

For KCC Use: Effective Date: 7-26-05  
District # 1  
SGA?  Yes  No

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

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

Expected Spud Date 10/01/05  
month day year

OPERATOR: License# 32446  
Name: Merit Energy Company  
Address: 13727 Noel Rd. Suite 500  
City/State/Zip: Dallas, Texas 75240  
Contact Person: Lynne Moon  
Phone: 972-628-1569

CONTRACTOR: License# Advise on ACO-1  
Name: MUST be licensed w/ KCC (w/ KCC)

Well Drilled For:  Oil  Enh Rec  Infield  Mud Rotary  Gas  Storage  Pool Ext.  Air Rotary  CWMO  Disposal  Wildcat  Cable  Seismic; # of Holes  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 #: \_\_\_\_\_

\* Utilized per 03-cons-203-CUNE  
\* Prorated & spaced Hugoton & Permian

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.

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

Date: 07/14/05 Signature of Operator or Agent: Lynne Moon Title: Regulatory Supervisor

For KCC Use ONLY  
API # 15 - 129-21759-00-00  
Conductor pipe required NONE feet  
Minimum surface pipe required 620 feet per Alt. 1  
Approved by: RJP 7-21-05  
This authorization expires: 1-21-06  
(This authorization void if drilling not started within 6 months of effective date.)  
Spud date: \_\_\_\_\_ Agent: \_\_\_\_\_

Spot E/2 NE SE SW Sec. 03 Twp. 33 S. R. 40  East  West  
936.6 feet from  N /  S Line of Section  
2630.4 feet from  E /  W Line of Section  
Is SECTION  Regular  Irregular?

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

County: Morton

Lease Name: Stirrup Enhanced Recovery Unit Well #: 10-1

Field Name: Stirrup

Is this a Prorated / Spaced Field?  Yes  No

Target Formation(s): Morrow "D"

Nearest Lease or unit boundary: 936.6 Lease & Unit

Ground Surface Elevation: 3223.2' 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: 45' 400

Depth to bottom of usable water: 120' 600

Surface Pipe by Alternate:  1  2

Length of Surface Pipe Planned to be set: 1500'

Length of Conductor Pipe required: NONE

Projected Total Depth: 5400'

Formation at Total Depth: Morrow "D"

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

RECEIVED

JUL 18 2005

KCC WICHITA

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.

Well Not Drilled - Permit Expired

Signature of Operator or Agent: \_\_\_\_\_

Date: \_\_\_\_\_

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

3  
33  
40

**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: Merit Energy Company

Lease: Stirrup Enhanced Recovery Unit

Well Number: 10-1

Field: Stirrup

Number of Acres attributable to well: Unitized

QTR / QTR / QTR of acreage: \_\_\_\_\_ - SE - SW

Location of Well: County: Morton

936.6 feet from  N /  S Line of Section

2630.4 feet from  E /  W Line of Section

Sec. 03 Twp. 33 S. R. 40  East  West

Is Section:  Regular or  Irregular

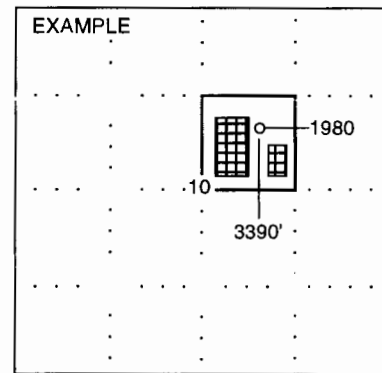
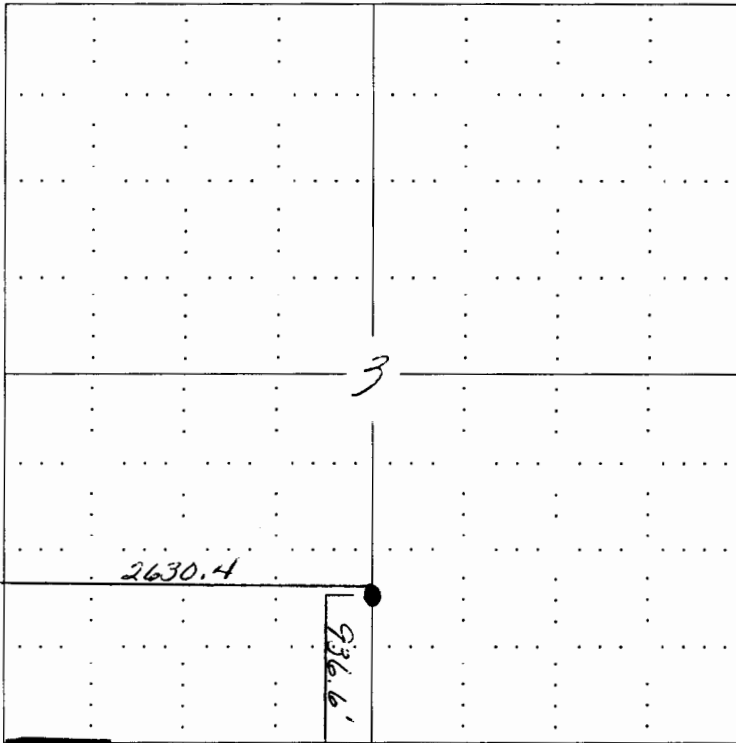
**If Section is Irregular, locate well from nearest corner boundary.**

