

MAY 18 2006

Form C-1
December 2002

For KCC Use:
Effective Date: 5-24-06
District #: 3
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

CONSERVATION DIVISION
WICHITA, KS
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 June 05 2006
month day year

Spot East West
NW/4 - SE/4 - SE/4 Sec. 23 Twp. 32 S. R. 10
990 feet from N / S Line of Section
990 feet from E / W Line of Section
Is SECTION Regular Irregular?

OPERATOR: License# 6044
Name: Stelbar Oil Corporation, Inc.
Address: 155 North Market, Suite #500
City/State/Zip: Wichita, KS 67202
Contact Person: Roscoe L. Mendenhall
Phone: 316 / 264-8378

(Note: Locate well on the Section Plat on reverse side)
County: Chautauqua
Lease Name: Arrington Well #: 4
Field Name: Landon-Floyd

CONTRACTOR: License# 32701
Name: C&G Drilling, Inc.

Is this a Prorated / Spaced Field? Yes No
Target Formation(s): Mississippian
Nearest Lease or unit boundary: 990'

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

Ground Surface Elevation: 1102 feet MSL
Water well within one-quarter mile: Yes No
Public water supply well within one mile: Yes No

If OWWO: old well information as follows:
Operator: _____
Well Name: _____
Original Completion Date: _____ Original Total Depth: _____

Depth to bottom of fresh water: 110 FL
Depth to bottom of usable water: 480 FV
Surface Pipe by Alternate: 1 2

Directional, Deviated or Horizontal wellbore? Yes No
If Yes, true vertical depth: _____
Bottom Hole Location: _____
KCC DKT #: _____

Length of Surface Pipe Planned to be set: 125 Ft.
Length of Conductor Pipe required: None
Projected Total Depth: 2100 Ft.
Formation at Total Depth: Mississippian

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

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: 05/18/06 Signature of Operator or Agent: Roscoe L. Mendenhall Title: Petroleum Engineer

For KCC Use ONLY
API # 15 - 019-26733-0000
Conductor pipe required None feet
Minimum surface pipe required 40 feet per Alt. **X(2)**
Approved by: Rut-5-19-06
This authorization expires: 11-19-06
(This authorization void if drilling not started within 6 months of effective 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: _____

83
32
10E

MAY 18 2006

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a prorated or spaced field

CONSERVATION DIVISION
WICHITA, KS

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 - 019-26733-0000
Operator: Stalbar Oil Corporation, Inc.
Lease: Arrington
Well Number: 4
Field: Landon-Floyd

Location of Well: County: Chautauqua
990 feet from N / S Line of Section
990 feet from E / W Line of Section
Sec. 23 Twp. 32 S. R. 10 East West

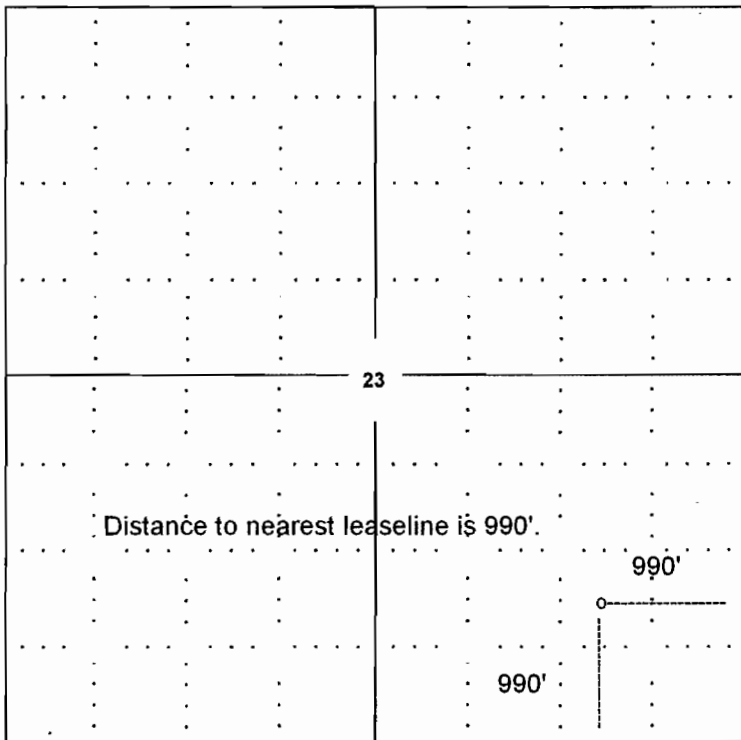
Number of Acres attributable to well: 10
QTR / QTR / QTR of acreage: NW/4 - SE/4 - SE/4

Is Section: Regular or Irregular

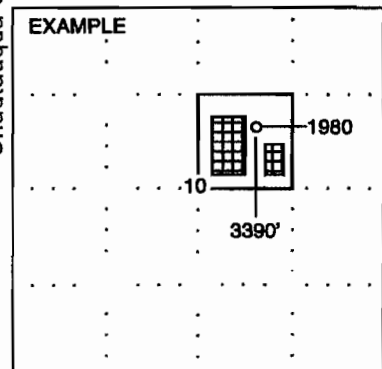
If Section is Irregular, locate well from nearest corner boundary.
Section corner used: NE NW SE SW

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.)*



Section 23-T32S-R10E
Chautauqua County, Kansas



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
OIL & GAS CONSERVATION DIVISION

RECEIVED
KANSAS CORPORATION COMMISSION

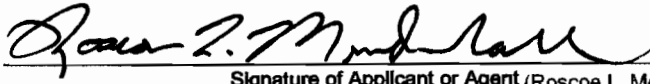
MAY 18 2006

Form CDP-1
April 2004
Form must be Typed

APPLICATION FOR SURFACE PIT

CONSERVATION DIVISION
WICHITA, KS

Submit in Duplicate

Operator Name: Stelbar Oil Corporation, Inc.		License Number: 6044
Operator Address: 155 North Market, Suite #500, Wichita, KS 67202		
Contact Person: Roscoe L. Mendenhall		Phone Number: (316) 264 - 8378
Lease Name & Well No.: Arrington #4		Pit Location (QQQQ): NW/4 SE/4 SE/4 Sec. 23 Twp. 32S R. 10 <input checked="" type="checkbox"/> East <input type="checkbox"/> West 990 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 990 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Chautauqua 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 <i>(If WP Supply API No. or Year Drilled)</i>	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: Pit capacity: 3200 (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ mg/l <i>(For Emergency Pits and Settling Pits only)</i>
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? Natural Clays
Pit dimensions (all but working pits): <u>60</u> Length (feet) <u>60</u> Width (feet) <u>N/A</u> Steel Pits Depth from ground level to deepest point: <u>5</u> (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 <u>N/A</u> feet Depth of water well _____ feet		Depth to shallowest fresh water <u>180</u> feet. Source of information: _____ measured _____ well owner _____ electric log <input checked="" type="checkbox"/> 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: <u>Drilling Mud.</u> Number of working pits to be utilized: <u>Three (3).</u> Abandonment procedure: <u>Allow pits to dry and backfill with soil.</u> 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. STELBAR OIL CORPORATION, INC. <u>05/18/06</u> Date  Signature of Applicant or Agent (Roscoe L. Mendenhall, Pet. Eng.)		
KCC OFFICE USE ONLY		
Date Received: <u>5/18/06</u> Permit Number: _____ Permit Date: <u>5/19/06</u> Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

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

15-019-006733-0000