

For KCC Use:
 Effective Date: 7-5-06
 District # _____
 SGA? Yes No

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

Form C-1
 December 2002
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 July 16 2006
month day year

Spot East
E/2 E/2 SW Sec. 17 Twp. 27 S. R. 23 West
1320 feet from N / S Line of Section
2310 feet from E / W Line of Section
 Is SECTION Regular Irregular?

OPERATOR: License# KLN 4767
 Name: Ritchie Exploration, Inc.
 Address: PO 783188
 City/State/Zip: Wichita, KS 67278-3188
 Contact Person: Craig Caulk
 Phone: 316-691-9500

(Note: Locate well on the Section Plat on reverse side)
 County: Ford
 Lease Name: Steele Trust Well #: 2
 Field Name: _____
 Is this a Prorated / Spaced Field? Yes No

CONTRACTOR: License# KLN 5822
 Name: Val Energy, Inc.

Target Formation(s): Mississippian
 Nearest Lease or unit boundary: 330'
 Ground Surface Elevation: 2415 TOPO feet MSL
 Water well within one-quarter mile: Yes No
 Public water supply well within one mile: Yes No

Well Drilled For:	Well Class:	Type Equipment:
<input checked="" type="checkbox"/> Oil <input checked="" type="checkbox"/> Enh Rec <input type="checkbox"/> Infield <input checked="" type="checkbox"/> Mud Rotary	<input type="checkbox"/> Storage <input type="checkbox"/> Pool Ext. <input type="checkbox"/> Air Rotary	<input type="checkbox"/> Cable
<input type="checkbox"/> OWWO <input type="checkbox"/> Disposal <input checked="" type="checkbox"/> Wildcat <input type="checkbox"/> Other	<input type="checkbox"/> Seismic; # of Holes _____	
<input type="checkbox"/> Other _____		

Depth to bottom of fresh water: 200
 Depth to bottom of usable water: 780
 Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 400'
 Length of Conductor Pipe required: 80' of 20"
 Projected Total Depth: 6050'

If OWWO: old well information as follows:
 Operator: _____
 Well Name: _____
 Original Completion Date: _____ Original Total Depth: _____

Formation at Total Depth: Arbuckle
 Water Source for Drilling Operations:
 Well Farm Pond Other
 DWR Permit #: _____

Directional, Deviated or Horizontal wellbore? Yes No
 If Yes, true vertical depth: _____
 Bottom Hole Location: _____
 KCC DKT #: _____

(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:

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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: June 27, 2006 Signature of Operator or Agent: [Signature] Title: GIS Specialist

For KCC Use ONLY
 API # 15 - 057-20575-0000
 Conductor pipe required None feet
 Minimum surface pipe required 220 feet per Alt. (2)
 Approved by: [Signature]
 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: _____
 Date: _____

17
27
23W

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

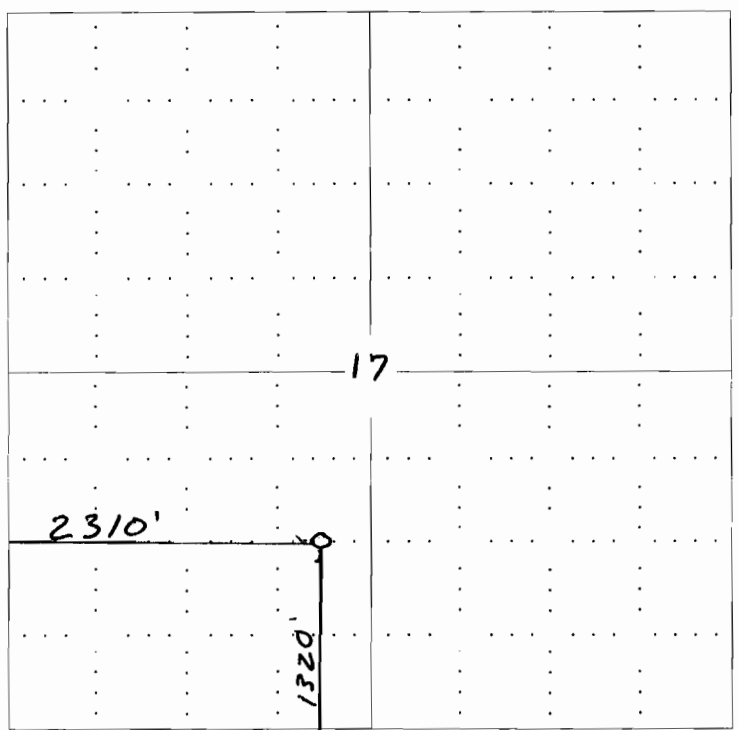
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please 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 - 057-20575-0000
 Operator: Ritchie Exploration, Inc.
 Lease: Steele Trust
 Well Number: 2
 Field: _____
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: E/2 - E/2 - SW

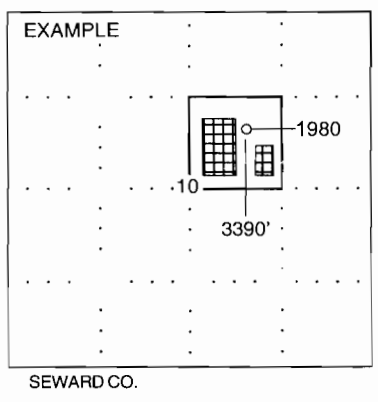
Location of Well: County: Ford
1320 feet from N / S Line of Section
2310 feet from E / W Line of Section
 Sec. 17 Twp. 27 S. R. 23 East West
 Is Section: Regular or Irregular
If Section is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

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.)*



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SEWARD CO.

