

OWWO

For KCC Use: 3-29-06
Effective Date: 2
District # 2
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 April 01 2006
month day year

Spot East
SW SW SE Sec. 20 Twp. 34 S. R. 03 West
330 feet from N / S Line of Section
2310 feet from E / W Line of Section
Is SECTION Regular Irregular?

OPERATOR: License# 32679
Name: AAS OIL CO., INC.
Address: 2508 EDMONT DR. STE.4
City/State/Zip: ARKANSAS CITY, KS. 67005-3844
Contact Person: Dennis Shurtz
Phone: 620-442-7940

(Note: Locate well on the Section Plat on reverse side)
County: Cowley
Lease Name: Grainland Farms 'B' Well #: 1
Field Name: Gibson

CONTRACTOR: License# 31539
Name: Sam's Well Service

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

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

Nearest Lease or unit boundary: 330'
Ground Surface Elevation: 1131 feet MSL
Water well within one-quarter mile: Yes No

If OWWO: old well information as follows:
Operator: Goldenstem & Stopler
Well Name: #1 Shurtz
Original Completion Date: 04-25-52 Original Total Depth: 3373

Public water supply well within one mile: Yes No
Depth to bottom of fresh water: 150
Depth to bottom of usable water: 280

Directional, Deviated or Horizontal wellbore? Yes No

Surface Pipe by Alternate: 1 2
Length of Surface Pipe 8" @123' set:
Length of Conductor Pipe required: none
Projected Total Depth: aprox.3430'

If Yes, true vertical depth: _____

Formation at Total Depth: Mississippian

Bottom Hole Location: _____

Water Source for Drilling Operations:
 Well Farm Pond Other _____

KCC DKT #: _____

DWR Permit #: _____

(Note: Apply for Permit with DWR)

Will Cores be taken? Yes No

If Yes, proposed zone: _____

TBL. 1 Exception Granted!

AFFIDAVIT

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: 3-16-06 Signature of Operator or Agent: _____ Title: Pres.

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MAR 16 2006

KCC WICHITA

For KCC Use ONLY
API # 15 - 035-19252-00-01
Conductor pipe required NONE feet
Minimum surface pipe required 123' feet per Alt. X (2)
Approved by: Dpw 3-24-06
This authorization expires: 9-24-06
(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.

Well Not Drilled - Permit Expired
Signature of Operator or Agent: _____
Date: _____

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

20
34
3E

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: AAS OIL CO., INC.
 Lease: Grainland Farms 'B'
 Well Number: 1
 Field: Gibson
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: SW - SW - SE

Location of Well: County: Cowley
 _____ 330 feet from N / S Line of Section
 _____ 2310 feet from E / W Line of Section
 Sec. 20 Twp. 34 S. R. 03 East West

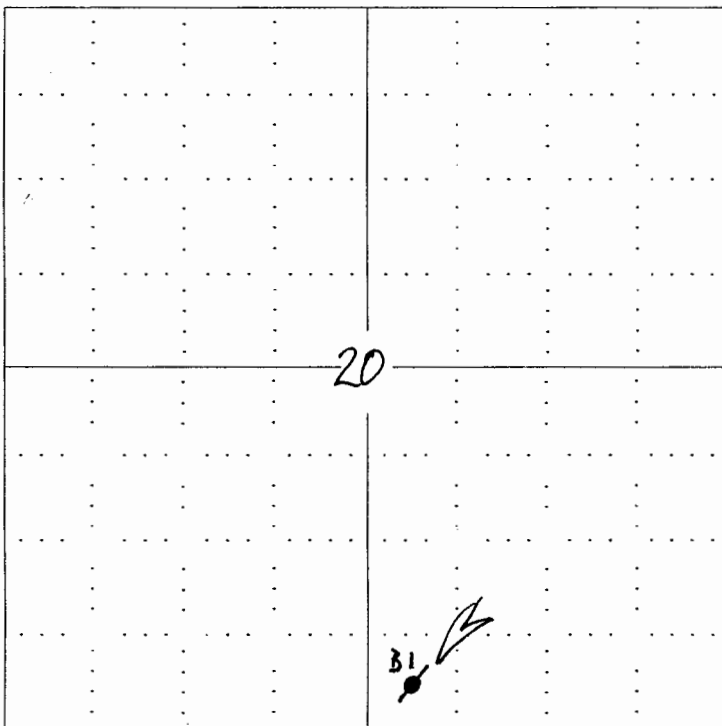
Is Section: Regular or Irregular

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

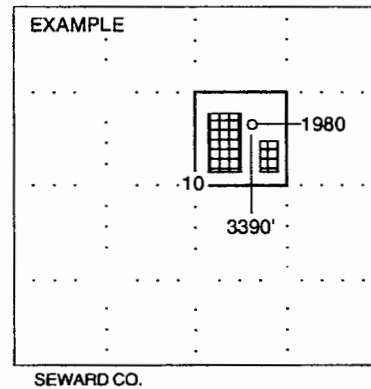
Section corner used: NE NW SE SW

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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KCC WICHITA



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: (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

March 23, 2006

Mr. Dennis K. Shurtz
AAS Oil Company
2508 Edgemont Dr. STE. 4
Arkansas City, KS 67005-3844

RE: Exception to Table 1 Minimum Surface Casing Requirements for the Grainland Farms B #1 "OWWO", 2310' FEL & 330' FSL, SW SW SE Sec. 20 T. 34S R. 3E, Cowley County.


Dear Mr. Shurtz,

The Kansas Corporation Commission (KCC) has received your request, dated March 22, 2006, for an exception to Table 1 surface pipe requirements for the above-referenced well, which was drilled and plugged as the Shurtz #1 in 1952 by Goldstein & Stopler. From your request, the KCC understands that AAS Oil Company desires to re-enter this well, which has 123' of surface pipe set. The Table 1, Alternate-1 completion minimum surface pipe requirement surface pipe setting depth for wells drilled in Range 3 East in Cowley County is 300'. The surface pipe set in this previously plugged well does not meet the present surface pipe setting depth requirements.

After review of this matter by technical staff this exception is granted for the Table 1, Minimum Surface Casing Requirements with the following stipulations:

1. The production or long string casing nearest the formation wall shall be cemented from 300' with the cement circulated back to the surface.
2. In the event the well is dry and no production pipe has been cemented in-place, plugging will be performed according to KCC rules per KCC District #2 requirements.

Very Sincerely Yours,


M. L. Korphage
Director

cc: David P. Williams *OK DPW*

Doug Louis - Dist #2 *DL*

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Conservation Division, Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802

Voice 316.337.6200 Fax 316.337.6211 www.kcc.state.ks.us