

| | |
|-------------------------|----------------------|
| FOR KCC USE ONLY | |
| LICENSE NO: | <input type="text"/> |
| EXPIR DATE: | <input type="text"/> |

**KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION**

Form OPL-1

August 2010

**Form must be Typed
Form must be Signed
All blanks must be Filled**

KCC LICENSE APPLICATION

Notice: Read instructions before completing this information.

Name: _____ Attention: _____

Address 1: _____ Phone: (_____) _____

Address 2: _____ City/State/Zip: _____

ALL REQUIRED FORMS RELATING TO THE CONSERVATION DIVISION MUST SHOW SAME ENTITY AS ON THIS APPLICATION.

Item 1 TYPE OF LICENSE APPLICABLE: *(Check All That Apply)*

Operator
 Stratgraphic/Seismic
 Well Plugging
 Drilling Contractor
 Gas Storage
 Drilling, Workover, Service Units
 Case Puller
 Residential
 Gas Gatherer

Item 2 BUSINESS ENTITY:

Individual
 General Partnership
 Limited Liability Partnership
 Kansas Corporation
 Limited Liability Company
 Foreign Corporation

Federal Employer Identification No. _____ or Social Security No. _____

CORPORATIONS OR LIMITED PARTNERSHIPS are required to be authorized to engage in business in Kansas by the Office of the Secretary of State. Please enclose a Certificate of Good Standing from the Secretary of State's Office (785) 296-4564.

Item 3 REGISTERED RESIDENT AGENT *(For Corporations, Limited Liability Companies, or Limited Partnerships Only)*

Name: _____ Phone: (_____) _____

Address: _____

City/State/Zip: _____ Email: _____

Item 4 NAME OF PARTNER(S) OR OFFICERS *(Must list all. Include Name, Title, Address and Phone)*

Item 5 EMERGENCY CONTACT PERSON *(Must be other than Licensee) (Alternate Address and Phone)*

Name: _____ Phone: (_____) _____

Address: _____

City/State/Zip: _____ Email: _____

Item 6 Dependent on type of entity, have you as an individual, partner or officer had a KCC Conservation Division License revoked, suspended or not renewed by the Commission? Yes No *If yes, enclose a brief statement including name and date of revocation, suspension or non-renewal.*

Item 7 Do you currently have any outstanding monetary penalties or compliance owed to the Commission or are you currently paying a monthly installment plan? Yes No

Item 8 ATTACH a copy of equipment assessment rendition sheets and paid personal property tax receipts ONLY on the drilling or movable well servicing equipment being licensed.

Item 9 EQUIPMENT TAG NUMBERS, YEAR, MAKE, MODEL AND TYPE OF EQUIPMENT AS LISTED ON PROPERTY TAX RENDITION

Item 10 Remittance enclosed: \$100.00 for license(s) + \$25.00 per equipment tag = \$ _____ Financial Responsibility provided by:

Remittance enclosed: \$25.00 for residential license = \$ _____

a) Cash \$ _____

b) Bond _____

Item 11 I do hereby certify that, to the best of my knowledge, the foregoing facts and information are true and correct.

c) Letter of Credit _____

Signature of authorized individual, Officer or Agent: _____ Title: _____

Item 12 Subscribed and sworn to before me this _____ day of _____ 20 _____

_____ My commission expires: _____

(Notary Public)

Item 13 Well Inventory Required: *(Check One)* Attached No wells

KCC LICENSE APPLICATION

General Information & Instructions

GENERAL INFORMATION

K.S.A. 55-155, K.A.R. 82-3-120: OPERATOR, CONTRACTOR, GAS GATHERER, OR GAS STORAGE LICENSES

Applications for licensing shall be notarized and filed with the KCC, showing:

