

KANSAS CORPORATION COMMISSION JUN 21 2006
OIL & GAS CONSERVATION DIVISION

Form C-1
December 2002

For KCC Use: 6-2606
Effective Date: 7
District # _____
SGA? Yes No

NOTICE OF INTENT TO DRILL CONSERVATION DIVISION
WICHITA, KS

Form must be Typed
Form must be Signed
All blanks must be Filled

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

Expected Spud Date June 24, 2006
month day year

Spot SE East
sw West
Sec. 32 Twp. 22 S. R. 13
2560 feet from N / S Line of Section
830 feet from E / W Line of Section
Is SECTION Regular Irregular?

OPERATOR: License# 3581
Name: Red Oak Energy, Inc.
Address: 7701 E. Kellogg ste. 710
City/State/Zip: Wichita, Ks. 67207
Contact Person: Kevin C. Davis
Phone: 316-652-7373

(Note: Locate well on the Section Plat on reverse side)
County: Stafford
Lease Name: Grimes/Cornwell Well #: 1-32
Field Name: Wildcat

CONTRACTOR: License# 33610
Name: Fossil Drilling, Inc.

Is this a Prorated / Spaced Field? Yes No
Target Formation(s): Arbuckle
Nearest Lease or unit boundary: 80'

Well Drilled For: Oil Gas OWWO Seismic; # of Holes Other
 Enh Rec Storage Disposal Other
Well Class: Infield Pool Ext. Wildcat
Type Equipment: Mud Rotary Air Rotary Cable

Ground Surface Elevation: 1920 est. 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: 220
Depth to bottom of usable water: 220
Surface Pipe by Alternate: 1 2
Length of Surface Pipe Planned to be set: 260
Length of Conductor Pipe required: none

Directional, Deviated or Horizontal wellbore? Yes No

Projected Total Depth: 4050
Formation at Total Depth: Arbuckle
Water Source for Drilling Operations:
 Well Farm Pond Other _____

If Yes, true vertical depth: _____

DWR Permit #: _____
(Note: Apply for Permit with DWR)

Bottom Hole Location: _____

Will Cores be taken? Yes No
If Yes, proposed zone: _____

KCC DKT #: _____
Declaration of Pooling Attached

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: 6-21-06 Signature of Operator or Agent: Kevin C. Davis Title: PRES

For KCC Use ONLY
API # 15 - 185-23366-0000
Conductor pipe required None feet
Minimum surface pipe required 240 feet per Alt. 1
Approved by: Rut 6-21-06
This authorization expires: 12-21-06
(This authorization void if drilling not started within 6 months of approval 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: _____

32
22
13W

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

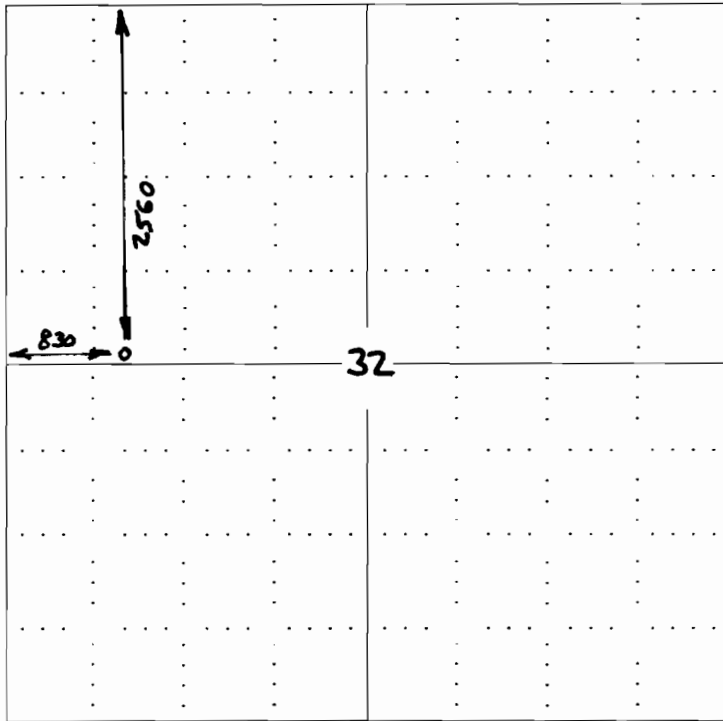
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please 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 - 185-23366-0000
 Operator: Red Oak Energy, Inc.
 Lease: Grimes/Cornwell
 Well Number: 1-32
 Field: Wildcat
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: _____ - SW - NW

