

For KCC Use: 9-25-05  
Effective Date: 4  
District # \_\_\_\_\_  
SGA?  Yes  No

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

B.O.P  
AREA.

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 October 18 2005  
month day year

OPERATOR: License# 30742  
Name: Palomino Petroleum, Inc.  
Address: 4924 SE 84th St.  
City/State/Zip: Newton, Kansas 67114-8827  
Contact Person: Klee R. Watchous  
Phone: (316) 799-1000

CONTRACTOR: License# 33350  
Name: Southwind Drilling, Inc

Well Drilled For:	Well Class:	Type Equipment:
<input checked="" type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input checked="" type="checkbox"/> Mud Rotary
<input type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Air Rotary
<input type="checkbox"/> OWWO	<input type="checkbox"/> Disposal	<input checked="" type="checkbox"/> Wildcat
<input type="checkbox"/> Seismic; # of Holes	<input type="checkbox"/> Other	<input type="checkbox"/> Cable
<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 #: \_\_\_\_\_

*\* Conductor Pipe per B.O.P. REQUIRED SEE KCC TABLE 1*

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: September 14, 2005 Signature of Operator or Agent: Klee R. Watchous Title: President

**For KCC Use ONLY**  
API # 15 - 163-23479-0000  
\* Conductor pipe required NONE feet  
Minimum surface pipe required 200 feet per Alt. (2)  
Approved by: RJP 9.20.05  
This authorization expires: 3.20.06  
(This authorization void if drilling not started within 6 months of effective date) approval  
Spud date: \_\_\_\_\_ Agent: \_\_\_\_\_

Spot 10' S & 50' E of  East  
C - NW - SW Sec. 5 Twp. 8 S. R. 20  West  
1970 feet from  N /  S Line of Section  
710 feet from  E /  W Line of Section  
Is SECTION  Regular  Irregular?

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

Lease Name: Landis Well #: 1  
Field Name: None

Is this a Prorated / Spaced Field?  Yes  No

Target Formation(s): LKC, Arbuckle

Nearest Lease or unit boundary: 670

Ground Surface Elevation: 1947 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: 180

Depth to bottom of usable water: 800

Surface Pipe by Alternate:  1  2

Length of Surface Pipe Planned to be set: 200+

\* Length of Conductor Pipe required: None **SEE NOTE**

Projected Total Depth: 3500

Formation at Total Depth: Arbuckle

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 \* WEBSTER RESERVOIR RECEIVED

SHALLOW FLOW AREA SEP 19 2005

\*\* IF CONDUCTOR PIPE IS RUN 40' IS NECESSARY 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.

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

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

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

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

5  
8  
2005

**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: Palomino Petroleum, Inc. \_\_\_\_\_

Lease: Landis \_\_\_\_\_

Well Number: 1 \_\_\_\_\_

Field: None \_\_\_\_\_

Number of Acres attributable to well: \_\_\_\_\_

QTR / QTR / QTR of acreage: C - NW - SW \_\_\_\_\_

Location of Well: County: Rooks \_\_\_\_\_

1970 \_\_\_\_\_ feet from  N /  S Line of Section

710 \_\_\_\_\_ feet from  E /  W Line of Section

Sec. 5 Twp. 8 S. R. 20  East  West

Is Section:  Regular or  Irregular

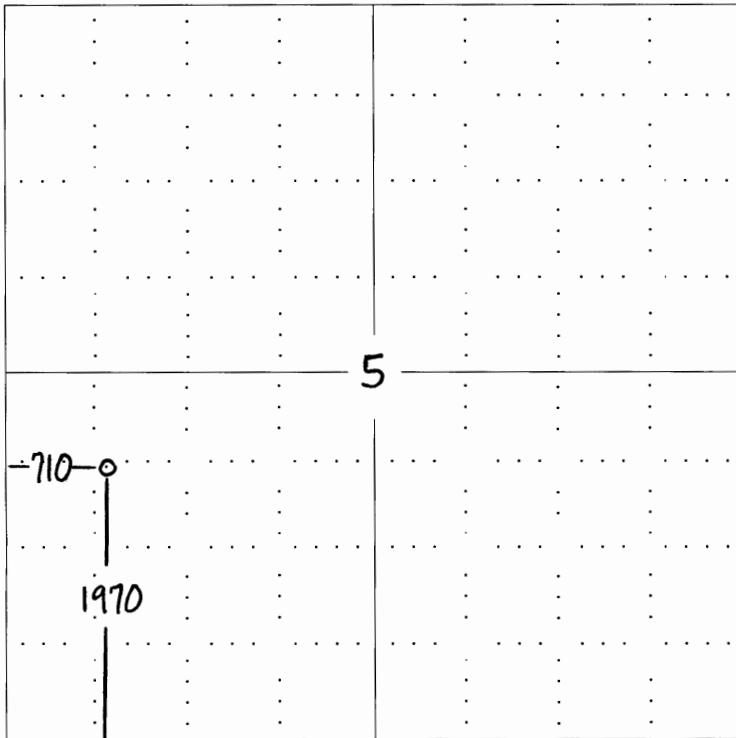
**If Section is Irregular, locate well from nearest corner boundary.**

Section corner used:  NE  NW  SE  SW

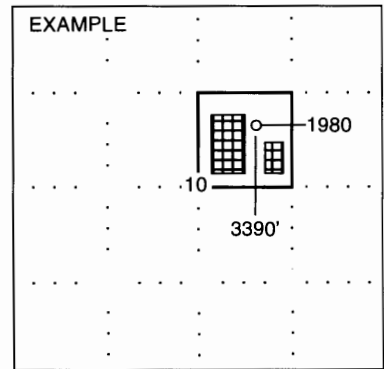
**PLAT**

*(Show location of the well and shade attributable acreage for prorated or spaced wells.)*

*(Show footage to the nearest lease or unit boundary line.)*



RECEIVED  
SEP 19 2005  
KCC WICHITA



SEWARD CO.

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

**ROOKS CO.**

**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

September 19, 2005

Mr. Klee R. Watchous  
Palomino Petroleum, Inc.  
4924 SE 84<sup>th</sup> St.  
Newton, KS 67114-8827

RE: Drilling Pit Application  
Landis Lease Well No. 1  
SW/4 Sec. 05-08S-20W  
Rooks County, Kansas

Dear Mr. Watchous:

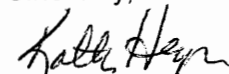
District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as practical after drilling operations have ceased. **Please 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. Please file form CDP-5, Exploration and Production Waste 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).

**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