- (1) The name under which the applicant transacts or intends to transact business and the correct mailing address of that business. If the applicant is a partnership or association, the application shall set forth the name and address of each partner or member of the partnership or association. If the applicant is a corporation, the application shall contain the names and addresses of the principle officers.
 - (a) "OPERATOR" means a person(s) who is responsible for the overall operation and control of oil or gas well(s), lease(s), gas gathering, and/or storage facility.
 - (b) "Contractor" means any person who acts as an agent for an operator as a drilling, plugging, service rig, cathodic, or seismic contractor, in such operator's oil and gas operations.
 - (c) "Equipment" is defined as a crane-type machine or any well servicing unit. The Commission will issue an identification tag which must be displayed on equipment for which it is issued.
- (2) K.S.A. 55-155 (c)(2). Submit evidence that all current and past year's taxes for property associated with the drilling or servicing of wells has been paid.
- (3)
 - (a) Paid an annual license fee of \$100.00 plus \$25.00 for each piece of drilling or well servicing equipment. The Commission will issue an identification tag, which must be displayed on equipment for which it is assigned. OR
 - (b) Paid an annual residential license fee of \$25.00 for one gas well residential usage.
- (4) Provide the Commission with financial assurance, as instructed in K.A.R. 82-3-120, upon license application, and license renewal application.
- (5) A License remains active for a period of one year unless suspended or revoked, and the license must be renewed annually.

INSTRUCTIONS

- Item 1** Check type(s) of license applicable to your operation. If gas gatherer is checked, a map of your gathering systems must be provided in accordance with K.A.R. 82-3-310, with a scale of 1" per 2 miles.
- Item 2** Check type of entity that applies to your operation.
Enter your Federal Identification Number or Social Security Number.
ALL CORPORATIONS AND LIMITED PARTNERSHIPS must be currently in good standing and authorized to engage in business by the Office of the Secretary of State of Kansas and you must furnish a Certificate of Good Standing from the Secretary of State Office.
- Item 3** Enter the name of your Kansas Registered Resident Agent for your Corporation or Limited Partnership.
- Item 4** Enter principle officers of a corporation. For limited partnerships, general partnerships, or associations, list names applicable to same.
- Item 5** Contact person: Must be other than licensee with alternate home address and home phone. This is to be an alternate person in case of a lease emergency. An individual living out of Kansas will be accepted only if no suitable in-state individual exists.
- Item 6 & 7** If you, as an individual, partner, or officer, had a KCC Conservation Division License revoked, or if you are past due and owing or not in compliance with a KCC Conservation Division penalty order, attach an enclosed statement as requested.
- Item 8 & 9** ATTACH a copy of your PROPERTY RENDITION FORM AND PAID TAX RECEIPT(S) IDENTIFYING and DESCRIBING ONLY the drilling or well servicing equipment on which the identification tag is to be displayed. [K.S.A. 55-155 (c)(2)]. KCC will assign your tag number. You will identify your equipment from your tax receipt.
- Item 10** Your annual LICENSE fee is \$100.00, each TAG fee is \$25.00, the annual RESIDENTIAL license fee is \$25.00. FINANCIAL RESPONSIBILITY can be determined in accordance with K.S.A. 55-155.
- Item 11** Signature on the application must be an officer/agent or authorized individual for verification of information being submitted.
- Item 12** Your signature must be notarized.
- Item 13** Attach a Well Inventory (Form OWI-1) and check the "Attached" box. If you currently do not operate any wells check the "No Wells" box.

If during the year of your license, you have any changes from this original application, you must so notify this office in writing.

ALL REQUESTED INFORMATION ON THIS APPLICATION MUST BE PROVIDED OR YOUR APPLICATION WILL BE RETURNED TO YOU AS INCOMPLETE.

KCC LICENSE APPLICATION
General Information & Instructions

NOTICE

Kansas Oil and gas operators are required under K.S.A. 55-155 to demonstrate financial responsibility.

1. If you have either not been licensed for at least the last three years or you have been assessed \$3,000.000 or more in penalties or have been cited for five or more violations in the last three years, you must furnish one of the forms of financial assurance set out in K.S.A. 55-155. The amount of financial assurance you must provide is based on the number and depth of your wells. Attached are the Commission's policies on financial assurance and copies of forms that must be used. If you choose to pay the nonrefundable fee provided in K.S.A. 55-155 (6% of the applicable blanket performance bond or letter of credit requirements), one check can be used to pay the fee, license fee, and rig tags. Your license or renewal application will not be complete until you provide a form of financial assurance.

