

For KCC Use: 12.24.05  
 Effective Date: \_\_\_\_\_  
 District #: 2  
 SGA?  Yes  No

KANSAS CORPORATION COMMISSION  
 OIL & GAS CONSERVATION DIVISION  
**NOTICE OF INTENT TO DRILL**

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

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

Expected Spud Date January 03 2006  
month day year

Spot SW SE SW Sec. 3 Twp. 23 S. R. 10  
 East  West

OPERATOR: License# 9855  
 Name: Grand Mesa Operating Company  
 Address: 200 E. First St., Ste 307  
 City/State/Zip: Wichita, KS 67202  
 Contact Person: Ronald N. Sinclair  
 Phone: 316-265-3000

400 feet from  N /  S Line of Section  
1410 feet from  E /  W Line of Section  
 Is SECTION  Regular  Irregular?

CONTRACTOR: License# 5142  
 Name: Sterling Drilling Company

(Note: Locate well on the Section Plat on reverse side)  
 County: Reno  
 Lease Name: KSU Well #: 1-3  
 Field Name: Wildcat

Well Drilled For:  Oil  Gas  OWWO  Seismic; # of Holes  Other  
 Enh Rec  Storage  Disposal  # of Holes  Other  
 Well Class:  Infield  Pool Ext.  Wildcat  Other  
 Type Equipment:  Mud Rotary  Air Rotary  Cable

Is this a Prorated / Spaced Field?  Yes  No  
 Target Formation(s): Viola

Nearest Lease or unit boundary: 400'  
 Ground Surface Elevation: 1760' feet MS

Water well within one-quarter mile:  Yes  No  
 Public water supply well within one mile:  Yes  No

Depth to bottom of fresh water: 150'  
 Depth to bottom of usable water: 180'

Surface Pipe by Alternate:  1  2  
 Length of Surface Pipe Planned to be set: 200'

Length of Conductor Pipe required: None  
 Projected Total Depth: 3800'  
 Formation at Total Depth: Viola

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: \_\_\_\_\_

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 #: \_\_\_\_\_

**AFFIDAVIT**

RECEIVED  
 DEC 09 2005

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:

KCC WICHITA

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: December 9, 2005 Signature of Operator or Agent: James P. Reilly Title: Secretary/Treasurer

For KCC Use ONLY  
 API # 15 - 155-21498-00-00  
 Conductor pipe required NONE feet  
 Minimum surface pipe required 200 feet per Alt. 1  
 Approved by: RJP 12-19-05  
 This authorization expires: 6-19-06  
 (This authorization void if drilling not started within 6 months of approval date.)  
 Spud date: \_\_\_\_\_ Agent: \_\_\_\_\_

- 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

3  
23  
low

**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: Grand Mesa Operating Company  
Lease: KSU  
Well Number: 1-3  
Field: Wildcat  
Number of Acres attributable to well: \_\_\_\_\_  
QTR / QTR / QTR of acreage: SW - SE - SW

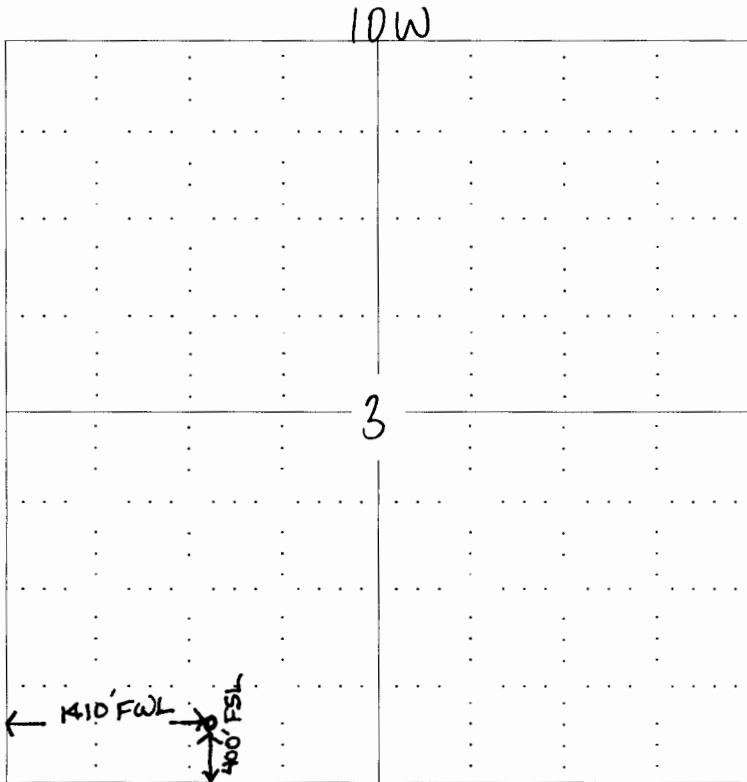
Location of Well: County: Reno  
400 feet from  N /  S Line of Section  
1410 feet from  E /  W Line of Section  
Sec. 3 Twp. 23 S. R. 10  East  West

Is Section:  Regular or  Irregular

**If Section is Irregular, locate well from nearest corner boundary.**  
Section corner used:  NE  NW  SE  SW

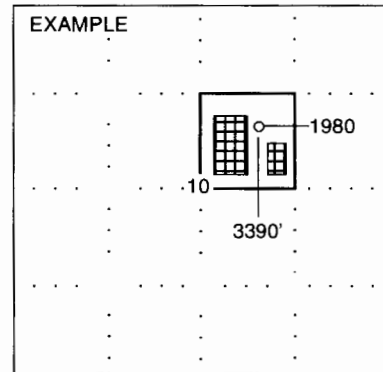
**PLAT**

*(Show location of the well and shade attributable acreage for prorated or spaced wells.)  
(Show footage to the nearest lease or unit boundary line.)*



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SEWARD CO.

**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

December 19, 2005

Ronald N Sinclair  
Grand Mesa Operating Company  
200 E First St., Ste 307  
Wichita KS 67202

Re: Drilling Pit Application  
KSU Lease Well No. 1-3  
SW/4 03-23S-10W  
Reno County, Kansas

Dear Mr. Sinclair:

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

District staff has recommended that the reserve pit be lined with bentonite, 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 within 72 hours after drilling operations have ceased.

**If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.**

The fluids should be taken to an authorized disposal well. Please call the District Office at (316) 630-4000 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,

  
Jonelle Rains, Supervisor  
Department of Environmental Protection and Remediation

cc: Doug Louis