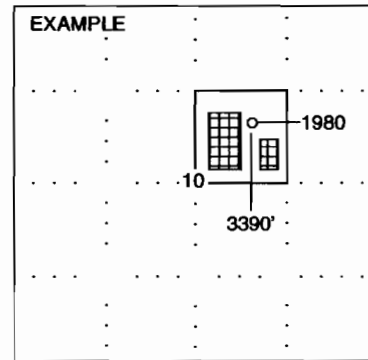
Location of Well: County: Stafford
2560 feet from N / S Line of Section
830 feet from E / W Line of Section
 Sec. 32 Twp. 22 S. R. 13 East West
 Is Section: Regular or Irregular
If Section Is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

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.)*



RECEIVED
 KANSAS CORPORATION COMMISSION
 JUN 21 2006
 CONSERVATION DIVISION
 WICHITA, KS



SEWARD 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 21 2006

Form CDP-1
April 2004

Form must be Typed

APPLICATION FOR SURFACE PIT CONSERVATION DIVISION
WICHITA, KS

Submit in Duplicate

Operator Name: Red Oak Energy, Inc.		License Number: 3581
Operator Address: 7701 E. Kellogg ste 710		
Contact Person: Kevin C. Davis		Phone Number: (316) 652 - 7373
Lease Name & Well No.: Grimes/Cornwell #1-32		Pit Location (QQQQ): _____ SW _____ NW Sec. 32 Twp. 22 R. 13 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 2560 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 830 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Stafford 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 <small>(If WP Supply API No. or Year Drilled)</small>	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 3000 (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: _____ mg/l <small>(For Emergency Pits and Settling Pits only)</small>
Is the bottom below ground level? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Artificial Liner? <input type="checkbox"/> Yes <input type="checkbox"/> No	How is the pit lined if a plastic liner is not used? Bentonite and native solids
Pit dimensions (all but working pits): 100 Length (feet) 100 Width (feet) _____ N/A: Steel Pits Depth from ground level to deepest point: 3 (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 2300 ^{2158} feet Depth of water well 100 ^{80} feet		Depth to shallowest fresh water 200 ^{25} feet. Source of information: KH KLS _____ 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: Fresh water and bentonite Number of working pits to be utilized: 3 Abandonment procedure: Remove free fluids after drilling Hutchinson salt, cut windows after drilling is complete, backfill and restore when conditions allow 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.		
6-21-06 Date		<i>Kevin C. Davis</i> Signature of Applicant or Agent

15-185-223 366-0000

KCC OFFICE USE ONLY		RFAS+C
Date Received: 6/21/06	Permit Number: _____	Permit Date: 6/21/06 Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

ROBERT E. KREHBIEL, COMMISSIONER

MICHAEL C. MOFFET, COMMISSIONER

June 21, 2006

Mr. Kevin C. Davis
Red Oak Energy, Inc.
7701 E. Kellogg, Ste 710
Wichita, KS 67207

Re: Drilling Pit Application
Grimes/Cornwell Lease Well No. 1-32
NW/4 Sec. 32-22S-13W
Stafford County, Kansas

Dear Mr. Davis:

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.

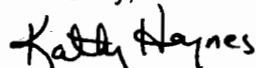
If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

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