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.)*



**LIMIT BOUNDARY**

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

**RECEIVED**

**JUL 18 2005**

**KCC WICHITA**

**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

## **NOTICE TO OPERATORS DRILLING IN THE PANOMA- COUNCIL GROVE GAS POOL SPACED AREA**

The enclosed intent is located within the Panoma-Council Grove gas pool space area. In May 1978, Panoma-Council Grove Proration Order (as amended), Docket No. 60,024-C (C-7058) under FINDINGS OF FACT AND LAW on page 31, the following language is stated that:

“The Commission finds that in order to prevent waste and protect correlative rights, the following stated rules pertaining to wells already completed, in the process of being drilled or for future wells to be drilled in the Panoma Council Grove Gas Pool Spaced area, and for wells producing from the Council Grove Formation outside of the Panoma Council Grove Gas Pool Spaced area within the Hugoton Gas Field, should be adopted.”

1. “No dual completions between the Chase (Hugoton) and Council Grove Formations will be permitted for future wells drilled.”
2. “Casing shall not be set above the top of the Council Grove Formation for a Council Grove producing well.”
3. “The production casing of all new Council Grove wells should be cemented with a calculated volume of cement sufficient to encase the casing from the bottom of the casing to a point 500 feet above the Chase Formation.”
4. “The casing shall be encased in cement in the interval between the base of the Council Grove and the top of the Chase Formation on all wells, irrespective of depth, completed below the Council Grove Formation, if they are located within the space area.”
5. “The cement coverage heretofore required shall be confirmed by the running of a recognized survey, such as a temperature survey or cement bond log.”

A copy of this survey and the cement tickets(s) showing that all cement work has been completed, must be filed with the ACO-1 Completion Report within 120 days from the wells “spud date.”

Failure to comply with these provisions may cause the well to be shut-in until compliance has been achieved.

If you have any questions, please feel free to contact the Conservation Division’s Production Department at (316) 337-6200.

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July 19, 2005

Ms. Lynne Moon  
Merit Energy Company  
13727 Noel Rd. Ste 500  
Dallas, TX 75240

Re: Drilling Pit Application  
SERU Lease Well No. 10-1  
SW/4 Sec. 03-33S-40W  
Morton County, Kansas

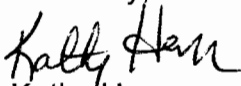
Dear Ms. Moon:

This office has been informed that steel pits are to be used at the above referenced location. If a haul-off pit is necessary please file form CDP-1, Application for Surface Pit. This location will have to be inspected prior to approval of the haul-off pit application.

If fluids are taken to an authorized disposal well, please call the District Office at (620) 225-8888. Please file form CDP-5, Exploration and Production Waster Transfer, within 30 days of fluid removal.

Conservation division forms are available through our office and on the KCC web site: [www.kcc.state.ks.us/conservation/forms](http://www.kcc.state.ks.us/conservation/forms).

Sincerely,



Kathy Haynes  
Environmental Protection and Remediation Department

Cc: S Durrant