

For KCC Use:
Effective Date: 5-30-06
District # 1
SGA? ☒ Yes ☐ No

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

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

RECEIVED

MAY 19 2006

Form C-1

December 2002

Form must be Typed

Form must be Signed

All blanks must be Filled

KCC WICHITA

Expected Spud Date 6 3 2006
month day year

OPERATOR: License# 9067
Name: DaMar Resources, Inc.
Address: 234 W. 11th St.
City/State/Zip: Hays, KS 67601
Contact Person: Curtis R. Longpine
Phone: 785.625.0020

CONTRACTOR: License# 33350
Name: Southwind Drilling, Inc.

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		

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 #: _____

* Oil & Gas Leases Attached.

Spot
SW SW NE SW Sec. 24 Twp. 21 S. R. 15
☐ East
☒ West
1470 feet from ☐ N / ☒ S Line of Section
1500 feet from ☐ E / ☒ W Line of Section

Is SECTION ☒ Regular ☐ Irregular?

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

County: Pawnee

Lease Name: Valle Trust Unit Well #: 1

Field Name: Wildcat

Is this a Prorated / Spaced Field? ☐ Yes ☒ No

Target Formation(s): Lansing-Kansas City, Arbuckle

* Nearest Lease or unit boundary: 150'

Ground Surface Elevation: 1954 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: 250

Depth to bottom of usable water: 350

Surface Pipe by Alternate: ☒ 1 ☐ 2

Length of Surface Pipe Planned to be set: 425

Length of Conductor Pipe required: none

Projected Total Depth: 3900

Formation at Total Depth: Arbuckle

Water Source for Drilling Operations:

☒ Well ☐ Farm Pond ☐ Other

DWR Permit #: Drilling contractor will apply for 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: 5/17/2006 Signature of Operator or Agent: [Signature] Title: Vice President/Geologist

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: _____

For KCC Use ONLY

API # 15 - 145-21542-0000

Conductor pipe required None feet

Minimum surface pipe required 370 feet per Alt. 1

Approved by: Rut 525-06

This authorization expires: 11-25-06

(This authorization void if drilling not started within 6 months of approval date.)

Spud date: _____ Agent: _____

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

24 21 15W

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MAY 19 2006

KCC WICHITA

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 - 145-21542-0000
 Operator: DaMar Resources, Inc.
 Lease: Valle Trust Unit
 Well Number: 1
 Field: Wildcat

Number of Acres attributable to well: 10, see attached
 QTR / QTR / QTR of acreage: SW SW - NE - SW

Location of Well: County: Pawnee
1470 feet from ☐ N / ☒ S Line of Section
1500 feet from ☐ E / ☒ W Line of Section
 Sec. 24 Twp. 21 S. R. 15 ☐ East ☒ West

Is Section: ☒ Regular or ☐ Irregular

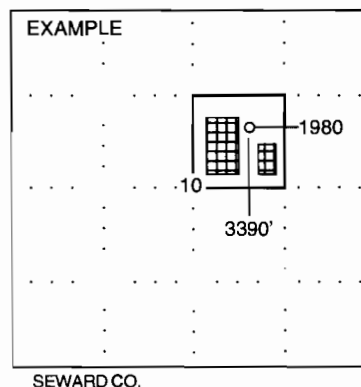
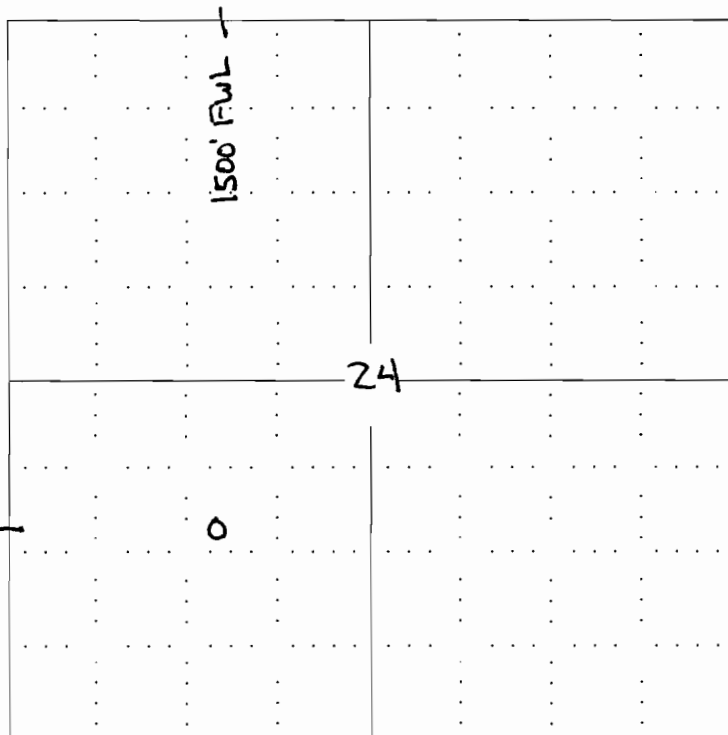
If Section is Irregular, locate well from nearest corner boundary.

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.)



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

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

RECEIVED

MAY 24 2006

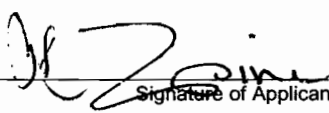
Form CDP-1

April 2004

Form must be Typed

KCC WICHITA

Submit in Duplicate

Operator Name: DaMar Resources, Inc.		License Number: 9067	
Operator Address: 234 W. 11th Hays, KS 67601			
Contact Person: Curtis R. Longpine		Phone Number: (785) 625 - 0020	
Lease Name & Well No.: Valle Trust Unit #1		Pit Location (QQQQ): SW - SW - NE - SW Sec. 24 Twp. 21 R. 15 ☐ East ☒ West 1470 Feet from ☐ North / ☒ South Line of Section 1500 Feet from ☐ East / ☒ West Line of Section Pawnee County	
Type of Pit: ☐ Emergency Pit ☐ Burn Pit ☐ Settling Pit ☒ Drilling Pit ☐ Workover Pit ☐ Haul-Off Pit (If WP Supply API No. or Year Drilled)	Pit is: ☒ Proposed ☐ Existing If Existing, date constructed: Pit capacity: 4500 (bbls)		
Is the pit located in a Sensitive Ground Water Area? ☒ Yes ☐ No		Chloride concentration: _____ mg/l (For Emergency Pits and Settling Pits only)	
Is the bottom below ground level? ☒ Yes ☐ No	Artificial Liner? ☐ Yes ☒ No	How is the pit lined if a plastic liner is not used? native clay	
Pit dimensions (all but working pits): 80 Length (feet) 80 Width (feet) N/A: Steel Pits Depth from ground level to deepest point: 4 (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. visual inspection	
Distance to nearest water well within one-mile of pit 3960 feet Depth of water well 101 feet		Depth to shallowest fresh water 24 static feet. Source of information: _____ measured _____ 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? ☐ Yes ☐ No		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: Chem. drilling mud Number of working pits to be utilized: 3 Abandonment procedure: haul off fluids, evaporate dry, backfill w/original soil 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. Date 5/17/2006  Signature of Applicant or Agent			

KCC OFFICE USE ONLY

REASON

Date Received: **5/24/06** Permit Number: _____ Permit Date: **5/24/06** Lease Inspection: ☒ Yes ☐ No

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

15-145-21542-0000



KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

ROBERT E. KREHBIEL, COMMISSIONER

MICHAEL C. MOFFET, COMMISSIONER

May 24, 2006

Mr. Curtis R. Longpine
DaMar Resources, Inc.
234 W. 11th St.
Hays, KS 67601

Re: Drilling Pit Application
Valle Trust Unit Lease Well No. 1
SW/4 Sec. 24-21S-15W
Pawnee County, Kansas

Dear Mr. Longpine:

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.

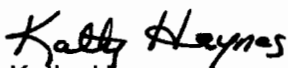
If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

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: File