



For KCC Use:
Effective Date:
District #
SGA? Yes No

KANSAS CORPORATION COMMISSION 1030218
OIL & GAS CONSERVATION DIVISION

Form C-1
October 2007

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

Expected Spud Date: month day year

OPERATOR: License#
Name:
Address 1:
Address 2:
City: State: Zip: +
Contact Person:
Phone:

CONTRACTOR: License#
Name:

Well Drilled For: Well Class: Type Equipment:
Oil Enh Rec Infield Mud Rotary
Gas Storage Pool Ext. Air Rotary
Disposal Wildcat Cable
Seismic ; # of Holes Other
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:
- - - - Sec. Twp. S. R. E W
(0000) feet from N / S Line of Section
feet from E / W Line of Section

Is SECTION: Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)

County:
Lease Name: Well #:

Field Name:

Is this a Prorated / Spaced Field? Yes No

Target Formation(s):

Nearest Lease or unit boundary line (in footage):

Ground Surface Elevation: 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:

Depth to bottom of usable water:

Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set:

Length of Conductor Pipe (if any):

Projected Total Depth:

Formation at Total Depth:

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 #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.

Submitted Electronically

For KCC Use ONLY
API # 15 -
Conductor pipe required feet
Minimum surface pipe required feet per ALT. I II
Approved by:
This authorization expires:
(This authorization void if drilling not started within 12 months of approval date.)
Spud date: Agent:

Remember to:

- 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 this permit has expired (See: authorized expiration date) please check the box below and return to the address below.

Well Not Drilled - Permit Expired Date:
Signature of Operator or Agent:



1030218

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a prorated or spaced field

If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please show all the wells and within 1 mile of the boundaries of the proposed acreage attribution unit for gas wells and within 1/2 mile of the boundaries of the proposed acreage attribution unit for oil wells.

API No. 15 - _____

Operator: _____

Lease: _____

Well Number: _____

Field: _____

Number of Acres attributable to well: _____

QTR/QTR/QTR/QTR of acreage: _____ - _____ - _____ - _____

Location of Well: County: _____

_____ feet from N / S Line of Section

_____ feet from E / W Line of Section

Sec. _____ Twp. _____ S. R. _____ E W

Is Section: Regular or Irregular

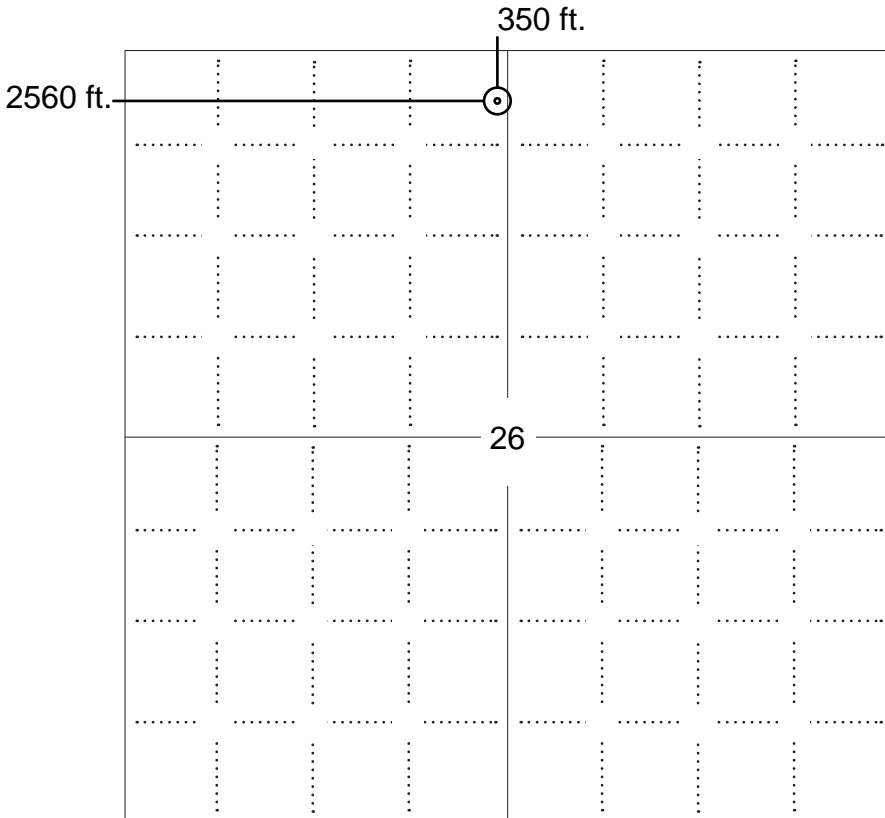
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

