



For KCC Use:

Effective Date: _____

District # _____

SGA? Yes No

KANSAS CORPORATION COMMISSION 1032259
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:

- | | | | |
|---|-----------------------------------|------------------------------------|-------------------------------------|
| <input type="checkbox"/> Oil | <input type="checkbox"/> Enh Rec | <input type="checkbox"/> Infield | <input type="checkbox"/> Mud Rotary |
| <input type="checkbox"/> Gas | <input type="checkbox"/> Storage | <input type="checkbox"/> Pool Ext. | <input type="checkbox"/> Air Rotary |
| <input type="checkbox"/> Seismic ; _____ # of Holes | <input type="checkbox"/> Disposal | <input type="checkbox"/> Wildcat | <input type="checkbox"/> Cable |
| <input type="checkbox"/> Other: _____ | <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: _____

_____ - _____ - _____ - _____ Sec. _____ Twp. _____ S. R. _____ E W
(00/00)

_____ 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: _____



1032259

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

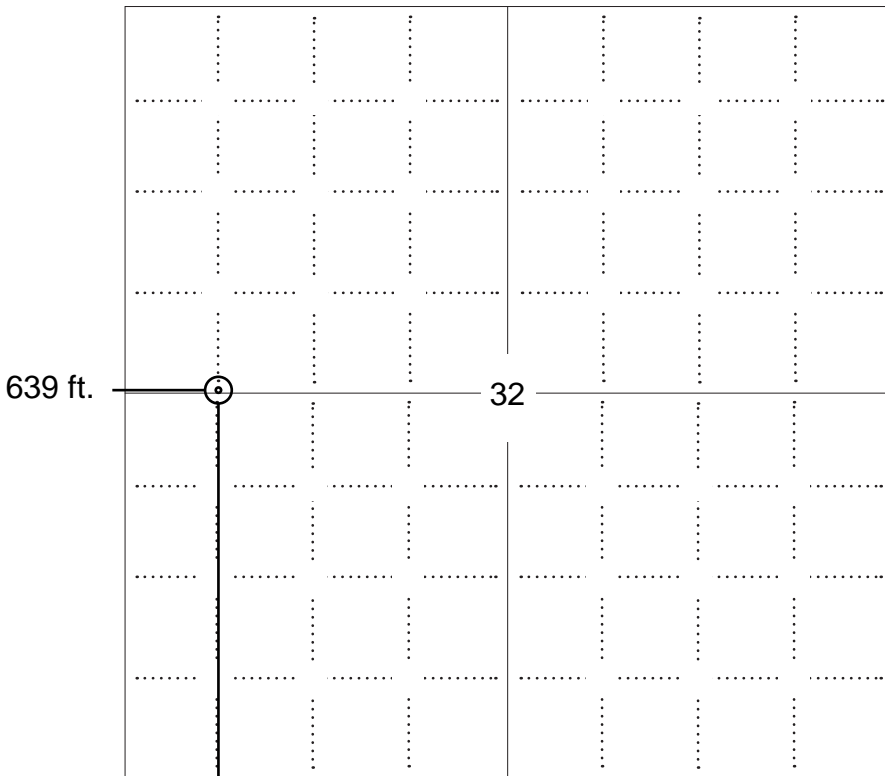
If Section is Irregular, locate well from nearest corner boundary.

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.



2655 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: (C0-7 for oil wells; CG-8 for gas wells).



