

**THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

Before Commissioners: Mark Sievers, Chairman
 Ward Loyd
 Thomas E. Wright

In the Matter of an Order to Show Cause on) Docket No. 12-CONS-152-CSHO
the Commission's own Motion issued to)
Osborn Energy, L.L.C. and Central States) CONSERVATION DIVISION
Energy LLC., with regard to responsibility)
under K.S.A. 55-179 for plugging the Adams)
Lease in Section 12, Township 15 South,) License No. 32294 (expired)
Range 24 East, Johnson County, Kansas.) 34570

**PRE-FILED TESTIMONY
OF TAYLOR HERMAN**

RECEIVED
KANSAS CORPORATION COMMISSION

FEB 24 2012

LEGAL SECTION

- 1 Q. Please state your name and business address.
- 2 A. Taylor Herman, 1500 W. Seventh, Chanute, Kansas 66720.
- 3 Q. By whom are you employed and in what capacity?
- 4 A. I am employed by the Kansas Corporation Commission, Conservation Division, Chanute
5 District #3 Office as Petroleum Industry Regulatory Technician II ("PIRT II) and
6 Temporary Abandoned Well Coordinator.
- 7 Q. How long have you been employed by the Commission?
- 8 A. Since April 2005.
- 9 Q. Have you previously testified before this Commission?
- 10 A. No, I have not.
- 11 Q. As a PIRT, what are your general duties?
- 12 A. I do lease inspections to check on compliance with our regulations and if there are
13 violations, I investigate them. I also witness various field activities such as mechanical
14 integrity tests ("MITs"), well plugging and well drillings.
- 15 Q. How did you become involved in this matter?
- 16 A. Our Legal Staff received a complaint about the wells on the Adams Lease being
17 abandoned and not plugged. As part of the complaint, Legal Staff was provided a copy
18 of the Journal Entry of Judgment in Johnson County District Court, Case No.
19 09CV08851. That Journal Entry cancelled what I refer to as the Adams Lease. The
20 Journal Entry is attached as Staff Exhibit 1. Legal Staff requested that I inspect the lease
21 and prepare a report.
- 22 Q. Where is the Adams Lease located?
- 23 A. The Adams Lease consists of the North Half and North Half of the Southwest Quarter of
24 Section 12, Township 15 South, Range 24 East, in Johnson County.
- 25 Q. Did you do a field inspection of the lease?
- 26 A. Yes, on September 14, 2011, John Almond, Larry Marchant and I inspected the lease.
27 We identified thirteen (13) gas wells that were not equipped for production and one
28 disposal well that appeared to be abandoned. A copy of my field report is attached as
29 Staff Exhibit 2.
- 30 Q. Following your field inspection, how did your investigation proceed?

- 1 A. I checked our records to see if the wells had been temporarily abandoned and none of the
2 wells had been. I reviewed the Journal Entry in Johnson County District Court case
3 number 09CV08851 with Legal Staff (Staff Exhibit 1). The court cancelled the Adams
4 Lease and ordered Osborn Energy, L.L.C. ("Osborn") to plug the wells on the lease by
5 September 28, 2011. I reviewed the Kansas Geological Survey records ("KGS") and it
6 showed production from the lease from 1998 to March 2011 (Staff Exhibit 3). KGS
7 records listed Osborn as the operator. I checked our well records to see if the wells had
8 been transferred to another operator and determined the wells had not been transferred
9 and were still under Osborn's license. While checking our well records, I did discover
10 that Osborn had transferred a large number of the leases it operated to Central States
11 Energy LLC ("Central States").
- 12 Q. Did you check on the relationship between Osborn and Central States?
- 13 A. Yes, in consultation with the Legal Staff, we looked at the license information for both
14 parties and the publicly available Secretary of State records. We found that Osborn's
15 license expired on March 30, 2011 and Central States acquired a license on June 10,
16 2011. (Staff Exhibits 4 and 5) The people involved with the two companies appeared to
17 be the same and the business address for both was the same. The Secretary of State
18 records showed that both companies were in "good standing" and both had the same
19 mailing address. (Staff Exhibits 6 and 7)
- 20 Q. What was the next thing that happened?
- 21 A. Legal Staff wrote Osborn on September 19, 2011 requiring Osborn to furnish a plugging
22 plan for the wells within twenty (20) days. (Staff Exhibit 8) We did not get a plugging
23 plan from Osborn as required.
- 24 Q. Were the wells plugged by Osborn as Ordered by the Court?
- 25 A. No, Osborn hasn't plugged any wells on the lease.
- 26 Q. Did you draw any conclusions from the information collected during your investigation?
- 27 A. Since Osborn and Central States appeared to have the same principals, we concluded that
28 there was a possibility that they were trying to avoid plugging responsibility by
29 transferring producing wells to Central States and leaving Osborn with the wells that
30 needed to be plugged but with no assets to plug the wells.
- 31 Q. Based on that conclusion, what did you decide to do?

- 1 A. We decided that the only way to proceed was with a Show Cause hearing to give all
2 parties a chance to present evidence at a hearing.
- 3 Q. Have any of the wells been plugged on the Adams Lease?
- 4 A. Yes, recently the landowner plugged four wells as part of an agreement to sell a portion
5 of the property.
- 6 Q. Does this conclude your testimony?
- 7 A. Yes.

