



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

KANSAS CORPORATION COMMISSION 1158944
 OIL & GAS CONSERVATION DIVISION

Form C-1
 March 2010

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

Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act, MUST be submitted with this form.

Expected Spud Date: _____
month day year

Spot Description: _____

OPERATOR: License# _____

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

Name: _____

_____ feet from N / S Line of Section

Address 1: _____

_____ feet from E / W Line of Section

Address 2: _____

Is SECTION: Regular Irregular?

City: _____ State: _____ Zip: _____ + _____

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

Contact Person: _____

County: _____

Phone: _____

Lease Name: _____ Well #: _____

CONTRACTOR: License# _____

Field Name: _____

Name: _____

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): _____

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"/> Disposal | <input type="checkbox"/> Wildcat | <input type="checkbox"/> Cable |

Seismic ; _____ # of Holes Other _____
 Other: _____

If OWWO: old well information as follows:

Operator: _____

Well Name: _____

Original Completion Date: _____ Original Total Depth: _____

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 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: _____

E
W

For KCC Use ONLY

API # 15 - _____

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: _____

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

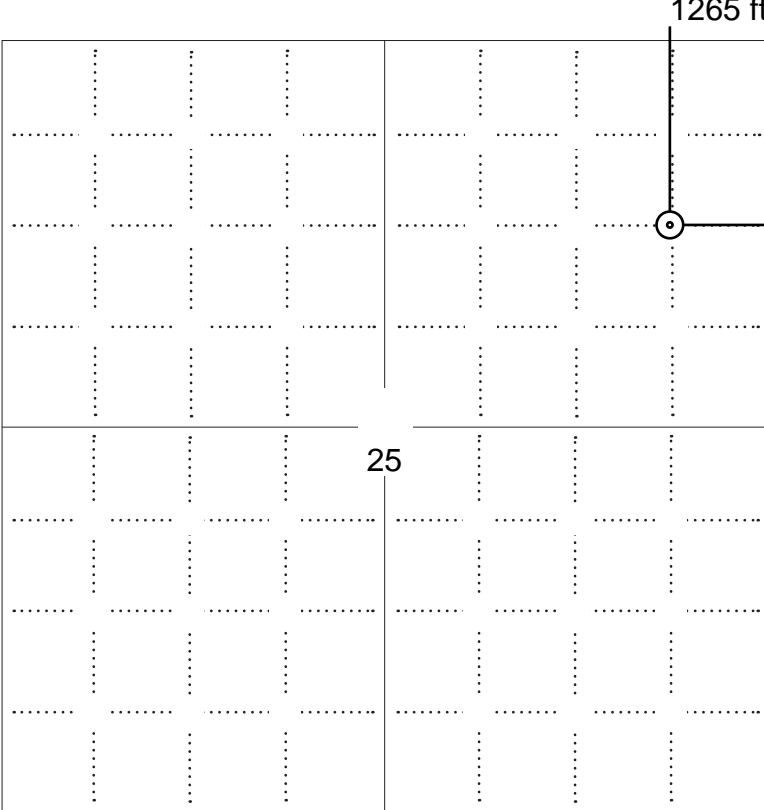
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

PLAT

Show location of the well. 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
- Tank Battery Location
- Pipeline Location
- Electric Line Location
- Lease Road Location



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).
5. The predicted locations of lease roads, tank batteries, pipelines, and electrical lines.

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) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: _____ (feet) <input type="checkbox"/> 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: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input 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: _____ 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			
Date Received: _____		Permit Number: _____	
Permit Date: _____		Lease Inspection: <input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/> Liner		<input type="checkbox"/> Steel Pit <input type="checkbox"/> RFAC <input type="checkbox"/> 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 # _____
Name: _____
Address 1: _____
Address 2: _____
City: _____ State: _____ Zip: _____ + _____
Contact Person: _____
Phone: (_____) _____ Fax: (_____) _____
Email Address: _____

Well Location:
____ - ____ - ____ - ____ Sec. ____ Twp. ____ S. R. ____ East West
County: _____
Lease Name: _____ Well #: _____

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

Surface Owner Information:

Name: _____
Address 1: _____
Address 2: _____
City: _____ State: _____ Zip: _____ + _____

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.