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

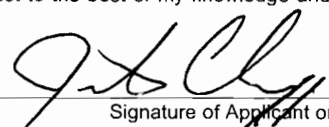
In plotting the proposed location of the well, you must show:

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
APPLICATION FOR SURFACE PIT

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: Ritchie Exploration, Inc.		License Number: KLN 4767
Operator Address: PO 783188 Wichita, KS 67278-3188		
Contact Person: Craig Caulk		Phone Number: (316) 691 - 9500
Lease Name & Well No.: #2 Steele Trust		Pit Location (QQQQ): C E/2 E/2 SW
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: 1602.9 (bbls)	Sec. 17 Twp. 27S R. 23 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1320 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 2310 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Ford County
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 checked="" type="checkbox"/> No	How is the pit lined if a plastic liner is not used? Bentonite / Drilling Mud
Pit dimensions (all but working pits): 60 Length (feet) 50 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.
		RECEIVED JUN 28 2006 KCC WICHITA
Distance to nearest water well within one-mile of pit 4135 feet Depth of water well 400 feet	Depth to shallowest fresh water 82 feet. Source of information: KNK65 ③ _____ 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? <input type="checkbox"/> Yes <input type="checkbox"/> No	Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: Fresh / Chemical Mud Number of working pits to be utilized: 2 Abandonment procedure: Haul Off Fluids / Backfill _____ Drill pits must be closed within 365 days of spud date.	15-057-20575-0000
I hereby certify that the above statements are true and correct to the best of my knowledge and belief.		
June 27, 2006 Date		 Signature of Applicant or Agent
KCC OFFICE USE ONLY		
Date Received: 6/28/06 Permit Number: _____		Permit Date: 6/30/06 Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Steel Pits		

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR
BRIAN J. MOLINE, CHAIR
ROBERT E. KREHBIEL, COMMISSIONER
MICHAEL C. MOFFET, COMMISSIONER

June 30, 2006

Mr. Craig Caulk
Ritchie Exploration, Inc.
PO Box 783188
Wichita, KS 67278-3188

Re: Drilling Pit Application
Steele Trust Lease Well No. 2
SW/4 Sec. 17-27S-23W
Ford County, Kansas

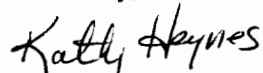
Dear Mr. Caulk:

District staff has inspected the location and has determined that an unsealed condition will present a pollution threat to water resources.

District staff has instructed that no earthen pits are to be used at the location. Steel pits are to be used. Please inform the Commission in writing as to which disposal well you will utilize to dispose of the contents in the steel pits and the amount of fluid that will be disposed. **If a haul-off pit is necessary please file, form CDP-1, Application for Surface Pit.** This location will have to be inspected prior to approval of the haul-off pit application.

If fluids are taken to an authorized disposal well, please call the District Office at (620) 225-8888. Please file form CDP-5, 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.

Sincerely,



Kathy Haynes
Environmental Protection and Remediation Department

Cc: File

KANSAS

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HAUL-OFF PIT APPLICATION FILING REQUIREMENTS

82-3-607. DISPOSAL OF DIKE AND PIT CONTENTS.

- (a) Each operator shall perform one of the following when disposing of dike or pit contents:
- (1) Remove the liquid contents to a disposal well or other oil and gas operation approved by the commission or to road maintenance or construction locations approved by the department;
 - (2) dispose of reserve pit waste down the annular space of a well completed according to the alternate I requirements of K.A.R. 82-3-106, if the waste to be disposed of was generated during the drilling and completion of the well; or
 - (3) dispose of the remaining solid contents in any manner required by the commission. The requirements may include any of the following:
 - (A) Burial in place, in accordance with the grading and restoration requirements in K.A.R. 82-3-602 (f);
 - (B) removal and placement of the contents in an on-site disposal area approved by the commission;
 - (C) removal and placement of the contents in an off-site disposal area on acreage owned by the same landowner or to another producing lease or unit operated by the same operator, if prior written permission from the landowner has been obtained; or
 - (D) removal of the contents to a permitted off-site disposal area approved by the department.
- (b) Each violation of this regulation shall be punishable by the following:
- (1) A \$1,000 penalty for the first violation;
 - (2) a \$2,500 penalty for the second violation; and
 - (3) a \$5,000 penalty and an operator license review for the third violation.

Complete and return with Haul-Off Pit Application, Form CDP1(2004)

Haul-off pit will be located in an on-site disposal area: Yes No

Haul-off pit is located in an off-site disposal area on acreage owned by the same landowner:

Yes No If yes, written permission from the land owner must be obtained. Attach written permission to haul-off pit application.

Haul-off pit is located in an off-site disposal area on another **producing** lease or unit operated by the same operator: Yes No If yes, written permission from the land owner must be obtained. Attach permission and a copy of the lease assignment that covers the acreage where the haul-off pit is to be located, to the haul-off pit application.

Conservation Division, Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802

Voice 316.337.6200 Fax 316.337.6211 www.kcc.state.ks.us