TITLE TO REAL ESTATE INVOLVED

IN THE DISTRICT COURT OF JOHNSON COUNTY, KANSAS
CIVIL COURT DEPARTMENT

ADAMS MANAGEMENT, LP; and)
WESTERN CAPITAL, INC.,)
Trustee of the Aubry Trust)

Plaintiffs,)

vs.)

OSBORN ENERGY, LLC; OSBORN)
LAND & CATTLE CO., LLC; and)
OSBORN INVESTMENTS, INC.,)

Defendants.)

Case No. 09 CV 08851
Division No. 14

PURSUANT TO K.S.A. CHAPTER 60.

JOURNAL ENTRY OF JUDGMENT

NOW on this 12th day of July, 2011, the above captioned matter comes on for hearing on plaintiffs' Motion for Sanctions and for plaintiffs' Motion for Summary Judgment. Plaintiffs appear personally and by and through their counsel of record, Charles C. Steincamp of Depew Gillen Rathbun & McInteer, LC and Teresa A. Woody of The Woody Law Firm. Defendants appear by and through Nick Hillyard of Franke, Schultz and Mullen, P.C. Having read the briefs of the parties, heard the arguments of counsel, and being duly advised in the premises, the Court rules as follows:

1. Plaintiffs' Motion for Sanctions is denied.
2. Plaintiffs' Motion for Summary Judgment is granted.
3. The Court adopts by reference, the plaintiffs' statement of uncontroverted fact as set forth in their motion.

CLERK OF DISTRICT COURT
JOHNSON COUNTY, KS.

2011 JUL 15 PM 3:12

Staff Exhibit 1
Page 1 of 6

4. Defendants' oil and gas lease or leases, as set forth below, is terminated, cancelled and released.

A. A certain Natural Gas Lease made and entered into by and between Elizabeth E. Adams, Trustee for the Elizabeth E. Adams Trust UAD 10/24/1997, as lessor, and Osborn Land & Cattle, LLC, as lessee, dated August 13, 1997, recorded on August 26, 1997, as instrument 2735807 in Book 5288 at Pages 375-376 of the records in the office of the Register of Deeds of Johnson County, Kansas, and insofar as it covers the following-described land, to-wit:

The North Half of the Southwest Quarter (N/2 SW/4) of Section Twelve (12), Township Fifteen (15) South, Range Twenty-four (24) East, containing 80 acres, more or less, in Johnson County, Kansas, and

B. A certain Natural Gas Lease made and entered into by and between Elizabeth E. Adams, Trustee for the Elizabeth E. Adams Trust UAD 10/24/1997, as lessor, and Osborn Land & Cattle, LLC, as lessee, dated August 25, 1997, recorded on February 25, 1998, as instrument 2795601 in Book 5474 at Pages 295-296 of the records in the office of the Register of Deeds of Johnson County, Kansas, and insofar as it covers the following-described land, to-wit:

The North Half (N/2) of Section Twelve (12), Township Fifteen (15) South, Range Twenty-four (24) East, containing 320 acres, more or less, and

C. A certain Restated, Consolidated and Amended Gas Lease made and entered into by and between Elizabeth E. Adams, Trustee for the Elizabeth E. Adams Trust UAD 10/24/1997, as lessor, and Osborn Land & Cattle, LLC, as lessee, dated May 1, 1998, recorded on July 21, 1998, as instrument 2859165 in Book 5774 at Pages 666-667 of the records in the office of the Register of Deeds of Johnson County, Kansas, and insofar as it covers the following-described land, to-wit:

The North Half (N/2) of Section Twelve (12), Township Fifteen (15) South, Range Twenty-four (24) East, containing 320 acres, more or less, and the North Half of the Southwest Quarter (N/2 SW/4) of Section Twelve (12), Township Fifteen (15) South, Range Twenty-four (24) East, containing 80 acres, more or less, in Johnson County, Kansas,

5. The plaintiffs are granted judgment against the defendants and each of them jointly and severally, for their attorneys' fees and costs of litigation pursuant to K.S.A. 55-202. The plaintiffs are directed to submit a tabulation of their fees and costs to the defendants within

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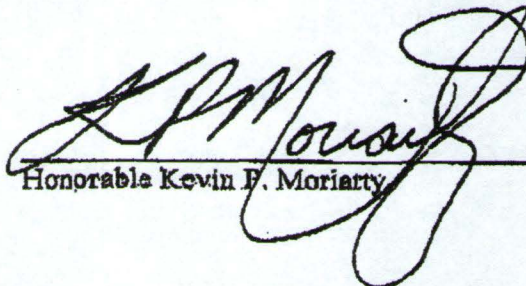
thirty (30) days. If the defendants object to all or any part of the attorneys' fees and costs as submitted by plaintiffs, the Court will take up the matter by telephone hearing.

6. The defendants and each of them are hereby ordered to plug all wells on the plaintiffs' property. Defendants are ordered to file plugging applications with the Kansas Corporation Commission no later than July 26, 2011, at 5:00 P.M., and to have all wells on the leased premises properly plugged pursuant to KCC's supervision on or before September 28, 2011, at 5:00 P.M. In the event defendants fail to plug the wells on the leased premises as ordered, the plaintiffs may have the wells properly plugged and the cost to properly plug the wells shall become an additional judgment against the defendants and each of them, jointly and severally.