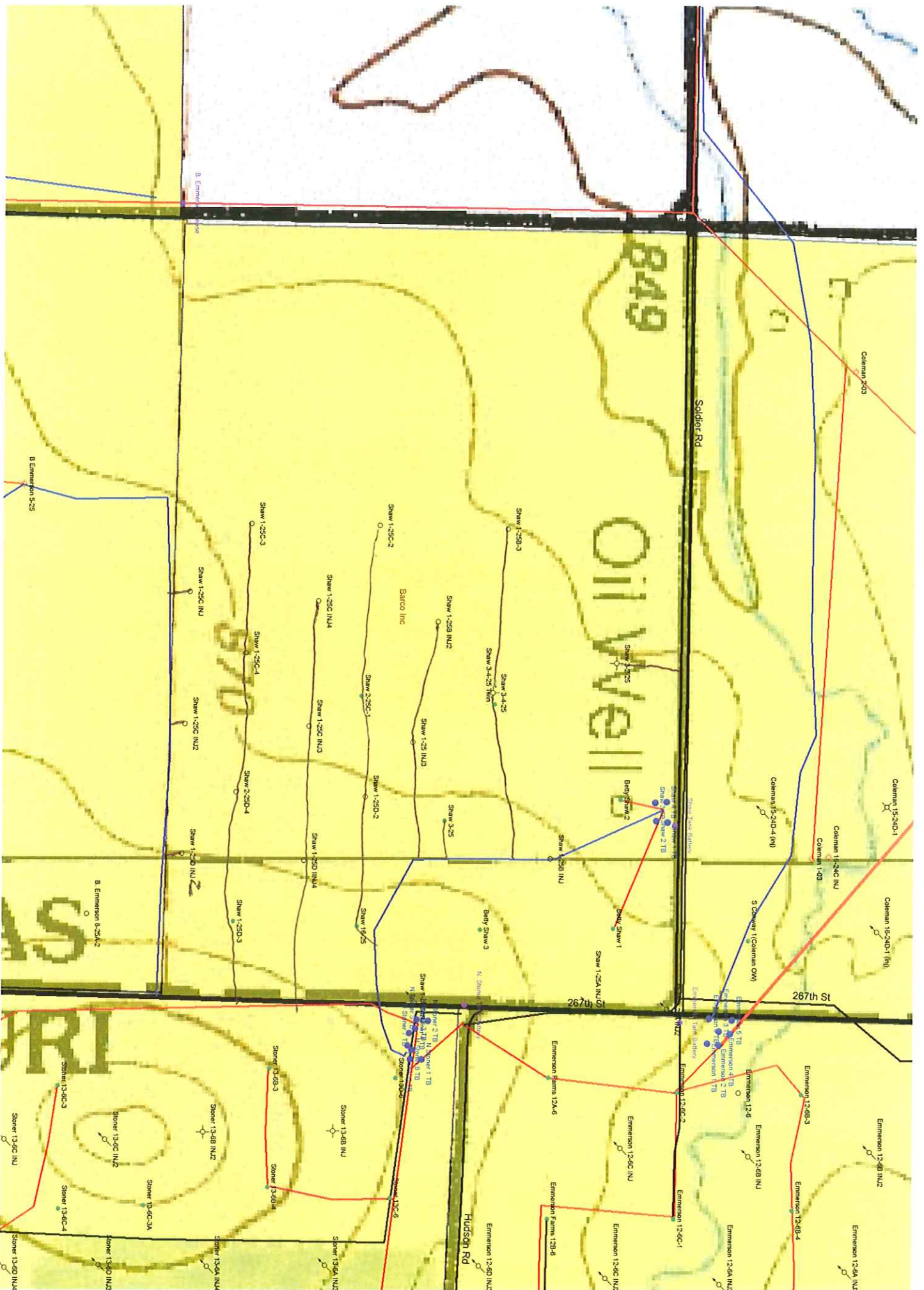
If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary 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.

I Submitted Electronically



849

Oil Well

Soldier Rd

267th St

Hudson Rd

Colman 2-33

Colman 15-24D-1 (In)

Colman 11-24C INJ

Colman 1-4B

Colman 16-24D-1 (In)

