

JUN 08 2006

Form C-1
December 2002

For KCC Use: 7-506
Effective Date: 4
District # 4
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 July 30 2006
month day year

OPERATOR: License# 5249 ✓
Name: Osborn Heirs Company
Address: P.O. Box 17968
San Antonio, Texas 78217
City/State/Zip:
Contact Person: Don Wadsworth
Phone: 210-826-0700

CONTRACTOR: License# ADVISE ON ACO-1, MUST BE LICENSED WITH KCC ✓
Name: To be determined

Well Drilled For: Oil Gas OWWO Seismic; # of Holes Other
 Enh Rec Storage Disposal
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 #: 06-CONS-215-CWLE

Spot SW NW NE Sec. 11 Twp. 18 S. R. 12 East West
1220 feet from N / S Line of Section
2540 feet from E / W Line of Section
Is SECTION Regular Irregular?

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

County: Barton
Lease Name: Kinzel Well #: 11
Field Name: Tritsch

Is this a Prorated / Spaced Field? Yes No
Target Formation(s): Lansing, Arbuckle

Nearest Lease or unit boundary: 100 ft
Ground Surface Elevation: 1799 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: 180'
Depth to bottom of usable water: 260'

Surface Pipe by Alternate: 1 2
Length of Surface Pipe Planned to be set: 310'

Length of Conductor Pipe required: N/A
Projected Total Depth: 3800 ft

Formation at Total Depth: Regan Sd
Water Source for Drilling Operations: Well Farm Pond Other hauling

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: May 23, 2006 Signature of Operator or Agent: Don Wadsworth Title: VP Land & Exploration

For KCC Use ONLY
API # 15 - 009-24957-0000
Conductor pipe required None feet
Minimum surface pipe required 280 feet per Alt. 1 ✓
Approved by: Rut 6-30-06
This authorization expires: 12-30-06
(This authorization void if drilling not started within 6 months of effective date.)
Spud date: _____ Agent: _____

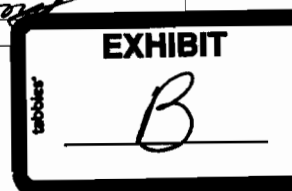
Remember to:

- 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: Don Wadsworth
Date: 5-24-2006

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



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 - 009-24957-0000
 Operator: Osborn Heirs Company
 Lease: Kinzel
 Well Number: 11
 Field: Tritsch

Location of Well: County: Barton
1220 feet from N / S Line of Section
2540 feet from E / W Line of Section
 Sec. 11 Twp. 18 S. R. 12 East West

Number of Acres attributable to well: 10
 QTR / QTR / QTR of acreage: SW - NW - NE

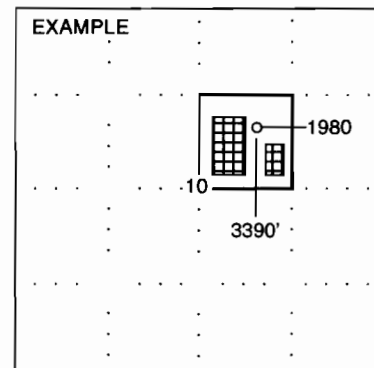
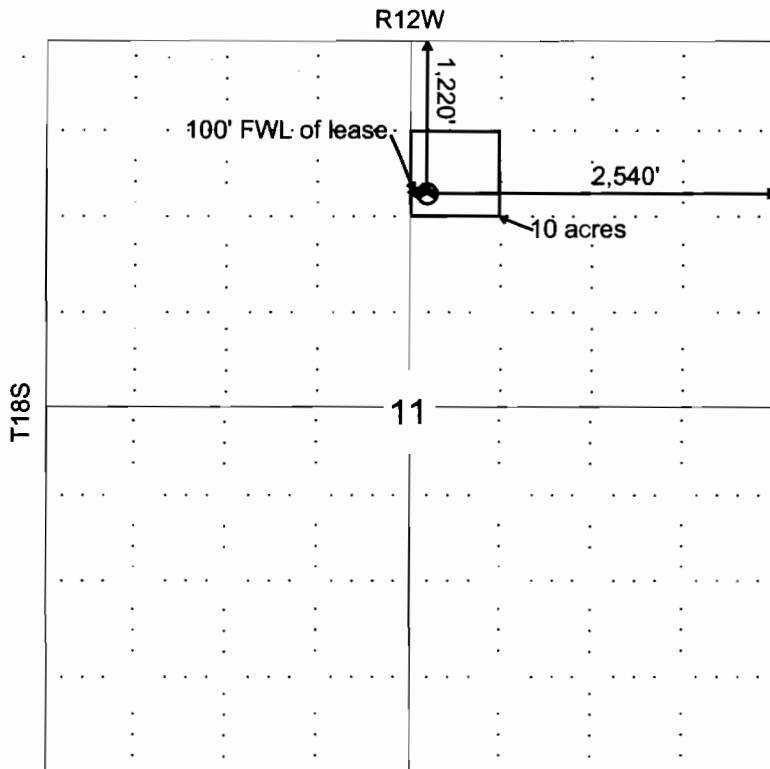
Is Section: Regular or Irregular

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.)*



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).

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

RECEIVED
KANSAS CORPORATION COMMISSION

JUN 08 2006

Form CDP-1

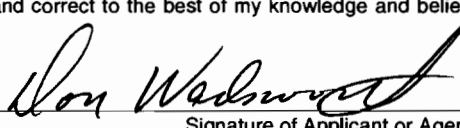
April 2004

Form must be Typed

APPLICATION FOR SURFACE PIT

CONSERVATION DIVISION
WICHITA, KS

Submit in Duplicate

Operator Name: Osborn Heirs Company		License Number: 5249
Operator Address: P.O. Box 17968, San Antonio, Texas 78217		
Contact Person: Gary Cunningham		Phone Number: (210) 826 - 0700
Lease Name & Well No.: Kinzel No. 11		Pit Location (QQQQ): SW . SW . NW . NE
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Bum 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: 4300 (bbls)	Sec. 11 Twp. 18S R. 12 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1220 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 2540 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Barton County
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input checked="" 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 checked="" type="checkbox"/> No	How is the pit lined if a plastic liner is not used? Bentonitic clay in drilling fluid
Pit dimensions (all but working pits): 80 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 @ 300 feet Depth of water well 200 feet		Depth to shallowest fresh water 100 feet. Source of information: _____ measured <input checked="" type="checkbox"/> 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? <input type="checkbox"/> Yes <input type="checkbox"/> No		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: fresh water mud Number of working pits to be utilized: 2 working, 1 reserve Abandonment procedure: Allow pit to evaporate and backfill. Recontour to original topography. 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.		
May 23, 2006 Date		 Signature of Applicant or Agent

15-009-2495 7-0000

KCC OFFICE USE ONLY		R FASOC
Date Received: 6/28/06	Permit Number: _____	Permit Date: 6/28/06 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 28, 2006

Mr. Don Wadsworth
Osborn Heirs Company
PO Box 17968
San Antonio, TX 78217

Re: Drilling Pit Application
Kinzel Lease Well No. 11
NE/4 Sec. 11-18S-12W
Barton County, Kansas

Dear Mr. Wadsworth:

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. **Please keep all pits away from any draws.**

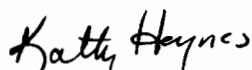
If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

The fluids should be taken to an authorized disposal well. Please call the District Office at (785) 625-0550 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