7. The Court has heard testimony concerning the amount of plaintiffs' damages. The parties are hereby directed to provide suggested findings of fact and conclusions of law concerning plaintiffs' damages within fourteen (14) days from the date hereof following which the Court will issue an additional order setting forth any damages found against the defendants and each of them, jointly and severally.

8. As a result of the findings and orders herein, the Consent Judgment entered by the Court on June 21, 2011 is hereby vacated and set aside.

IT IS SO ORDERED.



Honorable Kevin F. Moriarty

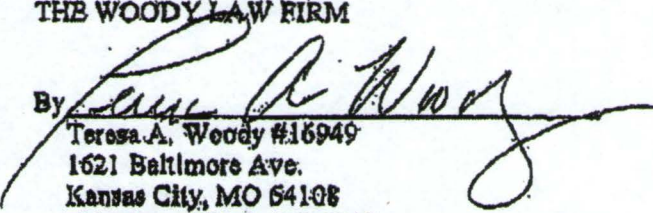
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DEBEW GILLEN RATHBUN & MCINTYRE, LC

By 

Charles C. Steincamp #16086
8301 East 21st Street North, Suite 450
Wichita, KS 67206-2936
Telephone: (316) 262-4000
Facsimile: (316) 265-3819

THE WOODY LAW FIRM

By 

Teresa A. Woody #16949
1621 Baltimore Ave.
Kansas City, MO 64108
Telephone: (816) 421-4246
Facsimile: (816) 471-4883

FRANKE, SCHULTZ & MULLEN P.C.

BY _____

Nick Hillyard
8900 Ward Parkway
Kansas City, MO 64114
Telephone: (816) 421-7100
Facsimile: (816) 421-7915

9137153889

DEFEW GILLEN RATHBUN & McINTBER, LC

By _____
Charles C. Steinoamp #16086
8301 East 21st Street North, Suite 450
Wichita, KS 67206-2936
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Teresa A. Woody #16949
1621 Baltimore Ave.
Kansas City, MO 64108
Telephone: (816) 421-4246
Facsimile: (816) 471-4883

FRANKE, SCHULTZ & MULLBN P.C.

BY *Nick Hillyard* _____
Nick Hillyard #22438
8900 Ward Parkway
Kansas City, MO 64114
Telephone: (816) 421-7160
Facsimile: (816) 421-7915

9137153889


DEBEW GILLEN RATHBUN & McINTEER, LC

By Charles C. Steincamp #16086
8301 East 21st Street North, Suite 450
Wichita, KS 67206-2936
Telephone: (316) 262-4000
Facsimile: (316) 265-3819

THE WOODY LAW FIRM

By Teresa A. Woody #16949
1621 Baltimore Ave.
Kansas City, MO 64108
Telephone: (816) 421-4246
Facsimile: (816) 471-4883

FRANKE, SCHULTZ & MULLEN P.C.

BY 
Nick Hillyard #22438
8900 Ward Parkway
Kansas City, MO 64114
Telephone: (816) 421-7100
Facsimile: (816) 421-7915

KCC OIL/GAS REGULATORY OFFICES

Inspection Date 09/14/2011 District: 3 Incident Number: 4358

- New Situation
- Response to Request
- Follow-up
- Lease Inspection
- Complaint
- Field Report

Operator License No: 32294 API: Q3 NW Q2: NW Q1: NW
 Operator Name: Osborn Energy, L.L.C. SEC 12 TWP 15 RGE 24 RGEDIR E
 Address: 24850 Farley FSL:
 City: Bucyrus FEL:
 State: Kansas Zip Code: 66013 Lease: Adams Well No.:
 Phone contact: 913-533-9900 County: JO

Reason for Investigation:

Request for field inspection per John McCannon.

Problem:

The lease has been court ordered to be plugged out and an accurate well inventory for the lease is needed.

Persons contacted:

Jeff Taylor 913-238-2261

Findings:

John Almond, Larry Marchant, and I inspected the lease on 9-13-2011. The lease has 13 gas wells that are not equipped for production and one abandoned disposal well.

Actions / Recommendation

Follow-up Required

Deadline Date:

Photo's Taken: 0

RBDMS

KGS

TA DBF

Report Prepared By: Taylor Herman

T1 DBF

District Files

Courthouse

Position: PIRT II

KCC OIL/GAS REGULATORY OFFICES

Additional Findings:

<u>API Well Number</u>	<u>Well Name</u>	<u>Wellhead Location</u>	<u>Cnty</u>	<u>Type</u>	<u>Dt Completed</u>	<u>Docket</u>
<u>Operator of Record</u>		<u>Original Operator</u>	<u>TVD</u>	<u>Status</u>	<u>Dt Plugged</u>	<u>Next MIT</u>
<u>Working Operator</u>		<u>Legacy Operator</u>				
15-091-22928-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 10	12-15S-24E NWNWSW 2500 FSL, 330 FWL	JO	GAS	---	---
		---	---	EX	---	---
15-091-23327-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 26-12	12-15S-24E NWNENE 4950 FSL, 990 FEL	JO	GAS	---	---
		---	---	EX	---	---
		Osborn Energy, L.L.C.				
15-091-23411-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 141-12	12-15S-24E S2SESENE 2645 FSL, 330 FEL	JO	EOR	---	---
		---	---	EX	---	---
		Osborn Energy, L.L.C.				
15-091-23382-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 35-12	12-15S-24E SESWSENE 2805 FSL, 825 FEL	JO	OIL	---	---
		---	---	EX	---	---
		Osborn Energy, L.L.C.				
15-091-22878-00-02 (32294) Osborn Energy, L.L.C.	ADAMS 1A	12-15S-24E SWNWNWNW 4937 FSL, 5036 FEL	JO	SWD	03/18/2008	D27791.0
		---	1331	IN	---	---
15-091-22878-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 1A-12	12-15S-24E NWNWNW 4890 FSL, 4950 FEL	JO	GAS	---	---
		---	---	IN	---	---
		Osborn Energy, L.L.C.				
15-091-23090-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 21	12-15S-24E NENWNWSW 2556 FSL, 4962 FEL	JO	GAS	---	---
		---	813	IN	---	---
		Osborn Energy, L.L.C.				
15-091-23368-00-01 (32294) Osborn Energy, L.L.C.	ADAMS 31-12	12-15S-24E SESWSENE 2823 FSL, 825 FEL	JO	OIL	06/25/2010	---
		---	679	IN	---	---
		Osborn Energy, L.L.C.				
15-091-23381-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 34-12	12-15S-24E NESWSENE 3166 FSL, 839 FEL	JO	DH	---	---
		---	679	PA	10/20/2009	---
		Osborn Energy, L.L.C.				
15-091-23367-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 30-12	12-15S-24E NESENE 3309 FSL, 379 FEL	JO	DH	---	---
		---	819	PA	10/20/2009	---
		Osborn Energy, L.L.C.				
15-091-22798-00-00 (5885) Glaze, Susie dba R.S. Glaze Drilling	ADAMS 9	12-15S-24E NWSENE 3630 FSL, 980 FEL	JO	DH	---	---
		GLAZE, R. S. DRILLING CO.	---	PA	09/09/1997	---

15-091-22797-00-00 (5885) Glaze, Susie dba R.S. Glaze Drilling	ADAMS 8	12-15S-24E NESENE 3630 FSL, 330 FEL	JO	GAS	---	---
		GLAZE, R. S. DRILLING CO.	880	PA	09/08/1997	---

15-091-22776-00-00 (5885) Glaze, Susie dba R.S. Glaze Drilling	ADAMS 1	12-15S-24E SWNWNW 4520 FSL, 4950 FEL	JO	DH	---	---
		GLAZE, R. S. DRILLING CO.	840	PA	08/01/1997	---

Staff Exhibit 2
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<u>API Well Number</u>	<u>Well Name</u>	<u>Wellhead Location</u>	<u>Cnty</u>	<u>Type</u>	<u>Dt Completed</u>	<u>Docket</u>
<u>Operator of Record</u>		<u>Original Operator</u>	<u>TVD</u>	<u>Status</u>	<u>Dt Plugged</u>	<u>Next MIT</u>
<u>Working Operator</u>		<u>Legacy Operator</u>				
15-091-22878-00-01 (32294) Osborn Energy, L.L.C.	ADAMS 1-A	12-15S-24E NWNWNW 4890 FSL, 4950 FEL	JO 1331	GAS CD	04/10/2001 ---	---
15-091-23370-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 33-12	12-15S-24E SWSESENE 2802 FSL, 463 FEL	JO 679	OIL DR	11/04/2009 ---	---
15-091-23369-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 32-12	12-15S-24E SWSENE 2886 FSL, 631 FEL	JO 679	OIL DR	10/28/2009 ---	---
15-091-23091-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 22	12-15S-24E SENWSWNW 3639 FSL, 4926 FEL	JO 793	GAS DR	08/11/2006 ---	---
15-091-23014-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 12	12-15S-24E NWNESW 2310 FSL, 1650 FWL	JO ---	GAS EX	--- ---	---
15-091-23013-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 11	12-15S-24E N2NWSW 2310 FSL, 660 FWL	JO ---	GAS EX	--- ---	---
15-091-23412-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 142-12	12-15S-24E S2S2SENE 2645 FSL, 660 FEL	JO ---	EOR EX	--- ---	---
15-091-23089-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 20	12-15S-24E SWNWNW 990 FNL, 330 FWL	JO ---	GAS EX	--- ---	---
15-091-23092-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 23	12-15S-24E SWNENW 990 FNL, 1650 FWL	JO ---	GAS EX	--- ---	---
15-091-23093-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 24	12-15S-24E NWNENW 330 FNL, 1650 FWL	JO ---	GAS EX	--- ---	---
15-091-23326-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 25-12	12-15S-24E NENENE 4950 FSL, 330 FEL	JO ---	GAS EX	--- ---	---
15-091-23410-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 140-12	12-15S-24E SESESENE 2645 FSL, 5 FEL	JO ---	EOR EX	--- ---	---
15-091-23328-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 27-12	12-15S-24E SENENE 4290 FSL, 330 FEL	JO ---	GAS EX	--- ---	---