3 Contain (Colman OW)

Emmerson 12-4B-3

Emmerson 12-4B-4

Emmerson 12-4B INJ2

Emmerson 12-4A INJ2

Beth Shaw 2

Beth Shaw 1

Beth Shaw 3

Beth Shaw 2

Beth Shaw 1

Beth Shaw 3

Beth Shaw 2

Beth Shaw 1

Beth Shaw 3

Beth Shaw 2

Shaw 1-25B-3

Shaw 1-25B INJ2

Shaw 1-25B INJ3

Shaw 1-25B INJ4

Shaw 1-25B INJ5

Shaw 1-25B INJ6

Shaw 1-25B INJ7

Shaw 1-25B INJ8

Shaw 1-25B INJ9

Shaw 1-25B INJ10

Shaw 1-25B INJ11

Shaw 1-25B INJ12

Shaw 1-25B INJ13

Shaw 1-25B INJ14

Shaw 1-25B INJ15

Shaw 1-25C-2

Shaw 1-25C INJ4

Shaw 1-25C INJ3

Shaw 1-25C INJ2

Shaw 1-25C INJ1

Shaw 1-25C INJ6

Shaw 1-25C INJ5

Shaw 1-25C INJ4

Shaw 1-25C INJ3

Shaw 1-25C INJ2

Shaw 1-25C INJ1

Shaw 1-25C INJ6

Shaw 1-25C INJ5

Shaw 1-25C INJ4

Shaw 1-25C INJ3

Shaw 1-25C-3

Shaw 1-25C INJ4

Shaw 1-25C INJ3

Shaw 1-25C INJ2

Shaw 1-25C INJ1

Shaw 1-25C INJ6

Shaw 1-25C INJ5

Shaw 1-25C INJ4

Shaw 1-25C INJ3

Shaw 1-25C INJ2

Shaw 1-25C INJ1

Shaw 1-25C INJ6

Shaw 1-25C INJ5

Shaw 1-25C INJ4

Shaw 1-25C INJ3

Shaw 1-25C-4

Shaw 1-25C INJ4

Shaw 1-25C INJ3

Shaw 1-25C INJ2

Shaw 1-25C INJ1

Shaw 1-25C INJ6

Shaw 1-25C INJ5

Shaw 1-25C INJ4

Shaw 1-25C INJ3

Shaw 1-25C INJ2

Shaw 1-25C INJ1

Shaw 1-25C INJ6

Shaw 1-25C INJ5

Shaw 1-25C INJ4

Shaw 1-25C INJ3

Stoner 13-4B-3

Stoner 13-4B INJ

Stoner 13-4B INJ2

Stoner 13-4B INJ3

Stoner 13-4B INJ4

Stoner 13-4B INJ5

Stoner 13-4B INJ6

Stoner 13-4B INJ7

Stoner 13-4B INJ8

Stoner 13-4B INJ9

Stoner 13-4B INJ10

Stoner 13-4B INJ11

Stoner 13-4B INJ12

Stoner 13-4B INJ13

Stoner 13-4B INJ14

Stoner 13-4C-3

Stoner 13-4C INJ2

Stoner 13-4C INJ1

Stoner 13-4C INJ6

Stoner 13-4C INJ5

Stoner 13-4C INJ4

Stoner 13-4C INJ3

Stoner 13-4C INJ2

Stoner 13-4C INJ1

Stoner 13-4C INJ6

Stoner 13-4C INJ5

Stoner 13-4C INJ4

Stoner 13-4C INJ3

Stoner 13-4C INJ2

Stoner 13-4C INJ1

18.75% Royalty
on oil & gas.

#9

OIL AND GAS LEASE

AGREEMENT, Made and entered into this 20TH day of SEPTEMBER, 2006, by and between BARCO INCORPORATED, A NEVADA CORPORATION, Party of the first part, hereinafter called lessor (whether one or more) and McGOWN DRILLING, INC., Party of the second part, hereinafter called lessee. WITNESSETH, That the said lessor, for and in consideration of One DOLLAR(S), cash in hand paid, receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto said lessee, for the sole and only purpose of mining and operating for oil and gas, and laying pipe lines, and building tanks, power stations and structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Bourbon, State of Kansas, described as follows, to wit: Lot 1, Section 25, Township 24 South, Range 25 East of the 6th P.M., of Section 25 Township 24 Range 25 and containing 60 acres more or less.

It is agreed that this lease shall remain in full force for a term of 1 year(s) from this date, and as long thereafter as oil or gas, or either of them, is produced from said land by the lessee.

In consideration of the premises the said lessee covenants and agrees:

1st. To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect his wells, the equal three-sixteenths (3/16) part of all oil produced and saved from the leased premises.

2nd. To pay lessor for gas from each well where gas only is found the equal three-sixteenths (3/16) of the gross proceeds at the prevailing market rate, for all gas used off the premises, said payments to be made monthly and lessor to have gas free of cost from any such well for all stoves and all inside lights in the principal dwelling house on said land during the same time by making his own connections with the well at its own risk and expense.

3rd. To pay lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of three-sixteenths (3/16) of all the market value, at the mouth of the well, payable monthly at the prevailing market price.

4th. Where gas from a well capable of producing gas is not sold or used, Lessee shall pay or tender as royalty to the royalty owners One Dollar per year per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease.

