

For KCC Use:

Effective Date: 6-25-06

District # 3

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

Form C-1

December 2002

Form must be Typed

Form must be Signed

All blanks must be Filled

Expected Spud Date 06 19 2006
month day year

OPERATOR: License# 32294

Name: OSBORN ENERGY, LLC

Address: 24850 FARLEY

City/State/Zip: BUCYRUS, KS 66013

Contact Person: JEFF TAYLOR

Phone: 913-533-9900

CONTRACTOR: License# 5885

Name: R.S. GLAZE DRILLING

Well Drilled For:

☐ Oil

☐ Enh Rec

☒ Gas

☐ Storage

☐ OWWO

☐ Disposal

☐ 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 C SW NE Sec. 27 Twp. 16 S. R. 25 ☒ East ☐ West
1980 ✓ feet from ☒ N / ☐ S Line of Section
1980 ✓ 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: GRAUBERGER

Well #: 7-27

Field Name: LOUISBURG

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

Target Formation(s): MARMATON AND CHEROKEE

Nearest Lease or unit boundary: 650'

Ground Surface Elevation: 1000' 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: 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: 900'

Formation at Total Depth: CHEROKEE

Water Source for Drilling Operations:

☐ Well ☐ Farm Pond ☒ Other X

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: 6/12/06

Signature of Operator or Agent: Jeff Taylor

Title: GEOLOGIST

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JUN 16 2006

KCC WICHITA

For KCC Use ONLY

API # 15 - 121-28246-0000

Conductor pipe required None feet

Minimum surface pipe required 20 feet per Alt. XO

Approved by: Rut 6-20-06

This authorization expires: 12-20-06

(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: _____

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

27 16 ASE

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 - 121-28246-0000
 Operator: OSBORN ENERGY, LLC
 Lease: GRAUBERGER
 Well Number: 7-27
 Field: LOUISBURG

Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: C - SW - NE

Location of Well: County: MIAMI
 1980 _____ feet from ☒ N / ☐ S Line of Section
 1980 _____ feet from ☒ E / ☐ W Line of Section
 Sec. 27 Twp. 16 S. R. 25 ☒ East ☐ West

Is Section: ☒ Regular or ☐ Irregular

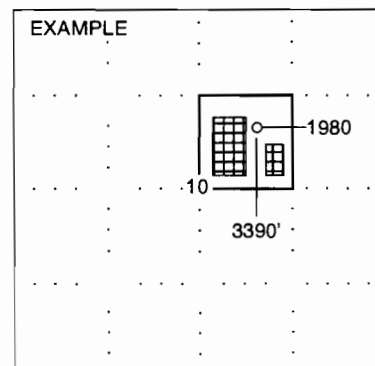
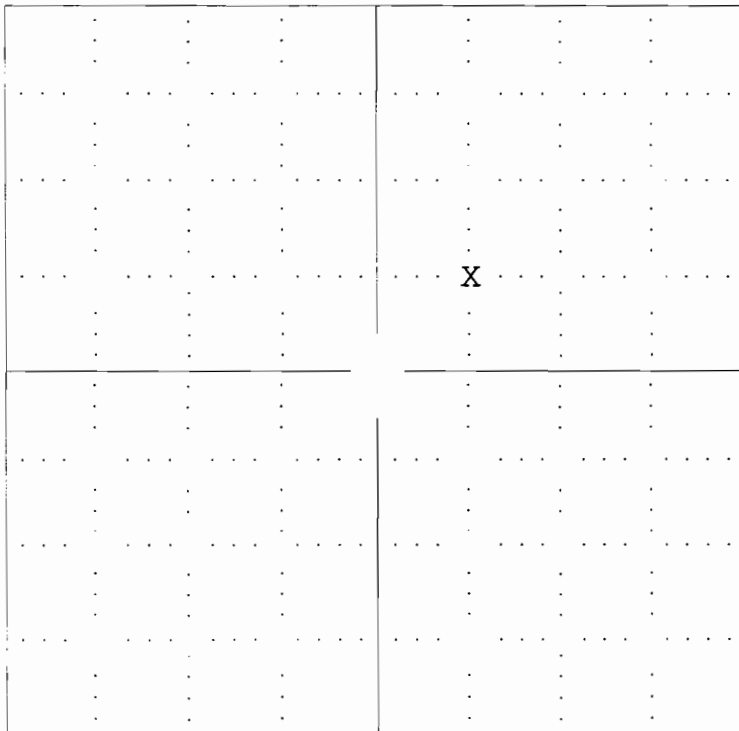
If Section is Irregular, locate well from nearest corner boundary.

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.)



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).

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JUN 15 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 Duplicate

Operator Name: OSBORN ENERGY, LLC		License Number: 32294	
Operator Address: 24850 FARLEY BUCYRUS, KS 66013			
Contact Person: JEFF TAYLOR		Phone Number: (913) 533 - 9900	
Lease Name & Well No.: GRAUBERGER 7-27		Pit Location (QQQQ): C SW NE Sec. 27 Twp. 16 R. 25 ☒ East ☐ West 1980 Feet from ☒ North / ☐ South Line of Section 1980 Feet from ☒ East / ☐ West Line of Section MIAMI 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: 550+/- (bbls)	
Is the pit located in a Sensitive Ground Water Area? ☐ Yes ☒ No		Chloride concentration: <u>N/A</u> 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 LINED			
Pit dimensions (all but working pits): <u>8</u> Length (feet) <u>20</u> Width (feet) <u>N/A</u> Steel Pits Depth from ground level to deepest point: <u>4</u> (feet)			
If the pit is lined give a brief description of the liner material, thickness and installation procedure. N/A		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. 24 HOUR ON SITE MAINTENANCE WHILE DRILLING	
Distance to nearest water well within one-mile of pit <u>N/A</u> ²⁹⁸⁸ feet Depth of water well <u>150</u> feet		Depth to shallowest fresh water <u>N/A</u> ~ <u>30</u> feet. Source of information: <u>KH KGS</u> (10) _____ measured _____ well owner _____ electric log _____ KDWR	
Emergency, Settling and Burn Pits ONLY: Producing Formation: <u>N/A</u> 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: <u>BENTONITE</u> Number of working pits to be utilized: <u>1</u> Abandonment procedure: <u>LET WATER EVAPORATE THEN USE BULLDOZER TO BACKFILL PIT</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.			
<u>6/12/04</u> Date		<u>Jeff Taylor</u> Signature of Applicant or Agent	
RECEIVED JUN 16th 2006 KCC WICHITA			
KCC OFFICE USE ONLY			
Date Received: <u>6/19/04</u> Permit Number: _____ Permit Date: <u>6/19/04</u> Lease Inspection: ☐ Yes ☒ No			

15-BI-28246-000