Staff Exhibit 2
Page 4 of 5

<u>API Well Number</u>	<u>Well Name</u>	<u>Wellhead Location</u>	<u>Cnty</u>	<u>Type</u>	<u>Dt Completed</u>	<u>Docket</u>
<u>Operator of Record</u>		<u>Original Operator</u>	<u>TVD</u>	<u>Status</u>	<u>Dt Plugged</u>	<u>Next MIT</u>
<u>Working Operator</u>		<u>Legacy Operator</u>				
15-091-22791-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 3	12-15S-24E NWNENESW 2489 FSL, 3062 FEL GLAZE, R. S. DRILLING	JO 880	GAS PR	04/01/1998 ---	---
15-091-22795-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 6	12-15S-24E NWSWSENE 2980 FSL, 1018 FEL GLAZE, R. S. DRILLING CO.	JO 880	GAS PR	06/01/1998 ---	---
15-091-22782-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 2	12-15S-24E NWSWNSW 1710 FSL, 3840 FEL GLAZE, R. S. DRILLING CO.	JO 880	GAS PR	06/01/1998 ---	---
15-091-22793-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 4	12-15S-24E NESWSWNE 2983 FSL, 2003 FEL GLAZE, R. S. DRILLING CO.	JO 860	GAS PR	06/01/1998 ---	---
15-091-22794-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 5	12-15S-24E NWSWNWSW 1865 FSL, 5090 FEL GLAZE, R. S. DRILLING CO.	JO 860	GAS PR	03/10/1998 ---	---
15-091-22796-00-01 (32294) Osborn Energy, L.L.C.	ADAMS 7	12-15S-24E NWSESENE 2982 FSL, 360 FEL ---	JO 840	OG PR	08/24/2009 ---	---
15-091-22797-00-01 (32294) Osborn Energy, L.L.C.	ADAMS 8	12-15S-24E NESENE 3630 FSL, 330 FEL ---	JO ---	GAS PW	--- ---	---
15-091-22802-00-00 (5885) Glaze, Susie dba R.S. Glaze Drilling	ADAMS 10	12-15S-24E NESENWNW 4500 FSL, 4101 FEL GLAZE, R. S. DRILLING CO.	JO ---	GAS PW	--- ---	---
15-091-22798-00-01 (32294) Osborn Energy, L.L.C.	ADAMS 9	12-15S-24E NWSENE 3630 FSL, 980 FEL ---	JO ---	GAS PW	--- ---	---
15-091-22796-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 7	12-15S-24E SESENE 2970 FSL, 330 FEL GLAZE, R. S. DRILLING CO.	JO 840	GAS RC	05/01/1998 ---	---
15-091-23368-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 31-12	12-15S-24E SWSESENE 2805 FSL, 495 FEL Osborn Energy, L.L.C.	JO 679	OIL RC	10/28/2009 ---	---
15-091-23085-00-00 (32294) Osborn Energy, L.L.C.	ADAMS 10	12-15S-24E SENWNW 990 FNL, 990 FWL Osborn Energy, L.L.C.	JO ---	GAS SP	--- ---	---
15-091-22776-00-02 (32294) Osborn Energy, L.L.C.	ADAMS 1	12-15S-24E SWNWNWNW 4900 FSL, 5033 FEL ---	JO 1178	GAS SP	--- ---	---

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Staff Exhibit 2

Lease: ADAMS-12
 Operator: Osborn Energy, L.L.C.
 Location: T15S, R24E, Sec. 12
 KS Dept. of Revenue Lease Code: 222415
 Field: Stilwell
 County: Johnson
 Producing Zone: Bevier Coal Bed

Complete detailed production available in file saved using blue button at top of page.

Annual Gas Production, (mcf) Sample Monthly Gas Production, (mcf)
 (from 2006)

Year	Production	Wells
Production Charts		
Flash Chart		
1998	66,556	7
1999	100,447	7
2000	65,718	7
2001	38,998	7
2002	28,052	7
2003	28,212	7
2004	15,964	7
2005	7,788	7
2006	10,007	7
2007	10,839	7
2008	2,500	7
2009	5,328	7
2010	1,688	7
2011	550	7

Year	Month	Production	Wells	Purchaser
2006	1	705	7	Akawa Natural Gas, LLC (100%)
2006	2	423	7	Akawa Natural Gas, LLC (100%)
2006	3	611	7	Akawa Natural Gas, LLC (100%)
2006	4	460	7	Akawa Natural Gas, LLC (100%)
2006	5	638	7	Akawa Natural Gas, LLC (100%)
2006	6	644	7	Akawa Natural Gas, LLC (100%)
2006	7	541	7	Akawa Natural Gas, LLC (100%)
2006	8	500	7	Akawa Natural Gas, LLC (100%)
2006	9	1517	7	Akawa Natural Gas, LLC (100%)
2006	10	1570	7	Akawa Natural Gas, LLC (100%)
2006	11	1003	7	Akawa Natural Gas, LLC (100%)
2006	12	1395	7	Akawa Natural Gas, LLC (100%)
2007	1	1394	7	Akawa Natural Gas, LLC (100%)
2007	2	971	7	Akawa Natural Gas, LLC (100%)
2007	3	1429	7	Akawa Natural Gas, LLC (100%)
2007	4	1246	7	Akawa Natural Gas, LLC (100%)
2007	5	1370	7	Akawa Natural Gas, LLC (100%)
2007	6	911	7	Akawa Natural Gas, LLC (100%)
2007	7	575	7	Akawa Natural Gas, LLC (100%)
2007	8	675	7	Akawa Natural Gas, LLC (100%)
2007	9	604	7	Akawa Natural Gas, LLC (100%)
2007	10	584	7	Akawa Natural Gas, LLC (100%)
2007	11	606	7	Akawa Natural Gas, LLC (100%)
2007	12	474	7	Akawa Natural Gas, LLC (100%)
2008	1	367	7	Akawa Natural Gas, LLC (100%)
2008	2	267	7	Akawa Natural Gas, LLC (100%)
2008	3	299	7	Akawa Natural Gas, LLC (100%)
2008	4	327	7	Akawa Natural Gas, LLC (100%)
2008	5	5	7	Akawa Natural Gas, LLC (100%)
2008	6	24	7	Akawa Natural Gas, LLC (100%)
2008	7	96	7	Akawa Natural Gas, LLC (100%)
2008	8	249	7	Akawa Natural Gas, LLC (100%)