If at any time during the year the number or depth of your wells increases such that the amount of your required financial assurance increases, you must immediately provide the KCC with a revised well inventory and the additional required financial assurance.

2. All operators not required to provide financial responsibility under number one (1) must pay a \$100.00 financial responsibility fee with the license or renewal application.

If you have any questions, please contact the KCC Licensing Department, (316) 337-6194.

KCC LICENSE APPLICATION
General Information & Instructions

NOTICE

Financial Assurance for Kansas Oil & Gas Operators *(Effective July 1, 2005)*

House Bill No. 2390 which was passed during the 2005 legislative session, increased the financial assurance requirements for oil and gas operators in Kansas.

For operators that have an acceptable compliance record over the last three years, the fee increased from \$50.00 to \$100.00.

For all other operators, the Blanket Bond or Letter of Credit amounts are now as follows:

Wells less than 2,000 feet:

| | |
|---------------|-------------|
| 1-5 wells | \$7,500.00 |
| 6-25 wells | \$15,000.00 |
| Over 25 wells | \$30,000.00 |

Well 2,000 or more feet in depth:

| | |
|---------------|-------------|
| 1-5 wells | \$15,000.00 |
| 6-25 wells | \$30,000.00 |
| Over 25 wells | \$45,000.00 |

If you choose to pay the non-refundable fee in place of the Blanket Bond amount, that fee increased from 3% of the bond required to 6% of the Blanket Bond required.

Operators may also furnish a Bond or Letter of Credit equal to \$0.75 per foot times the total footage of all wells of the operator. Note that if this option is used, a Bond or Letter of Credit must be provided; you cannot pay the non-refundable cash fee.

KCC LICENSE APPLICATION
General Information & Instructions

GUIDELINE FOR SUBMISSION OF LETTER OF CREDIT

Standard Letter: The attached sample Letter of Credit must be followed. Preprinted letters of credit containing most of the terms shown here are satisfactory if the remaining terms are included under a special provision section. The Letter of Credit must be an irrevocable Letter of Credit, payable solely upon the Commission's drafts.

Kansas Banks: Letters of Credit will only be accepted from banks or banking institutions authorized to do business in Kansas.

Signature Requirements: (Must accompany the Letter of Credit)

- ✓ A Corporate Secretary's Certificate, bearing the bank's seal, as to the bank's Board of Directors's resolution establishing authorization of officer positions to execute Letters of Credit.
- ✓ Incumbency Certificates, as needed.

Amount of Letter of Credit: The amount of credit will be calculated by any one of the following methods:

- ✓ \$0.75 times the total depth of all well(s).
- ✓ Wells **less than 2000 feet** in depth:
 - 1 to 5 wells \$7,500.
 - 6 to 25 wells \$15,000.
 - Over 25 wells \$30,000.
- ✓ Wells **2000 feet or more** in depth:
 - 1 to 5 wells \$15,000.
 - 6 to 25 wells \$30,000.
 - Over 25 wells \$45,000.

Well Inventory: If the Letter of Credit is for an amount less than \$45,000, a well inventory, with the total depth of each well must be furnished with the Letter of Credit.

KCC LICENSE APPLICATION
General Information & Instructions

– SAMPLE –

(Issuing Bank's Letterhead)

(Date)

IRREVOCABLE LETTER OF CREDIT

LETTER OF CREDIT NO. *(reference number)*

Kansas Corporation Commission
Conservation Division
130 S. Market Street, Room 2078
Wichita, KS 67202-3802

We hereby establish, effective immediately, by order and for the account of *(name and address of operator)*, our irrevocable Letter of Credit No. *(reference number)* up to aggregate amount of U.S. \$ *(numeric and written total amount of the credit)* in favor of Kansas Corporation Commission, Conservation Division and available by your drafts drawn on us at sight.

We hereby engage with you that drafts drawn and presented by you in accordance with the terms of this Credit will be duly honored by us if presented to us at our Letter of Credit Section at *(address)* by *(expiration date)*; *(expiration date must be at least 120 days from the last day of the month the operator's license or renewal is issued)* or prior to any subsequent expiration as provided herein.