KANSAS CORPORATION COMMISSION 1032259
OIL & GAS CONSERVATION DIVISION

Form CDP-1
April 2004
Form must be Typed

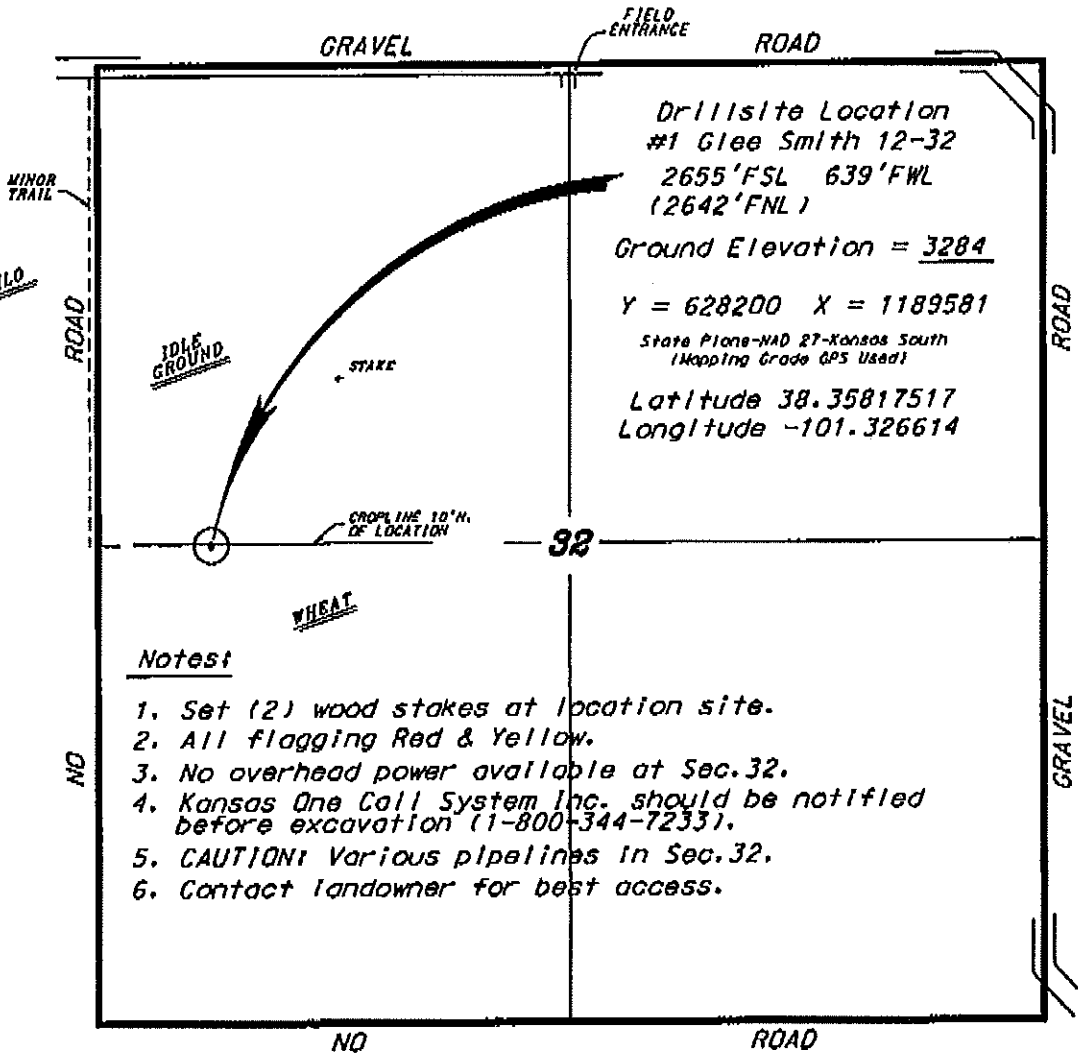
APPLICATION FOR SURFACE PIT

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	

MCELVAIN OIL & GAS PROPERTIES, INC.
GLEE SMITH LEASE
W. 1/2, SECTION 32, T19S, R36W
WICHITA COUNTY, KANSAS

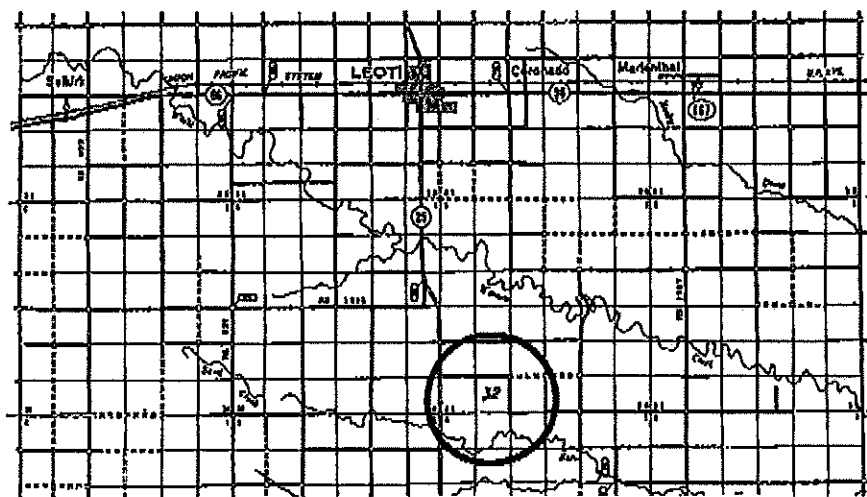


Drill site Location
 #1 Glee Smith 12-32
 2655' FSL 639' FWL
 (2642' FNL)
 Ground Elevation = 3284
 Y = 628200 X = 1189581
 State Plane-NAD 87-Kansas South
 (Mapping Grade GPS Used)
 Latitude 38.35817517
 Longitude -101.326614

Notes

1. Set (2) wood stakes at location site.
2. All flagging Red & Yellow.
3. No overhead power available at Sec. 32.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION! Various pipelines in Sec. 32.
6. Contact landowner for best access.

*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.



• Controlling data is based upon the best maps and photographs available to us and upon a regular section of 1600 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 drill site location in the section is not guaranteed. Therefore, the operator, securing this service and accepting 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 oilfield related from any liability from incidental or consequential damages.
 • Elevations derived from National Geodetic Vertical Datum.

Date September 30, 2009

LEASE MODIFICATION AGREEMENT

THIS AGREEMENT is made and entered into this 23rd day of October, 2009, by and between the following parties, to-wit:

McElvain Energy, LLC
1050 57th Street, Suite 1800
Denver, CO 80205

hereinafter called "Lessee", and

Geraldine B. Smith and Glee S. Smith, Jr., wife and husband
4313 Quail Pointe Road
Lawrence, KS 66044

G. Sid Smith
931 North Pitt
Alexandria, VA 22314

hereinafter collectively called "Lessors."

WITNESSETH,