*2011 data incomplete at this time.
 Data from previous years may still change.
 Note: bbls is barrels; mcf is 1000 cubic feet.

2008	9	211	7	Akawa Natural Gas, LLC (100%)
2008	10	101	7	Akawa Natural Gas, LLC (100%)
2008	11	228	7	Akawa Natural Gas, LLC (100%)
2008	12	326	7	Akawa Natural Gas, LLC (100%)
2009	1	268	7	Akawa Natural Gas, LLC (100%)
2009	2	1069	7	Akawa Natural Gas, LLC (100%)
2009	3	1070	7	Akawa Natural Gas, LLC (100%)
2009	4	737	7	Akawa Natural Gas, LLC (100%)
2009	8	648	7	Akawa Natural Gas, LLC (100%)
2009	9	309	7	Akawa Natural Gas, LLC (100%)
2009	10	424	7	Akawa Natural Gas, LLC (100%)
2009	11	470	7	Akawa Natural Gas, LLC (100%)
2009	12	333	7	Akawa Natural Gas, LLC (100%)
2010	1	379	7	Akawa Natural Gas, LLC (100%)
2010	2	416	7	Akawa Natural Gas, LLC (100%)
2010	5	29	7	Akawa Natural Gas, LLC (100%)
2010	6	28	7	Akawa Natural Gas, LLC (100%)
2010	7	148	7	Akawa Natural Gas, LLC (100%)
2010	8	130	7	Akawa Natural Gas, LLC (100%)
2010	9	122	7	Akawa Natural Gas, LLC (100%)
2010	10	77	7	Akawa Natural Gas, LLC (100%)
2010	11	57	7	Akawa Natural Gas, LLC (100%)
2010	12	302	7	Akawa Natural Gas, LLC (100%)
2011	1	292	7	Akawa Natural Gas, LLC (100%)
2011	2	91	7	Akawa Natural Gas, LLC (100%)
2011	3	167	7	Akawa Natural Gas, LLC (100%)

Pre-1987 cumulative data and monthly volume data is provided under license agreement to the KGS by IHS Energy. As such, it may be reviewed and used for public service and research purposes. It may not be downloaded or used for purposes of re-packaging, reselling or dissemination to third parties.

Kansas Geological Survey
Comments to webadmin@kgs.ku.edu
URL=<http://www.kgs.ku.edu/Magellan/Field/lease.html>
Programs Updated May 23, 2005
Data from Kansas Dept. of Revenue files monthly.

Read-Only This database has been opened read-only. You can only change data in linked tables. To make design changes, save a copy of the database. Save As ...

CO NAME: Osborn Energy, L.L.C.
 dba:
 ATTN: Jim Osborn
 ADDR 1: 24650 FARLEY
 ADDR 2:
 City, ST Zip: BUCYRUS KS 66013 9264

LICENSE NO: 32294
 ORIG ISSUE DATE: 03/01/1998
 ISSUE DATE: 05/26/2010
 EXPIR DATE: 03/30/2011

STATUS 1: I
 STATUS 2: EXP
 KOLAR:

Return to Search
 Main Menu

Fine Pending? BUSINESS ENTITY: Limited Corporation ENTITY CHG DATE:

LICENSE TYPE(s):
 Operator Casing Puller Gas Storage
 Stratigraphic Drilling Contractor Gas Gatherer
 Well Plugging Residential Workover, Service Units

Well Inventory Received Date: (For financial assurance for new Operators)

WELL INVENTORY INFO

Renewal Received Date:

 Attached
 Filed thru KOLAR
 No Wells
 WI Received Date:

 WI Accepted Date:
 (for info only)
 WI Approved Date:
 (for info only)

TYP_REI	REP_NAME	TITLE	PHONE	EXT	FAX	ALT_PHONE
AS	Custin Hamblen	Geologist				
AS	Jeff Taylor	Director of Operations				
EC	Jim Steinheider		(913) 533-9900			
PR	Osborn James L. Jr.		(480) 905-3232			
PR	Osborn Sheryl D.	Trustee	(480) 905-3232			
PR	Osborn James L. Jr.	Trustee	(480) 905-3232			