PLAT

(Show location of the well and shade attributable acreage for prorated or spaced wells.)

(Show footage to the nearest lease or unit boundary line.)



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

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).



KANSAS CORPORATION COMMISSION 1030218
OIL & GAS CONSERVATION DIVISION

Form CDP-1
April 2004
Form must be Typed

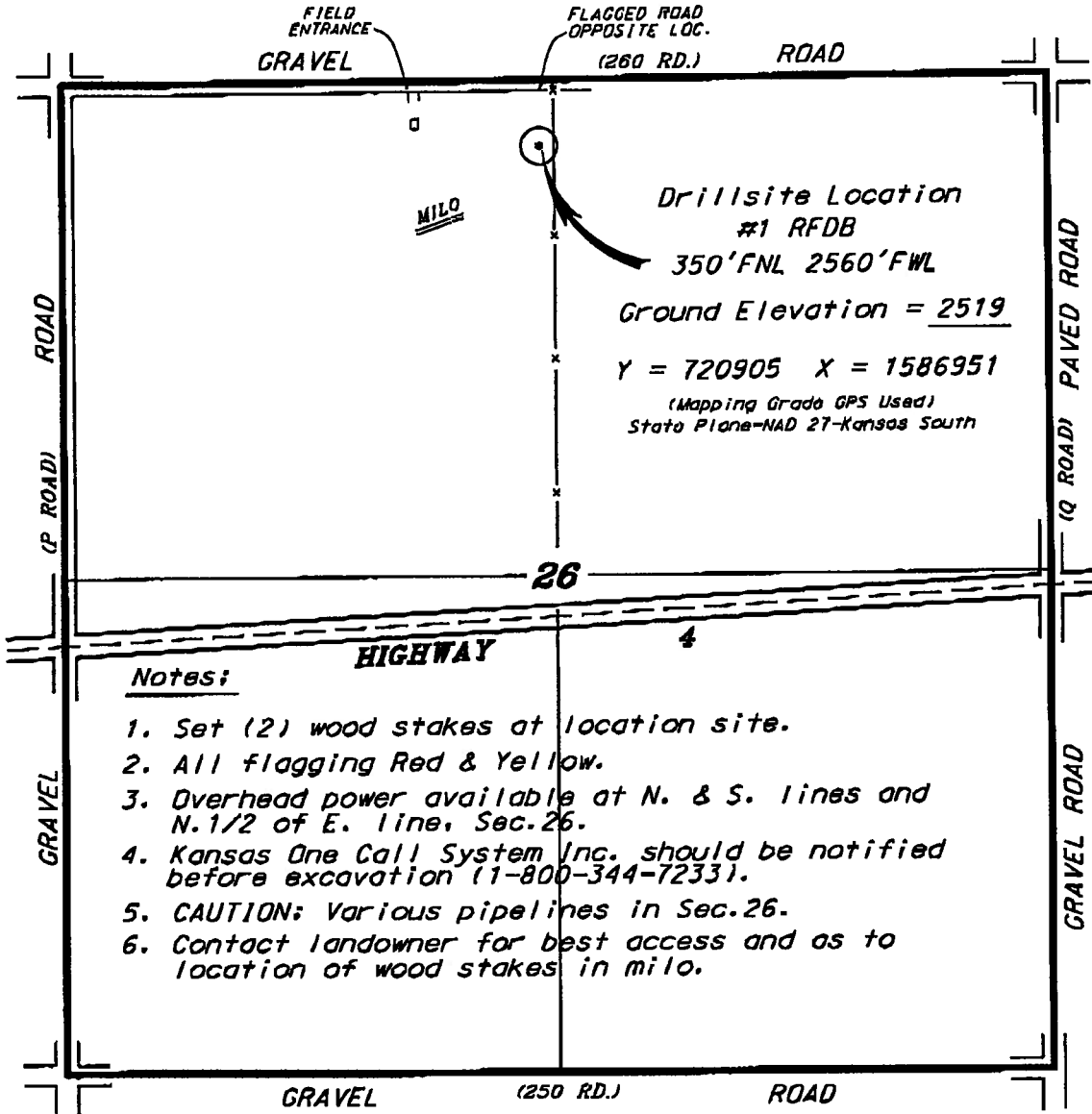
APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: _____		License Number: _____	
Operator Address: _____			
Contact Person: _____		Phone Number: _____	
Lease Name & Well No.: _____		Pit Location (QQQQ): _____-_____-_____-_____	
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <i>(If WP Supply API No. or Year Drilled)</i>		Pit is: <input type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: _____ (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: _____ mg/l <i>(For Emergency Pits and Settling Pits only)</i>	
Is the bottom below ground level? <input type="checkbox"/> Yes <input type="checkbox"/> No		Artificial Liner? <input type="checkbox"/> Yes <input type="checkbox"/> No	
How is the pit lined if a plastic liner is not used?		_____	
Pit dimensions (all but working pits): _____ Length (feet) _____ Width (feet) _____ N/A: Steel Pits Depth from ground level to deepest point: _____ (feet) _____ 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 _____ feet Depth of water well _____ feet		Depth to shallowest fresh water _____ feet. Source of information: _____ measured _____ well owner _____ electric log _____ 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: _____ Number of working pits to be utilized: _____ Abandonment procedure: _____ _____ Drill pits must be closed within 365 days of spud date.	
Submitted Electronically			