WHEREAS, Lessee owns and operate the following described oil and gas leases, to-wit:

- A. Oil and Gas Lease dated September 8, 2008, by and between Geraldine B. Smith and Glee S. Smith, Jr., wife and husband, as lessors, and McElvain Energy, LLC, as lessee, covering the West Half of the Northwest Quarter (W/2 NW/4) of Section 32, Township 19 South, Range 36 West, Wichita County, Kansas, and recorded in Book 46, Page 245 of the records of Wichita County, Kansas.
- B. Oil and Gas Lease dated September 8, 2008, between G. Sid Smith, a single man, as lessor, and McElvain Energy, LLC, as lessee, covering the North Half of the Southwest Quarter (N/2 SW/4) of Section 32, Township 19 South, Range 36 West, Wichita County, Kansas, and recorded in Book 46, Page 251 of the records of Wichita County, Kansas.

hereinafter collectively called the "Leases"); and

WHEREAS, Lessors own all of the oil, gas and other minerals in the lands covered by the Leases and the royalty interest in and to the Leases; and

WHEREAS, Lessee desires to drill an oil well, to be known as the #1 Glee Smith 12-32 well, at the following location 2642' FNL and 639' FWL of Section 32-19S-36W, which is near the common lease line between the Leases, said common lease line being the South line of the W/2 NW/4 of Section 32-19S-36W, and the North line of the N/2 SW/4 of Section 32-19S-36W, Wichita County, Kansas; and

WHEREAS, in the interest of promoting conservation, protecting correlative rights, preventing waste and increasing the ultimate recovery of oil from the Leases, Lessee desires to pool, combine or consolidate a portion of the acreage covered by each of the Leases to create a unit for the production of oil upon the terms and conditions set forth herein and the Leases.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, to be kept and performed by the parties hereto, it is mutually agreed as follows:

1. Subject to the terms of this Agreement, Lessors agree and consent to the drilling of the #1 Glee Smith 12-32 well on or near the common lease line by Lessee.
2. Lessors hereby expressly grant Lessee the right and privilege to consolidate, pool or combine the oil leasehold estate from a portion of the lands covered by each of the Leases to form a forty (40) acre oil unit, consisting of 20 acres from the W/2 NW/4 of Section 32 and 20 acres from the N/2 SW/4 of Section 32, more particularly described as follows:

Township 19 South, Range 36 West, 6th P.M.

Section 32: S/2 SW/4 NW/4, N/2 NW/4 SW/4

Lessors further agree that the entire acreage contained in said oil unit shall be treated for all purposes, except the payment of royalties on production of oil from said oil unit, as if said lands were included in each of the Leases, and that any producing oil well drilled on any portion of the herein described consolidated oil unit shall be considered producing from both of the Leases and shall operate to continue the leasehold estate covered by such Leases for so long as oil is produced from such consolidated oil unit.

3. Lessors further agree that all royalties which shall accrue on oil produced and sold from a well located on said consolidated oil unit shall be paid to the respective Lessors in the same proportion that the surface acreage contributed by each of the respective Leases to the consolidated oil unit bears to the total surface acreage contained in the consolidated oil unit.
4. This Agreement shall continue in full force and effect as long as oil is produced from any well or wells drilled hereunder.
5. The provisions of the Leases shall be and hereby are amended to the extent that they are contrary to or inconsistent with the provisions of this Agreement. Except as modified by this Agreement, Lessors agree that the Leases remain in full force and effect according to their terms.

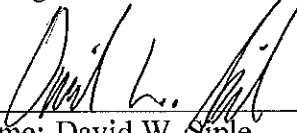
6. All provisions of the Leases, express and implied, and of this Agreement shall be subject to all federal and state laws and the orders, rules and regulations of all governmental agencies administering the same.
7. This Agreement shall extend to, be binding upon, and inure to the benefit of the parties hereto and their heirs, devisees, legal representatives, successors and assigns and shall constitute a covenant running with the land, leases and interests covered hereby.
8. This Agreement may be executed in any number of counterparts and each executed counterpart shall have the same force and effect as an original instrument and as if all of the parties to the aggregate counterparts had signed the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement upon the respective dates indicated opposite their respective signature.

LESSEE:

McELVAIN ENERGY, LLC
 By McELVAIN OIL & GAS PROPERTIES, INC.
 Manager of McElvain Energy, LLC

Date: 11/3/09


 Name: David W. Siple
 Title: Vice President, Land

LESSORS:

Date: _____

 Geraldine B. Smith

Date: _____

 Glee S. Smith, Jr.

Date: 10/28/09



 G. Sid Smith

6. All provisions of the Leases, express and implied, and of this Agreement shall be subject to all federal and state laws and the orders, rules and regulations of all governmental agencies administering the same.
7. This Agreement shall extend to, be binding upon, and inure to the benefit of the parties hereto and their heirs, devisees, legal representatives, successors and assigns and shall constitute a covenant running with the land, leases and interests covered hereby.
8. This Agreement may be executed in any number of counterparts and each executed counterpart shall have the same force and effect as an original instrument and as if all of the parties to the aggregate counterparts had signed the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement upon the respective dates indicated opposite their respective signature.


LESSEE: McELVAIN ENERGY, LLC
By McELVAIN OIL & GAS PROPERTIES, INC.
Manager of McElvain Energy, LLC

Date: _____

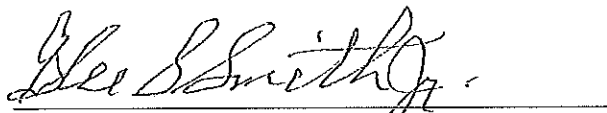
 _____
Name: David W. Siple
Title: Vice President, Land

LESSORS:

Date: 10/31/09


Geraldine B. Smith

Date: 10/31/09


Glee S. Smith, Jr.