Record: 1 of 7
 No Filter Search
 (a) \$100 Non-refundable Cash Option (1) or (2) OPER FINANCIAL RESPONSIBILITY: K.A.R. 82-3-12
 (b)(1) Individual Performance Bond (b)(1) Individual Letter of Credit
 (b)(2) Blanket Performance Bond Option (A) (b)(2) Blanket Letter of Credit Option (A)
 (b)(2) Blanket Performance Bond Option (B) (b)(2) Blanket Letter of Credit Option (B)
 (b)(3) Cash Assurance [6% of the amount of Bond or Letter of Credit required by (b)(1) or (b)(2)]
 (b)(4) First Lien on Tangible Personal Property
 Assurance Amount: \$100.00
 Date Posted: 05/26/2010
 (b)(5) Other: Not Required

COMMENTS: (Press Enter Key to start new line)

WI CERTIFICATION

Certification Received Date:

 Certificate Attached
 Certified through KOLAR
 Certification Approved Date:

Navigation Pane

P R I N T

Monday, February 13, 2012

<i>LIC #</i>	<i>Type</i>	<i>Name</i>	<i>Title</i>	<i>Phone</i>	<i>Ph Ext</i>	<i>Address</i>	<i>City</i>	<i>ST</i>	<i>Zip</i>	<i>Zip+4</i>
32294	AS	Custin Hamblen	Geologist							
32294	AS	Jeff Taylor	Director of Opera							
32294	EC	Jim Steinheider		(913) 533-9900		24850 Farley	Bucyrus	KS	66013	
32294	PR	Osborn James L. Jr.		(480) 905-3232						
32294	PR	Osborn Sheryl D.	Trustee	(480) 905-3232						
32294	PR	Osborn, James L. Jr.	Trustee	(480) 905-3232						
32294	RA	Jim Osborn		(480) 905-3232		24850 Farley	Busyrus	KS	66013	

Read-Only This database has been opened read-only. You can only change data in linked tables. To make design changes, save a copy of the database. Save As ...

CO NAME: Central States Energy LLC
 dba:
 ATTN: James Osborn
 ADDR 1: PO BOX 454
 ADDR 2:
 City, ST Zip: STILLWELL KS 66085

LICENSE NO: 34570
 ORIG ISSUE DATE: 06/10/2011
 ISSUE DATE: 06/10/2011
 EXPIR DATE: 06/30/2012

STATUS 1: A KOLAR:
 STATUS 2: NEW
 Tags

Return to Search
 Main Menu

Fine Pending? BUSINESS ENTITY: Limited Corporation ENTITY CHG DATE:

LICENSE TYPE(s):
 Operator Casing Puller Gas Storage
 Stratigraphic Drilling Contractor Gas Gatherer
 Well Plugging Residential Workover, Service Units

Well Inventory Received Date: (For financial assurance for new Operators)

WELL INVENTORY INFO
 Renewal Received Date:
 Attached
 Filed thru KOLAR
 No Wells

TYP_REI	REP_NAME	TITLE	PHONE	EXT	FAX	ALT_PHONE	ALT
AS	Jeff Taylor						
EC	Jeff Taylor		(816) 618-3150			(913) 238-2261	
PR	James L. Osborn Jr.		(913) 533-9900				
RA	James Osborn		(913) 533-9900				

WI Received Date:

 WI Accepted Date:
 (for info only)
 WI Approved Date:
 (for info only)

Record: 1 of 4 No Filter Search

OPER FINANCIAL RESPONSIBILITY: K.A.R. 82-5-121
 (a) \$100 Non-refundable Cash Option (1) or (2)
 (b)(1) Individual Performance Bond (b)(1) Individual Letter of Credit
 (b)(2) Blanket Performance Bond Option (A) (b)(2) Blanket Letter of Credit Option (A)
 (b)(2) Blanket Performance Bond Option (B) (b)(2) Blanket Letter of Credit Option (B)
 (b)(3) Cash Assurance [6% of the amount of Bond or Letter of Credit required by (b)(1) or (b)(2)]
 (b)(4) First Lien on Tangible Personal Property
 Assurance Amount: \$1,800.00
 Date Posted: 06/10/2011
 (b)(5) Other:
 Not Required

COMMENTS: (Press Enter Key to start new line)

WI CERTIFICATION
 Certification Received Date:

 Certificate Attached
 Certified through KOLAR
 Certification Approved Date:

Navigation Pane

PRINT

Monday, February 13, 2012

<i>LIC #</i>	<i>Type</i>	<i>Name</i>	<i>Title</i>	<i>Phone</i>	<i>Ph Ext</i>	<i>Address</i>	<i>City</i>	<i>ST</i>	<i>Zip</i>	<i>Zip+4</i>
34570	AS	Jeff Taylor								
34570	EC	Jeff Taylor		(816) 618-3150		24850 Farley	Bucyrus	KS	66013	
34570	PR	James L. Osborn Jr.		(913) 533-9900		9141 N. 70th St.	Paradise Valley	AZ	85253	
34570	RA	James Osborn		(913) 533-9900		24850 Farley	Bucyrus	KS	66013	



Kansas BusinessCenter

Simple Steps for Success

Thinking Starting Maintaining Closing

Business Entity Search

Date: 02/13/2012

Business Information

Current Entity Name

OSBORN ENERGY, L.L.C.

