For KCC Use:	4-30-06
Effective Date: _	1 3000
District #	<u>_I</u>
0040 17	

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

SGA? X Yes No		Must be ap	proved by KCC fiv	e (5) days prior to commencing well
	May	1	2006	701 0 6 1001 7 - 6
Expected Spud Date	month	day	year	Spot 70' S & 100' E of East S/2 N/2 NW/4 So 19 To 21 C P 13
2074		,	,	Sec. Iwp. S. H. West
OPERATOR: License# 3074				leet nom V IV / 3 Line of Section
Name: Palomino Petroleum,	Inc.			1420feet fromE / ✓ W Line of Section Is SECTIONRegular✓ Irregular?
Address: 4924 SE 84th St.	as 6711/-8827			is SECTIONHegularIrregular?
City/State/Zip: Newton, Kansa	chous			(Note: Locate well on the Section Plat on reverse side)
Contact Person: Klee R. Water Phone: (316) 799-1000	crious			County: Stafford Lease Name: Pundsack-Stoss Well #: 1
CONTRACTOR: License# 33	3350			Field Name:
Name: Southwind Drilling, I	<u>lnc.</u>			Is this a Prorated / Spaced Field? Target Formation(s): LKC, Arbuckle
				Nearest Lease or unit boundary: 330+ (unit)
Well Drilled For:	Well Class:		Equipment:	Ground Surface Elevation: 1917feet MSL
Oil Finh Rec		_	lud Rotary —	Water well within one-quarter mile: Yes ✓ No
Gas Storage	Pool Ext	_	ir Rotary	Public water supply well within one mile: Yes ✓ No
OWWO Disposal	Wildcat	Шс	able	Depth to bottom of fresh water: 160
Seismic;# of Ho	oles Other			Depth to bottom of usable water: 300
Other	<u> </u>			Surface Pipe by Alternate: ✓ 1 2
If OWWO: old well informatio	n as follows:			Length of Surface Pipe Planned to be set: 320+
Operator:				Length of Conductor Pipe required: None
Well Name:				Projected Total Depth: 3700
Original Completion Date:	:c	Original Total	Depth:	Formation at Total Depth: Arbuckle
Discoult and Designated and Hards				Water Source for Drilling Operations:
Directional, Deviated or Horizo			Yes ✓ No	Well Farm Pond Other
If Yes, true vertical depth:		_		DWR Permit #: Contractor will apply
				_
Bottom Hole Location:				(Note: Apply for Permit with DWR 🗾)
KCC DKT #:				Will Cores be taken? Yes ✓ No
KCC DKT #:	attached			Will Cores be taken? Yes ✓ No If Yes, proposed zone:
KCC DKT #:	attached			Will Cores be taken? Yes ✓ No If Yes, proposed zone:
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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 - 185 - 23358-0080	Location of Well: County:_Stafford
Operator: Palomino Petroleum, Inc.	
Lease: Pundsack-Stoss	1060 feet from N / S Line of Section 1420 feet from E / W Line of Section
Well Number: 1	Sec. 19 Twp. 21 S. R. 13 East ✓ West
Field:	
Number of Acres attributable to well:	Is Section: ☐ Regular or ✓ Irregular
QTR / QTR / QTR of acreage: S/2 - N/2 - NW/4	If Section is Irregular, locate well from nearest corner boundary.
	Section corner used: NE NW SE SW

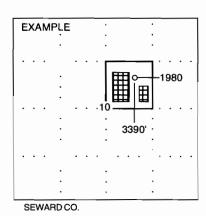
PLAT

(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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	: 10	:	
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NOTE: In all cases locate the spot of the proposed drilling locaton.

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

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

Form CDP-1 April 2004 Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: Palomino Petroleum, Inc.			License Number: 30742		
Operator Address: 4924 SE 84th		n, Kansas	67114-8827		
Contact Person: Klee R. Watchous			Phone Number: (316) 799 - 1000		
Lease Name & Well No.: Pundsack-Stoss #1			Pit Location (QQQQ):		
			of S/2 _ N/2 _NW/4 _		
Emergency Pit Burn Pit	✓ Proposed	Existing	Sec. 19 _{Twp.} 21S _{R.} 13 ☐ East ✓ West		
Settling Pit	If Existing, date constructed:				
Workover Pit Haul-Off Pit	Dit a secolitar		1420 Feet from East / V West Line of Section		
(If WP Supply API No. or Year Drilled)	Pit capacity: 6800	(bbls)	Stafford County		
Is the pit located in a Sensitive Ground Water	Area? Yes	No.	Chloride concentration:mg/l		
·	T		(For Emergency Pits and Settling Pits only)		
Is the bottom below ground level?	Artificial Liner?	NI-	How is the pit lined if a plastic liner is not used?		
✓ Yes No	Yes _✓	NO	Drlg. mud and shale from well bore.		
Pit dimensions (all but working pits):	BO Length (fe	eet)80	Width (feet) N/A: Steel Pits		
Depth f	rom ground level to de	eepest point:	edures for periodic maintenance and determining necluding any special monitoring.		
			APR 2 4 2006 KCC WICHITA		
, , , , , , , , , , , , , , , , , , , ,		Depth to shallo Source of infor	west fresh waterfeet.		
1361 feet Depth of water well 6		measu	uredwell owner electric logKDWR		
Emergency, Settling and Burn Pits ONLY:		Drilling, Work	Drilling, Workover and Haul-Off Pits ONLY:		
Producing Formation: Type of		Type of materia	ype of material utilized in drilling/workover:fresh		
Number of producing wells on lease: Number of		Number of wor	king pits to be utilized:2		
Barrels of fluid produced daily:		Abandonment	procedure: evaporate and backfill		
Does the slope from the tank battery allow all spilled fluids to flow into the pit? Yes No		Drill pits must be closed within 365 days of spud date.			
I hereby certify that the above stat	ements are true and	correct to the bes	t of my knowledge and belief.		
April 21, 2006 Date		Yee Y	cignature of Applicant or Agent		
	КСС	OFFICE USE O	NLY R=ASTC		
Date Received: 4/24/66 Permit Num	nber:	Perm	it Date: 4 36 06 Lease Inspection: 4 Yes No		

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR
ROBERT E. KREHBIEL, COMMISSIONER
MICHAEL C. MOFFET, COMMISSIONER

April 25, 2006

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

Re:

Drilling Pit Application

Pundsack-Stoss Lease Well No. 1

NW/4 Sec. 19-21S-13W Stafford 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 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 as soon as practical 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 (620) 225-8888 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

Department of Environmental Protection and Remediation

CC:

Steve Durrant

File