If no well be commenced on said land on or before the 20 day of September, 2007, this lease shall terminate as to both parties, unless the lessee on or before the date shall pay or tender to the lessor, or to the lessor's credit in The _____ Bank at _____

or its successors, which shall continue as the depository regardless of changes in the ownership of said land, the sum of Sixty (60) DOLLARS which shall operate as a rental and cover the privilege of deferring the commencement of a well for 12 months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of the same number of months successively. All such payments or tenders of rentals may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the rental paying date, either direct to lessor or assigns or to said depository bank. And it is understood and agreed that the consideration first recited herein, the down payment, covers not only the privileges granted to the date when said first rental is payable as aforesaid, but also the lessee's option of extending that period as aforesaid, and any and all other rights conferred.

Should the first well drilled on the above described land be a dry hole, then, and in that event, if a second well is not commenced on said land within twelve months from the expiration of the last rental period for which rental has been paid, this lease shall terminate as to both parties, unless the lessee on or before the expiration of said twelve months shall resume the payment of rentals in the same amount and in the same manner as hereinbefore provided. And it is agreed that upon the resumption of the payment of rentals, as above provided, that the last preceding paragraph hereof, governing the payment of rentals and the effect thereof, shall continue in for just as though there had been no interruption in the rental payments.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil, and water produced on said land for its operation thereon, except water from wells of lessor.

When requested by lessor, lessee shall bury his pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent of the lessor.

Lessee shall pay for damages caused by its operations to growing crops on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with the like effect as if such well had been completed within the term of years herein first mentioned.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof; and it is hereby agreed in the event this lease shall be assigned as to a part or as to parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the rents due from him or them on an acreage basis, such default shall not operate to defeat or affect this lease in so far as it covers a part or parts of said lands upon which the said lessee or any assignee thereof shall make due payments of said rentals. If the leased premises are now or hereafter owned in severalty or in separate tracts, the premises, nevertheless, may be developed and operated as an entirety, and the royalties shall be paid to each separate owner in the proportion that the acreage owned by him bears to the entire leased area. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may hereafter be divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks for the oil produced from such separate tracts.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof.

LESSOR: BARCO, INCORPORATED

LESSEE: MCGOWAN DRILLING, INC

Robert E. Shaw

Doug McGowan

By: Robert E. Shaw

By: Doug McGowan

STATE OF CALIFORNIA

COUNTY OF SACRAMENTO ss: ACKNOWLEDGEMENT FOR INDIVIDUAL

Before me, the undersigned, a Notary Public, within and for said county and state, on this

Day of 20th SEPTEMBER, 2004 personally appeared and

ROBERT E. SHAW

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that HE executed the same as HIS free and voluntary act and deed 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 06-08-08.

Mike V. Parker
Notary Public



State of Kansas, Bourbon County SS
This instrument was filed for Record on:
09/17/2007 at 11:50 AM and recorded in
Book 337 of CR Page 41 Last Pg 43
Fees: \$16.00 .2007 02944

Shaion Elder
Shaion Elder, Register of Deeds
By: *Shaion Elder* Deputy

COVER SHEET

TITLE OF DOCUMENT: *Oil and Gas Lease*

DATE OF DOCUMENT: *9-20-06*

GRANTOR/MORTGAGOR *Barco Inc.*

GRANTEE/MORTGAGEE *McBown Drilling, Inc.*

LEGAL DESCRIPTION *Lot 1, Section 25, Township 24 S, Range 25 E*

REFERENCE BOOK AND PAGE:

**NOTICE TO OPERATORS FILING INTENT TO DRILL
FOR DISPOSAL OR ENHANCED RECOVERY
INJECTION WELLS, (CLASS II INJECTION WELL)**

The attached approved Notice of Intent to Drill indicates the proposed well is to be used for injection. An approved "Intent to Drill" does not approve injection authority as a Class II Injection Well in Kansas.

Before any well is used for injection purposes, the operator must file an application for injection authority in accordance with K.A.R. 82-3-401 and provide notice in accordance with K.A.R. 82-3-402. The Conservation Division must issue a written permit granting the application before commencement of injection.

The Conservation Division requirements and restrictions associated with Class II Injection are identified in K.A.R. 82-3-400 et seq of our regulations. Associated regulations governing drilling, completion and injection applications may be found in K.A.R. 82-3-135, Table I, Table II, in the Cedar Hills Sandstone Moratorium, (Docket #156,397-C), and the Eastern Kansas Surface Casing Order, (Docket #133,891-C).

If you have questions regarding the approval of injection authority, an injection application may be filed as a "Design Approval" before actual drilling and completion of the well occurs. If you have any questions or concerns regarding Class II injection wells or regulations, call the Underground Injection Control Department at 316-337-6200.

Failure to obtain commission approval before beginning injection is punishable by a penalty, shut-in of the well or both.