[File Name Change Online](#)

Business Entity ID Number

2549178

Current Mailing Address: 24850 FARLEY, BUCYRUS, KS 66013

[Update](#)

Business Entity Type: KANSAS LTD LIABILITY COMPANY

Date of Formation in Kansas: 12/01/1997

State of Organization: KS

Current Status: ACTIVE AND IN GOOD STANDING

[Certificate of Good Standing](#)

Resident Agent and Registered Office

Resident Agent: JAMES L. OSBORN, JR

Registered Office: 24850 FARLEY, BUCYRUS, KS 66013

[Update Resident Agent/Office](#)

Annual Reports

The following annual report information is valid for active and delinquent status entities only.

Tax Closing Month: 12

The Last Annual Report on File: 12/2010

Next Annual Report Due: 04/15/2012

[File Online](#)

Forfeiture Date: 07/15/2012

[Close Your Business](#)

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Kansas BusinessCenter

Simple Steps for Success

Thinking Starting Maintaining Closing

Business Entity Search

Date: 02/13/2012

Business Information

Current Entity Name

CENTRAL STATES ENERGY LLC

[File Name Change Online](#)

Business Entity ID Number

4508800

Current Mailing Address: JAMES OSBORN - 24850 FARLEY, BUCYRUS, KS 66013

[Update](#)

Business Entity Type: FOREIGN LTD LIABILITY COMPANY

Date of Formation in Kansas: 05/02/2011

State of Organization: NV

Current Status: ACTIVE AND IN GOOD STANDING

[Certificate of Good Standing](#)

Resident Agent and Registered Office

Resident Agent: THE CORPORATION COMPANY, INC.

Registered Office: 112 SW 7TH STREET SUITE 3C, TOPEKA, KS 66603

[Update Resident Agent/Office](#)

Annual Reports

The following annual report information is valid for active and delinquent status entities only.

Tax Closing Month: 12

The Last Annual Report on File: 00/0000

Next Annual Report Due: 04/15/2012

[File Online](#)

Forfeiture Date: 07/15/2012

[Close Your Business](#)

September 19, 2011

Jeff Taylor
Osborn Energy, LLC
24850 Farley
Bucyrus, Kansas 66013

RE: Adams Lease, Section 12, Township 15 South, Range 24 East, Johnson County

Dear Mr. Taylor:

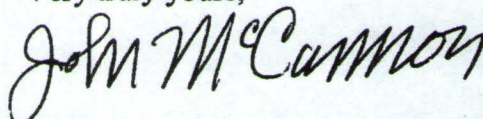
On September 14, 2011, our field staff inspected the referenced lease and found fourteen (14) abandoned wells. None of the wells are equipped for production and the wells have not been temporarily abandoned.

In addition we are advised that the District Court has cancelled this lease and has ordered Osborn to plug the wells.

Within the next twenty (20) days you must provide your written plan to plug the wells. Failure to do so will result in Commission Staff taking formal enforcement action.

If you have any questions, please contact me.

Very truly yours,



John McCannon
Litigation Counsel

cc: KCC District 3

VERIFICATION OF HERMAN TAYLOR

STATE OF KANSAS)
) ss:
COUNTY OF NEOSHO)

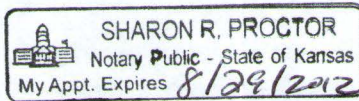
Taylor Herman, being first duly sworn, deposes and says that he is the Taylor Herman referred to in the foregoing document entitled "Prefiled Testimony of Taylor Herman" in Docket No. 12-CONS-152-CSHO before the State Corporation Commission of the State of Kansas and the statements and attached exhibits therein were prepared by him or under his direction and are true and correct to the best of his information, knowledge and belief.

Taylor C. Herman
Taylor Herman

SUBSCRIBED AND SWORN to before me on this 1ST day of February, 2012.

Sharon R. Proctor
Notary Public

My Commission expires:



**THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

Before Commissioners: Mark Sievers, Chairman
 Ward Loyd
 Thomas E. Wright

In the Matter of an Order to Show Cause on)	Docket No. 12-CONS-152-CSHO
the Commission's own Motion issued to)	
Osborn Energy, L.L.C. and Central States)	CONSERVATION DIVISION
Energy LLC., with regard to responsibility)	
under K.S.A. 55-179 for plugging the Adams)	
Lease in Section 12, Township 15 South,)	License No. 32294 (expired)
Range 24 East, Johnson County, Kansas.)	34570

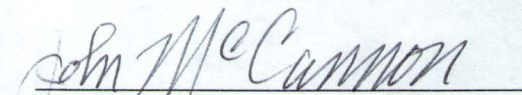
CERTIFICATE OF SERVICE

I, John McCannon, Litigation Counsel, with the Kansas Corporation Commission, certify that on 02-24-2012, 2012, I did cause a true and correct copy of the Pre-Filed Testimony of Taylor Herman, to be served by United States mail, first class, postage prepaid to the following:

Jim Osborn
Osborn Energy L.L.C.
24850 Farley
Bucyrus, Kansas 66013

James Osborn
Central States Energy LLC
24850 Farley
Bucyrus, Kansas 66013

Taylor Herman, John Almond
KCC District 3
1500 W. 7th Street
Chanute, Kansas 66720



John McCannon
Litigation Counsel
Kansas Corporation Commission