KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

Form C-1 December 2002 Form must be Typed Form must be Signed All blanks must be Filled

NOTICE OF INTENT TO DRILL

/ \	M	lust be appro	ved by KCC five	(5) days prior to commencing well	
Expected Spud Date	month	16 2 day /	2 0 0 4 year	Spot SE - NE - NE Sec. 10 Twp. 31S S. 4290 feet from N / S	
OPERATOR: License#				3 3 0feet from X E / V	
Name: VAL En				Is SECTION X RegularIrregular?	· Line or coolist.
Address: Box 11				•	
City/State/Zip: Wichit				(Note: Locate well on the Section Plat on reve	rse side)
Contact Person:Todd A				County: Harper Lease Name: Russell Farms	. # 1
Phone: 316-26	3-6688/			Field Name: Duquoin	well #:#
CONTRACTOR: License#-	5123			Is this a Prorated / Spaced Field?	Yes X No
Name: Pickre		ing	1	Target Formation(s): Mississippian	
	/	/		Nearest Lease or unit boundary: 330	
Well Drilled For:	Well Class:	Type Equ	•	Ground Surface Elevation: 1551	
X Oil I Enh Rec	: X Infield	X Mud	Rotary	Water well within one-quarter mile:	Yes X No
Gas Storage	Pool Ext.	=	Rotary	·	Yes X No
OWWO Disposal	Wildcat	Cabi	le	Public water supply well within one mile: Depth to bottom of fresh water:	
Seismic;# of Ho	oles Other			Depth to bottom of usable water:	0
Other				Surface Pipe by Alternate: 2	
If OWWO: old well information	on as follows:			Length of Surface Pipe Planned to be set: 250	
Operator:				Length of Conductor Pipe required:none	
Well Name:				Projected Total Depth: 4400 '	
Original Completion Date			epth:	Formation at Total Depth: Mississippia	ın
				Water Source for Drilling Operations:	
Directional, Deviated or Horiz			Yes XNo	Well X Farm Pond Other	
If Yes, true vertical depth:				DWR Permit #:	
Bottom Hole Location:				DWR Permit #:	·
				(Note: Apply for Permit with DWR Will Cores be taken?) Yes X No
Bottom Hole Location:				(Note: Apply for Permit with DWR	Yes X No
Bottom Hole Location:				(Note: Apply for Permit with DWR Will Cores be taken? If Yes, proposed zone:	Yes X#o
Bottom Hole Location: KCC DKT #:			AFF	(Note: Apply for Permit with DWR Will Cores be taken? If Yes, proposed zone:	Yes X No
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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	Location of Well: County: Harper
Operator:VAL Energy Inc	4290 feet from N / X S Line of Section
Lease: Russell Farms	feet from X E / W Line of Section
Well Number: # 1	Sec. 10 Twp. 31 S. R. 7W East West
Field: Duquoin	Is Section: 🙀 Regular or 📗 Irregular
Number of Acres attributable to well:	is Section: X negular of Integular
QTR / QTR / QTR of acreage: N/2 - NE/4	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.)

		x —	330' F6L
	10		EXAMPLE : :
	: : :	06	1980
		2 m	3390'

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 section's south / north and east / west.
- 3. The distance to the nearest lease or unit boundary line.
- 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).



CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR BRIAN J. MOLINE, CHAIR JOHN WINE, COMMISSIONER ROBERT E. KREHBIEL, COMMISSIONER

January 16, 2004

Tod Allam VAL Energy Inc. Box 116 Wichita KS 67201

Re:

Drilling Pit Application

Russell Farms Lease Well No. 1

NE/4 10-31S-07W Harper County, Kansas

Dear Mr. Allam:

District staff has inspected the location and has determined that an unsealed condition will present a pollution threat to water resources.

The reserve pit shall be constructed without slots, the bottom shall be flat and reasonably level and lined with bentonite spray. The fluids are to be removed from the reserve pit as soon as the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred. The fluids should be removed again within 72 hours after drilling operations have ceased.

If production casing is set all completion fluids shall be removed on a daily basis.

The fluids should be taken to an authorized disposal well. Please call the District Office at (316) 337-6231 when the fluids have been removed. Also, please file the enclosed Surface Pond Waste Transfer, form CDP-5, within 30 days of fluid removal.

A copy of this letter should be posted in the doghouse along with the approved Intent to Drill. If you have any questions or concerns please feel free to contact the undersigned at the above address.

Sincerely,

Jonelle Rains, Supervisor

melle Rains

Department of Environmental Protection and Remediation

CC:

Doug Louis

File