KCC OFFICE USE ONLY	Steel Pit	RFAC	RFAS
Date Received: _____ Permit Number: _____ Permit Date: _____ Lease Inspection: <input type="checkbox"/> Yes <input type="checkbox"/> No			

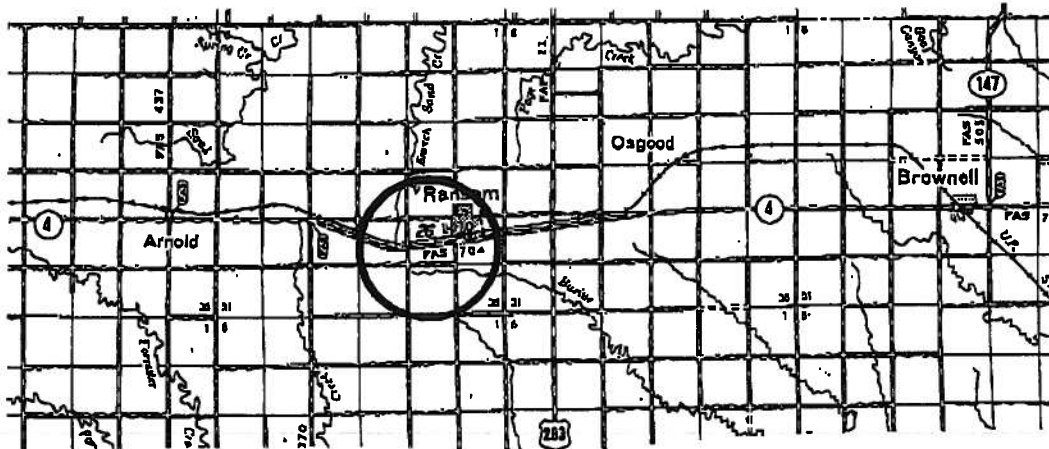
PALOMINO PETROLEUM, INC.
RFDB LEASE
NW. 1/4, SECTION 26, T16S, R24W
NESS COUNTY, KANSAS



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

Notes:

1. Set (2) wood stakes at location site.
2. All flagging Red & Yellow.
3. Overhead power available at N. & S. lines and N. 1/2 of E. line, Sec. 26.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION: Various pipelines in Sec. 26.
6. Contact landowner for best access and as to location of wood stakes in milo.



