

For KCC Use: 6-7-06  
Effective Date: \_\_\_\_\_  
District # 3  
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 7 18 2006  
month day year

OPERATOR: License# 33677 ✓  
Name: Canary Operating Corporation  
Address: 7230 W. 162nd Street, Suite A  
City/State/Zip: Stilwell, KS 66085  
Contact Person: Steve Ailee  
Phone: 913-239-8960

CONTRACTOR: License# NA will advise on ACO-1, MUST BE LICENSED WITH KCC  
Name: \_\_\_\_\_

Well Drilled For:  Oil  Gas  CWMD  Seismic: # of Holes \_\_\_\_\_  Other \_\_\_\_\_  
Well Class:  Infield  Pool Ext.  Wildcat  Other \_\_\_\_\_  
Type Equipment:  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 #: \_\_\_\_\_

Spot NE NE NW Sec. 18 Twp. 16 S. R. 25  East  West  
330 feet from  N /  S Line of Section  
2310 feet from  E /  W Line of Section  
Is SECTION  Regular  Irregular?

(Note: Locate well on the Section Plat on reverse side)  
County: Miami  
Lease Name: Deer Well #: 5-18-16-25

Field Name: Louisburg  
Is this a Prorated / Spaced Field?  Yes  No  
Target Formation(s): Marmaton & Cherokee Coals

Nearest Lease or unit boundary: 330'  
Ground Surface Elevation: 1045 (Est. from Topo) 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: 140'+/-  
Depth to bottom of usable water: 240'+/- 300'

Surface Pipe by Alternate:  1  2  
Length of Surface Pipe Planned to be set: 20'  
Length of Conductor Pipe required: None

Projected Total Depth: 700'  
Formation at Total Depth: Cherokee

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 #133,881-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: 5/27/06 Signature of Operator or Agent: R.R. Ashlock Title: \_\_\_\_\_  
For Canary Operating Corporation

For KCC Use ONLY  
API # 15 - 121-28217-0000  
Conductor pipe required: None feet  
Minimum surface pipe required: 20 feet per AL X2  
Approved by: RHB-2-06  
This authorization expires: 12-2-06  
(This authorization void if drilling not started within 6 months of approval date.)  
Spud date: \_\_\_\_\_ Agent: \_\_\_\_\_

- Remember to:
- File Drill PR Application (form GDP-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, 138 S. Market - Room 2078, Wichita, Kansas 67202

18  
16  
25E  
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JUN 01 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.*

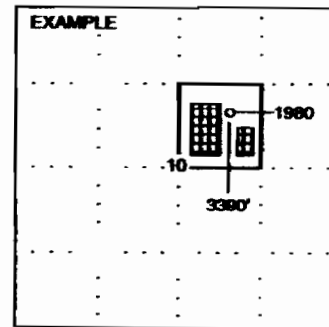
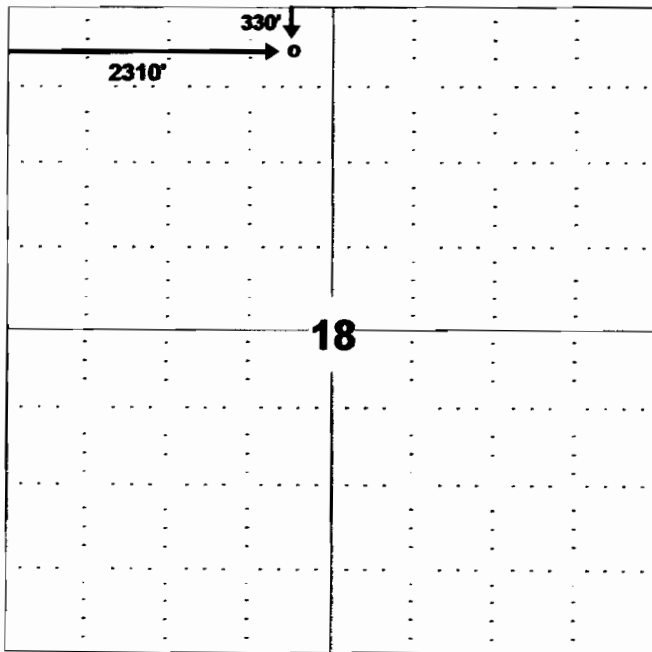
API No. 15 - 121-28217-0000  
 Operator: Canary Operating Corporation  
 Lease: Deer  
 Well Number: 5-18-16-25  
 Field: Louisburg  
 Number of Acres attributable to well: \_\_\_\_\_  
 QTR / QTR / QTR of acreage: \_\_\_\_\_