Date: _____

G. Sid Smith

ACKNOWLEDGEMENTS

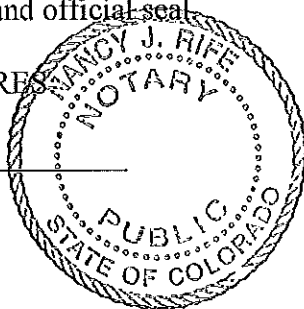
STATE OF COLORADO)
CITY AND) ss
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 3rd day of NOVEMBER 2009, by David W. Siple, as Vice President, Land, of McELVAIN OIL & GAS PROPERTIES, INC., acting in its capacity as Manager of McELVAIN ENERGY, LLC, on behalf of said Limited Liability Company.

WITNESS my hand and official seal

MY COMMISSION EXPIRES

12-17-12



Nancy J. Rife
Notary Public:

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 2009, before me personally appeared Geraldine B. Smith, who being by me duly sworn, did say that she is the person to me personally known to be the identical person, described in and who executed the within and foregoing instrument of writing and acknowledged to me that she duly executed the same as her free and voluntary act and deed for the uses and purposes therein set forth.

WITNESS my hand and official seal.

My Commission Expires:

Notary Public:

ACKNOWLEDGEMENTS

STATE OF COLORADO)
CITY AND) ss
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this _____ day of _____ 2009, by David W. Siple, as Vice President, Land, of McELVAIN OIL & GAS PROPERTIES, INC., acting in its capacity as Manager of McELVAIN ENERGY, LLC, on behalf of said Limited Liability Company.

WITNESS my hand and official seal.

MY COMMISSION EXPIRES:

Notary Public:

STATE OF Kansas)
COUNTY OF Douglas) ss.

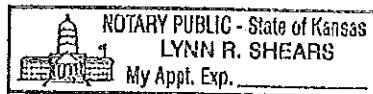
On this 31st day of October, 2009, before me personally appeared **Geraldine B. Smith**, who being by me duly sworn, did say that she is the person to me personally known to be the identical person, described in and who executed the within and foregoing instrument of writing and acknowledged to me that she duly executed the same as her free and voluntary act and deed for the uses and purposes therein set forth.

WITNESS my hand and official seal.

My Commission Expires:

8/21/13

Lynn R Shears
Notary Public:



STATE OF KANSAS)
COUNTY OF DOUGLAS) ss.

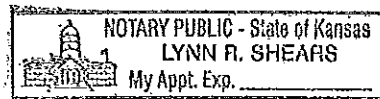
On this 31 day of OCTOBER, 2009, before me personally appeared **Glee S. Smith, Jr.**, who being by me duly sworn, did say that he is the person to me personally known to be the identical person, described in and who executed the within and foregoing instrument of writing and acknowledged to me that he duly executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

WITNESS my hand and official seal.

My Commission Expires:

8/21/13

Lynn R Shears
Notary Public:



STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of _____, 2009, before me personally appeared **G. Sid Smith** who being by me duly sworn, did say that he is the person to me personally known to be the identical person, described in and who executed the within and foregoing instrument of writing and acknowledged to me that he duly executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

WITNESS my hand and official seal.

My Commission Expires:

Notary Public:

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 2009, before me personally appeared **Glee S. Smith, Jr.**, who being by me duly sworn, did say that he is the person to me personally known to be the identical person, described in and who executed the within and foregoing instrument of writing and acknowledged to me that he duly executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

WITNESS my hand and official seal.

My Commission Expires:

Notary Public:

STATE OF Virginia)
City of Alexandria) ss.
COUNTY OF Alexandria)

On this 28 day of October, 2009, before me personally appeared **G. Sid Smith** who being by me duly sworn, did say that he is the person to me personally known to be the identical person, described in and who executed the within and foregoing instrument of writing and acknowledged to me that he duly executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

WITNESS my hand and official seal.

My Commission Expires:

Feb. 28, 2011

Darrell Jones
Notary Public:

