

For KCC Use:
Effective Date: 11-24-04
District # 4
SGA? ☒ Yes ☐ No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL

Must be approved by KCC five (5) days prior to commencing well

Form C-1
September 1999
Form must be Typed
Form must be Signed
All blanks must be Filled

Expected Spud Date 11 19 04
month day year

OPERATOR: License# 30420 6/30/05
Name: V.J.I. Natural Resources Inc.
Address: 30-38 48th St.
City/State/Zip: Astoria, New York 11103
Contact Person: Jason Dinges
Phone: 785-625-8360

CONTRACTOR: License# 33237 5/30/05
Name: Anderson Drilling Co.

Well Drilled For: Well Class: Type Equipment:
☒ Oil ☐ Enh Rec ☐ Infield ☒ Mud Rotary
☐ Gas ☐ Storage ☐ Pool Ext. ☐ Air Rotary
☐ OWO ☐ 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: RECEIVED

KCC DKT #: _____

** Pooling Info
Reviewed*

NOV 15 2004

KCC WICHITA

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-101, 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. In all cases, NOTIFY district office prior to any cementing.

I hereby certify that the statements made herein are true and to the best of my knowledge and belief.

Date: 11-9-04 Signature of Operator or Agent: Jason Dinges Title: Agent

For KCC Use ONLY

API # 15 - 05/- 25368 00 00
Conductor pipe required NONE feet
Minimum surface pipe required 200 feet per Alt. * 2
Approved by: RJP 11-19-04
This authorization expires: 5-19-05
(This authorization void if drilling not started within 6 months of effective date.)
Spud date: _____ Agent: _____

Spot S/2SE SE NE Sec. 16 Twp. 15 S. R. 19 ☐ East ☒ West
2475 feet from S / N (circle one) Line of Section
330 feet from E / W (circle one) Line of Section
Is SECTION ☒ Regular ☐ Irregular?

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

County: Ellis
Lease Name: Kraus Well #: 1
Field Name: _____

Is this a Prorated / Spaced Field? ☒ Yes ☐ No

Target Formation(s): Reagan Sand

Nearest Lease or unit boundary: 330

Ground Surface Elevation: 2005 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: 40' 180

Depth to bottom of usable water: 400' 500

Surface Pipe by Alternate: 1 ☒ 2

Length of Surface Pipe Planned to be set: 260'

Length of Conductor Pipe required: N/A NONE

Projected Total Depth: 3660

Formation at Total Depth: Reagan Sandstone

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: _____

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;
- Obtain written approval before disposing or injecting salt water.

16
15
19W

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: V.J.I. Natural Resources Inc.
 Lease: Kraus
 Well Number: 1
 Field: _____
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: _____

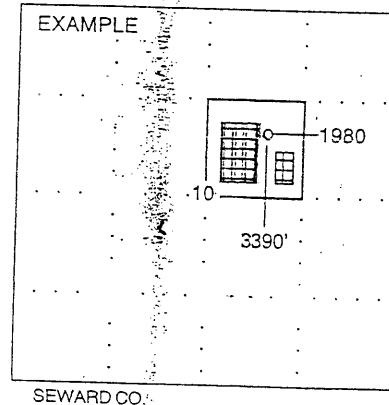
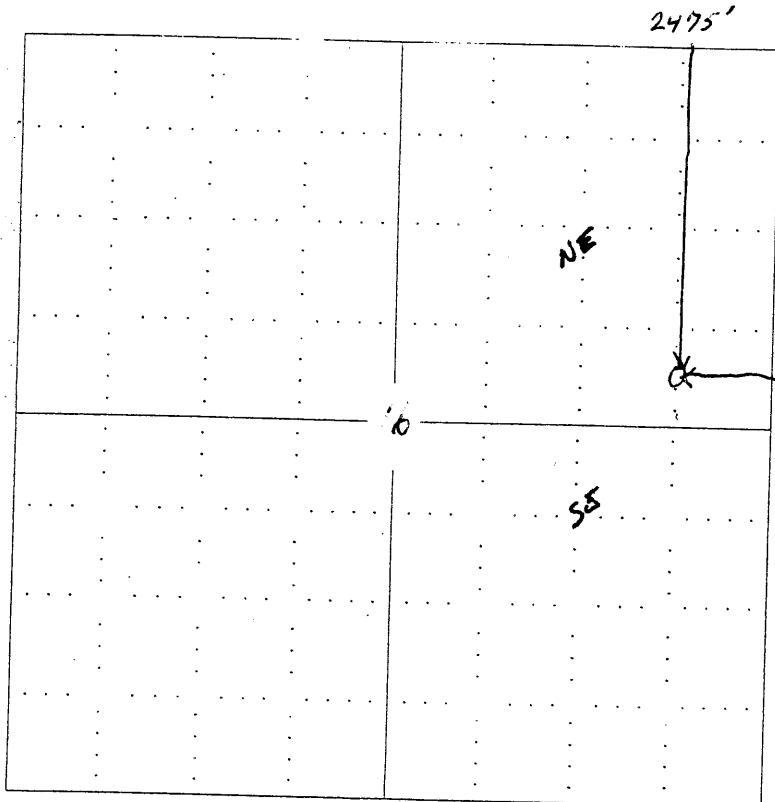
Location of Well: County: Ellis
2475 feet from S / N (circle one) Line of Section
330 feet from E / W (circle one) Line of Section
 Sec. 16 Twp. 15 S. R. 19 ☐ East ☒ West

Is Section X 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 location.

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

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

ROBERT E. KREHBIEL, COMMISSIONER

MICHAEL C. MOFFET, COMMISSIONER

November 16, 2004

Mr. Jason Dinges
V.J.I. Natural Resources, Inc.
30 -38 48th St.
Astoria, New York 11103

RE: Drilling Pit Application
Kraus Lease Well No. 1
NE/4 Sec. 16-15S-19W
Ellis County, Kansas

Dear Mr. Dinges:

District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and the free fluids must be removed. 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 as soon as practical after drilling operations have ceased. Be aware of artesian flow if elevations are low. **Pease keep all pits away from any draws.**

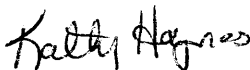
If production casing is set all completion fluids shall be removed on a daily basis.

The fluids should be taken to an authorized disposal well. Please call the District Office at (785) 625-0550 when the fluids have been removed. Also please file the enclosed CDP-5 form, Surface Pond Waste Transfer, 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,



Kathy Haynes
Environmental Protection and Remediation Department

cc: H Deines