Location of Well: County: Miami  
330 feet from  N /  S Line of Section  
2310 feet from  E /  W Line of Section  
 Sec. 18 Twp. 16 S. R. 25  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.)*

**Nearest Boundary Line**



Miami Co.

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

**In plotting the proposed location of the well, you must show:**

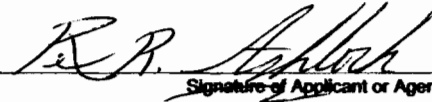
1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the section's south / north and east / west.
3. The distance to the nearest lease or unit boundary line.
4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (CO-7 for oil wells; CG-8 for gas wells).

JUN 01 2006  
 KCC WICHITA

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

Form CDP-1  
April 2004  
Form must be Typed

Submit in Duplicates

|  |  |  |
|--|--|--|
| Operator Name: <b>Canary Operating Corporation</b>   |  | License Number: <b>33677</b>   |
| Operator Address: <b>7230 W. 162nd Street, Suite A, Stihwell, KS 66085</b>   |  |  |
| Contact Person: <b>Steve Allee</b>   |  | Phone Number: ( 913 ) <b>239 - 8960</b>  |
| Lease Name & Well No.: <b>Deer #5-18-16-25</b>   |  | Pit Location (QQQQ):<br><b>NE NE NW</b><br>Sec. <b>18</b> Twp. <b>16</b> R. <b>25</b> <input checked="" type="checkbox"/> East <input type="checkbox"/> West<br><b>330</b> Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section<br><b>2310</b> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section<br><b>Miami</b> County |
| Type of Pit:<br><input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit<br><input type="checkbox"/> Settling Pit <input checked="" type="checkbox"/> Drilling Pit<br><input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit<br><small>(If WP Supply API No. or Year Drilled)</small> | Pit is:<br><input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing<br>If Existing, date constructed:<br>Pit capacity:<br><b>150+/-</b> (bbls) |  |
| Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No   |  | Chloride concentration: <b>NA</b> mg/l<br><small>(For Emergency Pits and Settling Pits only)</small>   |
| Is the bottom below ground level?<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No   | Artificial Liner?<br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No   | How is the pit lined if a plastic liner is not used?<br><b>Native clay(s) in soil</b>  |
| Pit dimensions (all but working pits): <b>20</b> Length (feet) <b>8</b> Width (feet) <b>N/A: Steel Pits</b><br>Depth from ground level to deepest point: <b>6</b> (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.<br><b>Constant on-site maintenance during drilling and completion operations</b>   |
| Distance to nearest water well within one-mile of pit<br><b>None</b> feet Depth of water well _____ feet   |  | Depth to shallowest fresh water <b>NA</b> feet.<br>Source of information:<br>_____ measured _____ well owner _____ electric log _____ KDWR   |
| <b>Emergency, Settling and Burn Pits ONLY:</b><br>Producing Formation: _____<br>Number of producing wells on lease: _____<br>Barrels of fluid produced daily: _____<br>Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No        |  | <b>Drilling, Workover and Haul-Off Pits ONLY:</b><br>Type of material utilized in drilling/workover: <b>Air with mist</b><br>Number of working pits to be utilized: <b>1</b><br>Abandonment procedure: <b>Let water evaporate then back fill pit with soil</b><br>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.<br><br><b>5/27/06</b> Date  Signature of Applicant or Agent For Canary Operating Corporation                                   |  |  |

15-B1-28217-0000

|                              |                      |                            |   |
|------------------------------|----------------------|----------------------------|---|
| <b>KCC OFFICE USE ONLY</b>   |                      |                            |   |
| Date Received: <b>6/1/06</b> | Permit Number: _____ | Permit Date: <b>6/1/06</b> | Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

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

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