

For KCC Use:
Effective Date: 7-11-06
District # 1
SGA? Yes No

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

Must be approved by the K.C.C. 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
RECEIVED
JUL 06 2006

Expected Spud Date 7 17 06
month day year

OPERATOR: License # 3842
LARSON OPERATING COMPANY
Name: A DIVISION OF LARSON ENGINEERING, INC.
Address: 562 WEST HIGHWAY 4
City/State/Zip: OLMITZ, KS 67564-8561
Contact Person: TOM LARSON
Phone: (620) 653-7368

CONTRACTOR: License # 33350
Name: SOUTHWIND DRILLING, INC.

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

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#: _____

Oil & Gas Lease Attached (N/2 Sec. 30)

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-101, 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 a 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 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: 07/05/2006 Signature of Operator or Agent: Thomas Larson Title: PRESIDENT

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: _____

For KCC use ONLY
API # 15 - 135-24526-0000
Conductor pipe required None feet
Minimum surface pipe required 200 feet per Alt. **X(2)**
Approved by: Pat 7-6-06
This authorization expires: 1-6-07
(This authorization void if drilling not started within 6 months of effective date.)
Spud date: _____ Agent: _____

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

30
18
26W

RECEIVED

JUL 06 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 - 135-24526-0000
LARSON OPERATING COMPANY
Operator: A DIVISION OF LARSON ENGINEERING, INC.
Lease: DELANEY
Well Number: 2-30
Field:

Location of Well: County: NESS
800 feet from [X] N / [] S Line of Section
2450 feet from [X] E / [] W Line of Section
Sec. 30 Twp. 18 S. R. 26 [] East [X] West

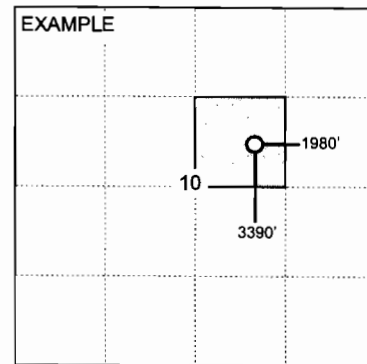
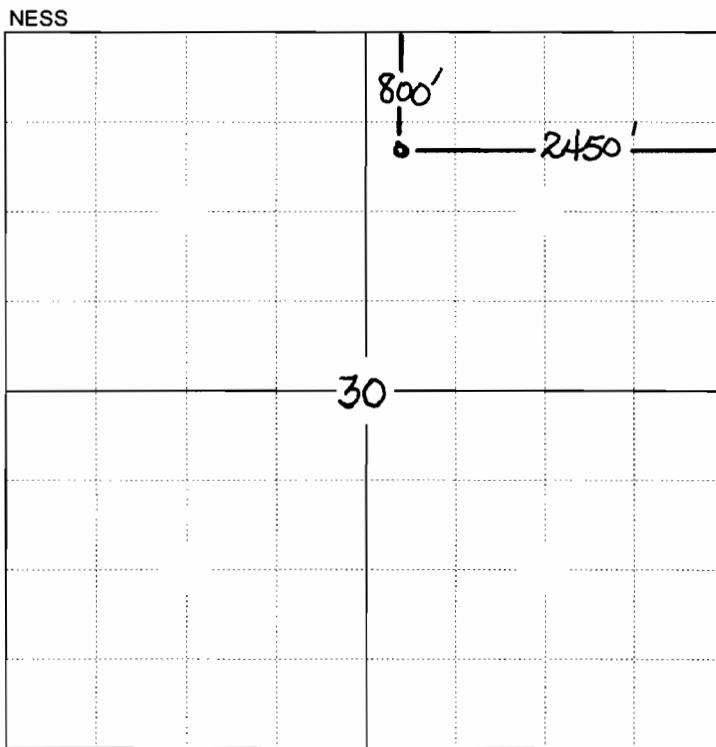
Is Section: [X] Regular or [] Irregular

Number of Acres attributable to well:
QTR / QTR / QTR of acreage: - - N/2

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
APPLICATION FOR SURFACE PIT

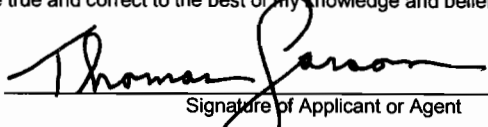
RECEIVED

JUL 06 2006

KCC WICHITA

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: LARSON OPERATING COMPANY A DIVISION OF LARSON ENGINEERING, INC.		License Number: 3842
Operator Address: 562 WEST HIGHWAY 4 OLMITZ, KS 67564-8561		
Contact Person: TOM LARSON		Phone Number: (620) 653-7368
Lease Name & Well No.: DELANEY #2-30		Pit Location (QQQQ): <u>SW NW NE</u>
Type of Pond: <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: 6400 (bbls)	Sec. <u>30</u> Twp. <u>18S</u> R. <u>26</u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West 800 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 2450 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section NESS County
Is the pit located in a Sensitive Ground Water Area? <input 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? NATIVE MUD & BENTONITE CLAY
Pit dimensions (all but working pits): <u>80</u> Length (feet) <u>80</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.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring
Distance to nearest water well within one-mile of pit <u>3113</u> feet Depth of water well <u>90</u> feet		Depth to shallowest fresh water <u>72</u> feet. Source of information: <u>KRKG</u> <u>1</u> KDWR _____ measured _____ well owner _____ electric log
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: <u>FRESH WATER MUD</u> Number of working pits to be utilized: <u>3</u> Abandonment procedure: <u>ALLOW TO DRY THEN BACKFILL</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>7-6-06</u> Date	 Signature of Applicant or Agent	PRESIDENT

15-135-24526-0000

KCC OFFICE USE ONLY			
Date Received: <u>7/6/06</u>	Permit Number: _____	Permit Date: <u>7/6/06</u>	Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No