• Controlling data is based upon the best maps and photographs available to us and upon a regular section of land containing 640 acres.

• Approximate section lines were determined using the normal standard of care of oilfield surveyors 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 occupying this plot and all other parties relying thereon agree to hold Central Kansas Oilfield Services, Inc., its officers and employees harmless from all losses, costs and expenses and said entities released from any liability from incidental or consequential damages.

Date

August 4, 2009

DECLARATION OF POOLING AND UNITIZATION

WHEREAS, the undersigned is the owner of the oil and gas leases described in Exhibit "A" attached hereto, and said leases provide by their express terms that the owner thereof may consolidate and pool or unitize any of said leases upon the terms and conditions set out in each respective lease, by the execution and recording of an instrument declaring such pooling and unitization in the records of the county in which the lands covered by each lease are located; and

WHEREAS, the undersigned desires to consolidate said leases as hereafter set out, as provided in said leases.

NOW, THEREFORE, the undersigned declares said leases to be consolidated and unitized insofar as they cover the following described lands for the production of oil and/or gas, to-wit:

Beginning at the NE corner of the NW/4 of Section 26-T16S-R24W;
West 410 feet; South 700 feet; East 660 feet; North 700 feet; East
250 feet to the POB

EXECUTED this 3rd day of August, 2009.

Palomino Petroleum, Inc.

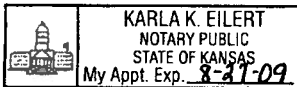
By: *Klee R. Watchous*
Klee R. Watchous, President

STATE OF KANSAS)
) ss.
COUNTY OF HARVEY)

The foregoing Declaration of Pooling and Unitization was acknowledged before me this 3rd day of August, 2009, by KLEE R. WATCHOUS, President of Palomino Petroleum, Inc., a corporation of the State of Kansas, personally known to me to be such officer, and to be the same person who executed as such officer the foregoing instrument of writing in behalf of said corporation, and he duly acknowledged the execution of the same for himself and for said corporation for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My Commission Expires: August 27, 2009



Karla K. Eilert
Notary Public
Typed name: Karla K. Eilert



State of Kansas - Ness County
Book: 324 Page: 689
Receipt #: 5745 Recording Fee: \$12.00
Pages Recorded: 2
Cashier Initials: MH
Date Recorded: 8/4/2009 9:30:00 AM

EXHIBIT "A" TO DECLARATION OF POOLING AND UNITIZATION

Leases subject to Declaration:

1. LESSOR: Clara Louise Dubbs, Trustee
LESSEE: J. Fred Hambright, Inc.
DATE: March 17, 2004
RECORDED: Book 286 at Page 173
LEGAL DESCRIPTION: W/2, Section 26-T16S-R24W,
Ness County, KS
2. LESSOR: Florence M Roat, Co-Trustee, et al.
LESSEE: J. Fred Hambright, Inc.
DATE: March 17, 2004
RECORDED: Book 287 at Page 23
LEGAL DESCRIPTION: W/2, Section 26-T16S-R24W,
Ness County, KS
3. LESSOR: Kathryn Blocksome Revocable
Living Trust dated 6-13-2001
LESSEE: Palomino Petroleum, Inc.
DATE: September 11, 2007
RECORDED: Book 312 at Page 372
LEGAL DESCRIPTION: Two tracts in the NE/4 of Section 26-
T16S-R24W, Ness County, KS,
more fully described in said lease
4. LESSOR: Wilbur D. Farmer and Libby Farmer, his wife
LESSEE: Palomino Petroleum, Inc.
DATE: August 17, 2006
RECORDED: Book 303 at Page 212
LEGAL DESCRIPTION: Beginning at the NW corner of the
NE/4 of Section 26-T16W-R24W,
Ness County, KS; South 7.36
chains; East 27 rods, two feet; North
7.36 chains; West to the POB