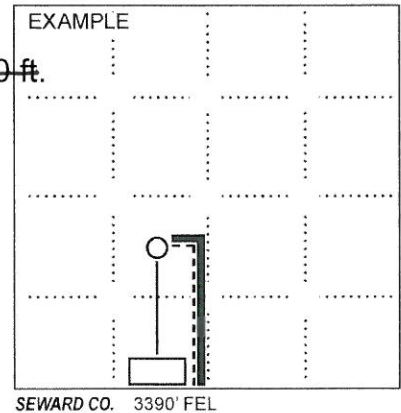
Section corner used: NE NW SE SW

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 (circle)
Tank Battery Location (rectangle)
Pipeline Location (solid line)
Electric Line Location (dashed line)
Lease Road Location (thick solid line)



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

2320' FSL

2470 ft.

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.

"Corrected"

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

1156066

Form CDP-1
May 2010
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

CORRECTED

Operator Name: Quito, Inc.		License Number: 33594	
Operator Address: 1613 W 6TH ST		BARTLESVILLE OK 74003	
Contact Person: MARK W McCANN		Phone Number: 918-337-4747	
Lease Name & Well No.: DEARMOND M-8		Pit Location (QQQQ): NE NE NE SE SW	
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Settling Pit <input type="checkbox"/> Workover 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: 200 (bbls)	Sec. 15 Twp. 34 R. 12 <input checked="" type="checkbox"/> East <input type="checkbox"/> West 2470 2320 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 170 2837 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Chautauqua 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? MUD CLAY BENTONITE			
Pit dimensions (all but working pits): 20 Length (feet) 30 Width (feet)		<input type="checkbox"/> N/A: Steel Pits	
Depth from ground level to deepest point: 4 (feet)		<input type="checkbox"/> No Pit	
If the pit is lined give a brief description of the liner material, thickness and installation procedure. RECEIVED KANSAS CORPORATION COMMISSION JAN 20 2015 CONSERVATION DIVISION WICHITA, KS		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.	
Distance to nearest water well within one-mile of pit: 3113 feet Depth of water well 33 feet		Depth to shallowest fresh water 15 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: MUD CLAY BENTONITE Number of working pits to be utilized: 1 Abandonment procedure: EMPTY PIT OF FLUIDS AND REFILL WITH ORIGINAL DIRT Drill pits must be closed within 365 days of spud date.	
Submitted Electronically			

KCC OFFICE USE ONLY

Date Received: 08/22/2013 Permit Number: 15-019-27333-00-00 Permit Date: 08/22/2013 Lease Inspection: Yes No
 Liner Steel Pit RFAC RFAS

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 # 33594
Name: Quito, Inc.
Address 1: 1613 W 6TH ST
Address 2: _____
City: BARTLESVILLE State: OK Zip: 74003 + 3712
Contact Person: MARK W McCANN
Phone: (918) 798-4365 Fax: (918) 798-4365
Email Address: mccanncompanies@yahoo.com

Well Location: SW
NE NE NE SE Sec. 15 Twp. 34 S. R. 12 East West
County: Chautauqua
Lease Name: DEARMOND Well #: M-8

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

Surface Owner Information:

Name: DONNA WOLFE
Address 1: 220 N PINE
Address 2: _____
City: PERU State: KS Zip: 67360 + _____

CORRECTED

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.

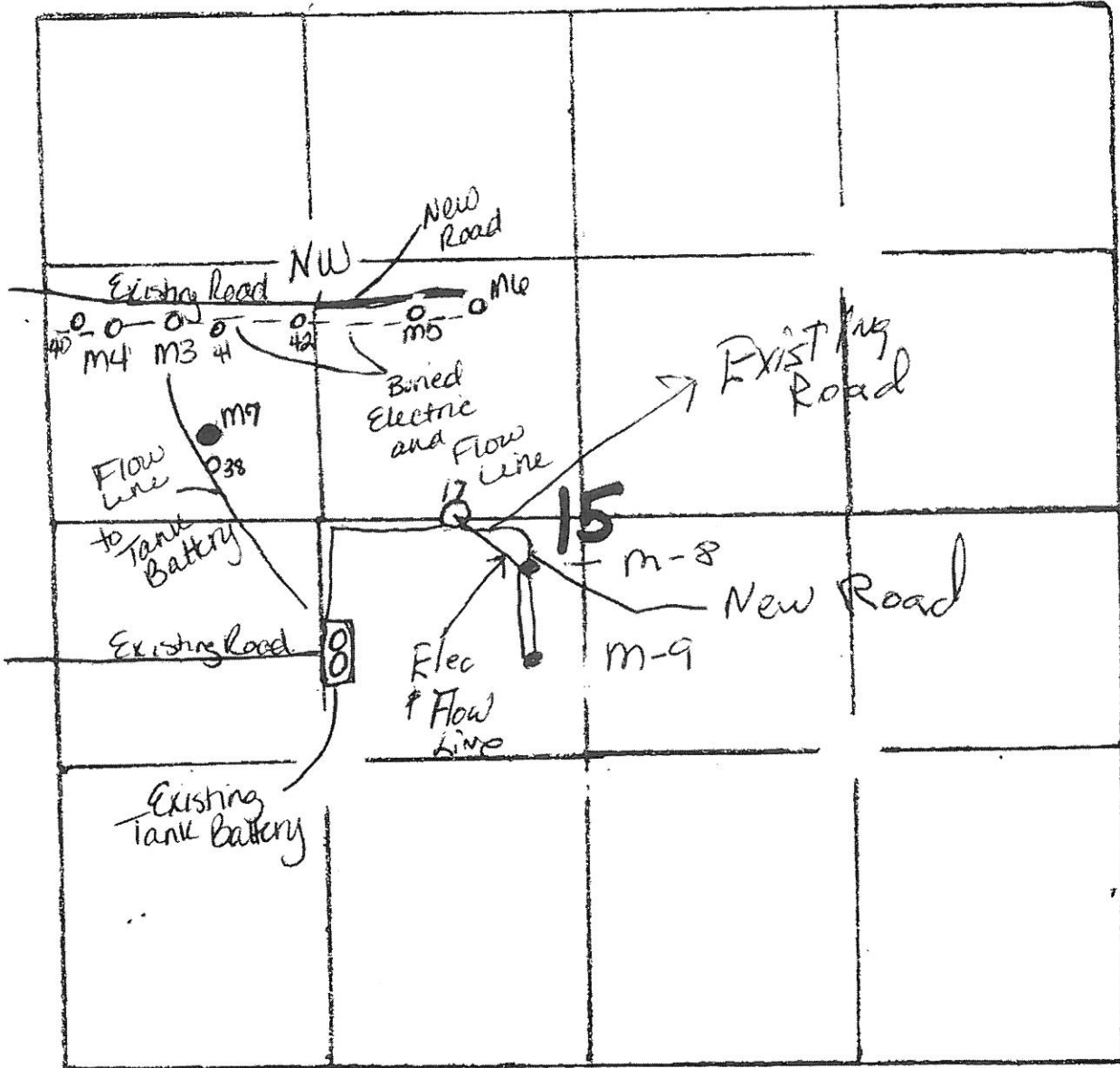
If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.

Submitted Electronically

LEASE NAME Dearmond.

LEGAL 15-345-12E

CORRECTED



○ Existing Wells

● Proposed Wells — To be completed using existing Flow Lines and Existing Tank Battery.

RECEIVED
KANSAS CORPORATION COMMISSION

JAN 20 2015

CONSERVATION DIVISION
WICHITA, KS