

RECEIVED

APR 13 2006

KCC WICHITA

For KCC Use: 4-19-06
Effective Date: 4
District #
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 4-24-2006
month day year

OPERATOR: License# 6622 ✓
Name: Jason Oil Company
Address: P.O. Box 701
City/State/Zip: Russell, Kansas 67665
Contact Person: Jim Schoenberger
Phone: 785-483-4204

CONTRACTOR: License# 9431 ✓
Name: Vonfeldt Drilling, Inc.

Spot 130°E
SW - SE - NE Sec. 12 Twp. 14 S. R. 15 East
 West
2970 feet from N / S Line of Section
860 feet from E / W Line of Section
Is SECTION Regular Irregular?

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

County: Russell
Lease Name: Steinert Well #: 1 A
Field Name: Gorham

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): LKC/ Arbuckle ✓
Nearest Lease or unit boundary: 860

Ground Surface Elevation: 1865 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: 200' ✓

Depth to bottom of usable water: 420-380' ✓

Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be set: 500' ✓

Length of Conductor Pipe required: none

Projected Total Depth: 3300'

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:

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

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

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: 4/11/06 Signature of Operator or Agent: Chuck Wagner Title: agent

For KCC Use ONLY
API # 15 - 167-23349-0000
Conductor pipe required None feet
Minimum surface pipe required 440 feet per Alt. 1
Approved by: R.H. 4/14/06
This authorization expires: 10-14-06
(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

12
14
15W

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 - 167-23349-0000
 Operator: Jason Oil Company
 Lease: Steinert #
 Well Number: #1 A
 Field: Gorham

Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: 130' E SW SE NE

Location of Well: County: Russell
2970 feet from N / S Line of Section
860 feet from E / W Line of Section
 Sec. 12 Twp. 14 S. R. 15 East West

Is Section: Regular or Irregular

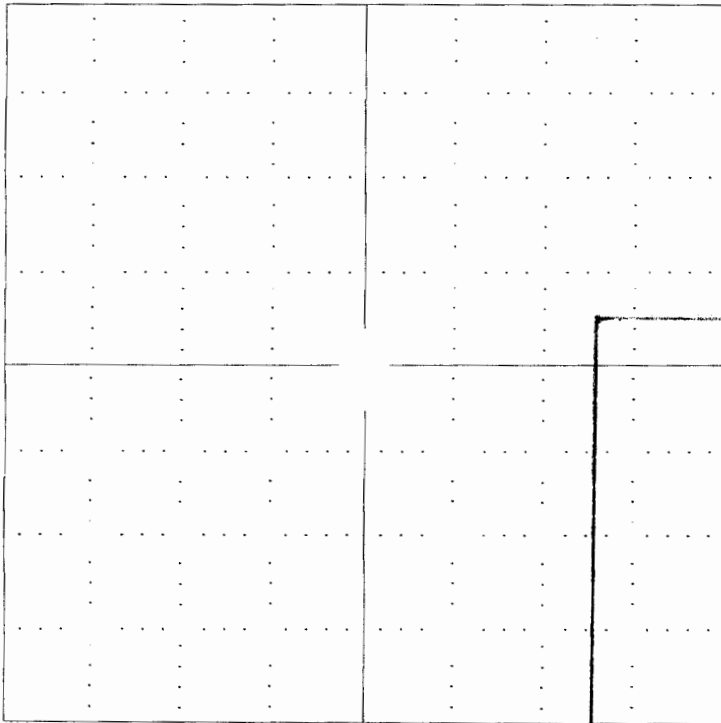
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

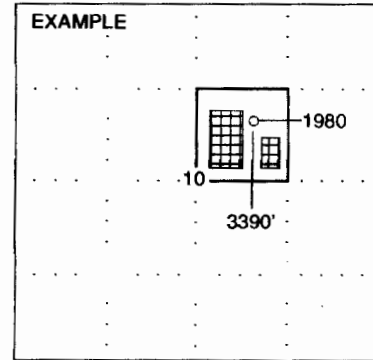
PLAT

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

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



2970' FSL



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

860' FEL

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: (C0-7 for oil wells; CG-8 for gas wells).

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT

RECEIVED
APR 13 2006 Form must be Typed
KCC WICHITA

Form CDP-1
April 2004

Submit in Duplicate

Operator Name: Jason Oil Company		License Number: 6622
Operator Address: P.O. Box 701 Russell, Kansas 67665		
Contact Person: Jim Schoenberger		Phone Number: (785) 483 - 4204
Lease Name & Well No.: Steinert #1 A		Pit Location (QQQQ): 130'E SW - SE - NE Sec. 12 Twp. 14 R. 15 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 2970 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 860 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Russell County
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input checked="" type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <small>(If WP Supply API No. or Year Drilled)</small>	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: Pit capacity: 400 (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ mg/l <small>(For Emergency Pits and Settling Pits only)</small>
Is the bottom below ground level? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Artificial Liner? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	How is the pit lined if a plastic liner is not used? Native Mud
Pit dimensions (all but working pits): 80 Length (feet) 80 Width (feet) N/A: Steel Pits Depth from ground level to deepest point: 6 (feet)		
If the pit is lined give a brief description of the liner material, thickness and installation procedure.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.
Distance to nearest water well within one-mile of pit 1092 feet Depth of water well 19 feet		Depth to shallowest fresh water 200 ~15 feet. Source of information: KKKLS <input checked="" type="checkbox"/> measured <input checked="" type="checkbox"/> well owner _____ electric log _____ KDWR
Emergency, Settling and Burn Pits ONLY: Producing Formation: _____ Number of producing wells on lease: _____ Barrels of fluid produced daily: _____ Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: Fresh Mud Number of working pits to be utilized: 3 Abandonment procedure: Allow to dry and backfill Drill pits must be closed within 365 days of spud date.
I hereby certify that the above statements are true and correct to the best of my knowledge and belief.		
4/14/06 Date		Signature of Applicant or Agent

15-167-23349-0000

KCC OFFICE USE ONLY		RFAC
Date Received: 4/13/06	Permit Number: _____	Permit Date: 4/13/06 Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

ROBERT E. KREHBIEL, COMMISSIONER

MICHAEL C. MOFFET, COMMISSIONER

April 13, 2006

Mr. Jim Schoenberger
Jason Oil Company
PO Box 701
Russell, KS 67665

RE: Drilling Pit Application
Steinert Lease Well No. 1 A
NE/4 Sec. 12-14S-15W
Russell County, Kansas

Dear Mr. Schoenberger:


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 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 (785) 625-0550 when the fluids have been removed. Please file form CDP-5 (August 2004), 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.

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