Except as otherwise provided herein, drafts drawn hereunder must be marked "Drawn Under" *(name of bank)* Letter of Credit No. *(reference number)* dated *(effective date)* and accompanied by a copy of a Kansas Corporation Commission Order requiring *(name of operator)* to plug a well(s) within the state of Kansas and a statement from the Director or Assistant General Counsel of the Commission that the well(s) have not been plugged as required by the Commission Order.

The original Letter of Credit and all amendments, if any, must be presented at the time of any drawings hereunder for our endorsement.

It is a condition of this Letter of Credit that it shall be automatically extended for additional terms of one (1) year from the present or each future expiration date, unless we give you and *(name of operator)* at least one-hundred twenty (120) days before said expiration date written notice by certified mail, return receipt requested, or hand delivery, that we elect to terminate this Credit at the end of its then current term.

(NOTE: Letter of Credit must be accompanied by a Certificate of Authority or Board of Director's minutes certifying that the signatory is authorized by the Board of Directors to execute Letters of Credit on behalf of the bank.)

(Typed Name and Title)

(Signature)

KCC LICENSE APPLICATION
General Information & Instructions

INSTRUCTIONS FOR PERFORMANCE BONDING

To obtain a performance bond, contact your insurance agent or surety company.

The performance bond must be written by a surety company authorized to write performance bonds in the state of Kansas.

The performance bond is to be filed with the Kansas Corporation Commission, Conservation Division, Finney State Office Building, 130 South Market Street, Room 2078, Wichita, KS 67202, Phone (316) 337-6200.

The penal sum of the performance bond can be calculated by any one of the following:

- ✓ \$0.75 times the total depth of well(s).
- ✓ Wells **less than 2000 feet** in depth:
 - 1 to 5 wells \$7,500.
 - 6 to 25 wells \$15,000.
 - Over 25 wells \$30,000.
- ✓ Wells **2000 feet or more** in depth:
 - 1 to 5 wells \$15,000.
 - 6 to 25 wells \$30,000.
 - Over 25 wells \$45,000.
- ✓ If the penal sum of the performance bond furnished is less than \$45,000, a well inventory, with the total depth of each well must be furnished with the bond.

KCC LICENSE APPLICATION
General Information & Instructions

PERFORMANCE BOND – SAMPLE

State of Kansas
Kansas Corporation Commission
Conservation Division

PERFORMANCE BOND

BOND NO. _____

KNOW ALL MEN BY THESE PRESENTS, that we, _____,
of the County of _____ in the State of _____ as principal, and
_____ as surety, authorized to do business in the State of Kansas,
are held hereby and firmly bound unto to the State of Kansas, in the penal sum of (\$ _____),
_____ dollars, lawful money of the United States, for the faithful payment
of which we hereby bind ourselves, our heirs, executors, administrators and assigns.

Whereas the above bounden principal is or will be responsible for oil, gas, injection, disposal or service well(s)
as the operator within the State of Kansas.

NOW, THEREFORE, IF THE ABOVE BOUNDEN PRINCIPAL SHALL COMPLY WITH ALL OF THE
PROVISIONS OF THE LAWS OF THE State of Kansas, and the rules, regulations, and requirements of the
Kansas Corporation Commission, Conservation Division of the State of Kansas, with reference to plugging
and remediation of all wells, for which the principal is responsible, then this obligation is void; otherwise, shall
be and remain in full forces and effect.

PROVIDED, HOWEVER, That sixty (60) days after receipt by the State of Kansas, Kansas Corporation Com-
mission, notice of cancellation from the Surety, the obligation of the Surety hereunder shall terminate as to the
wells acquired, drilled, or started after said sixty (60) day period but shall continue in effect, notwithstanding
said notice, as to wells acquired, drilled or started before the end of said sixty (60) day period.

Witness our hands, this ____ day of _____, 20____.

Principal _____

Signature of Principal

Seal

Surety _____

Signature of Attorney-in-Fact

Seal

(If the principal is a corporation, the bond should be executed by it's duly authorized officers. When principal or
surety executes this bond by agent of attorney-in-fact, the evidence of authority must accompany this bond.)