

For KCC Use: 7-31-06
 Effective Date: _____
 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 Aug 14 2006
 month day year

OPERATOR: License# 33415 33802
 Name: SunStone Operating Company, LLC
 Address: P O Box 35888
 City/State/Zip: Tulsa, OK 74153-0888
 Contact Person: Connie Swan
 Phone: 918-621-6533

CONTRACTOR: License# 5147
 Name: Beredco, Inc.

Spot SW-N-W-NW East
 West
NW - NW - SW Sec. 10 Twp. 19 S. R. 31
990 feet from N / S Line of Section
330 feet from E / W Line of Section
 Is SECTION Regular Irregular?

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

County: Scott
 Lease Name: Betty Well #: 2
 Field Name: Grigston SW

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Mississippian
 Nearest Lease or unit boundary: 330'

Ground Surface Elevation: 2950 GR 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: 208' 180'

Depth to bottom of usable water: 1600'

Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be set: 360'

Length of Conductor Pipe required: n/a

Projected Total Depth: 4700

Formation at Total Depth: Mississippian

Water Source for Drilling Operations:

Well Farm Pond Other Hauled Water - Cheyenne Transport

DWR Permit #: _____

(Note: Apply for Permit with DWR)

Will Cores be taken? Yes No

If Yes, proposed zone: _____

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"/> Gas <input type="checkbox"/> Storage	<input checked="" type="checkbox"/> Pool Ext.	<input checked="" type="checkbox"/> Air Rotary
<input type="checkbox"/> OWWO <input type="checkbox"/> Disposal	<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 #: _____

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-1101, Kansas Corporation Commission
 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: 7/20/06 Signature of Operator or Agent: Connie Swan Title: Regulatory Administrator

RECEIVED
 KANSAS CORPORATION COMMISSION
 JUL 26 2006

CONSERVATION DIVISION
 WICHITA, KS

For KCC Use ONLY
 API # 15 - 171-20641-0000
 Conductor pipe required None feet
 Minimum surface pipe required 200 feet per Alt. **VO 2**
 Approved by: Rut 7-26-06
 This authorization expires: 1-26-07
 (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: _____

10
19
31W

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 - 171-20641-0000
 Operator: SunStone Operating Company, LLC
 Lease: Betty
 Well Number: 2
 Field: Grigston SW
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: NW - NW - SW

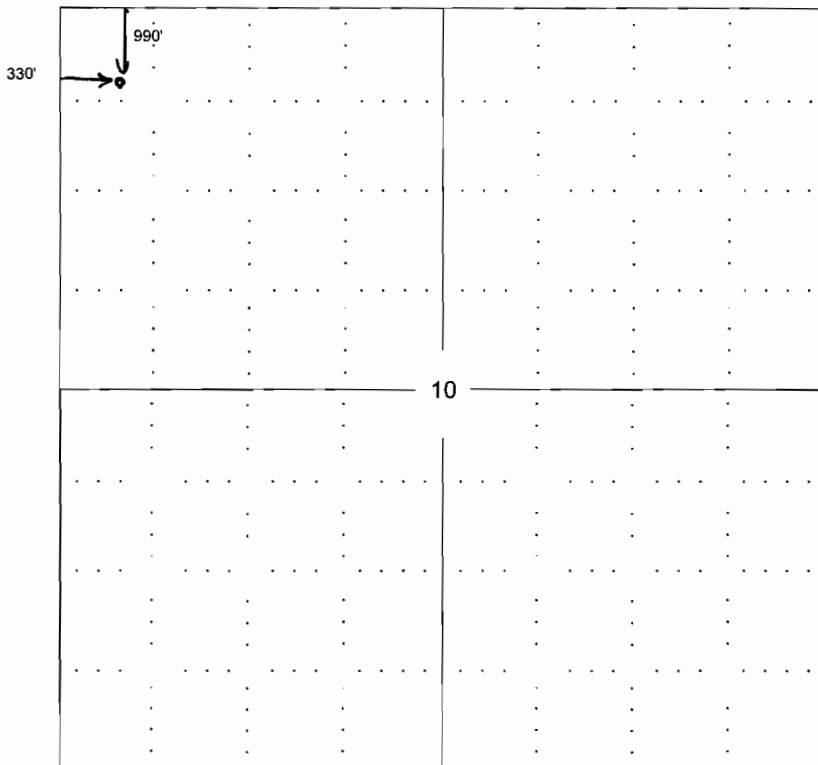
Location of Well: County: Scott
990 feet from N / S Line of Section
330 feet from E / W Line of Section
 Sec. 10 Twp. 19 S. R. 31 East West

Is Section: Regular or Irregular

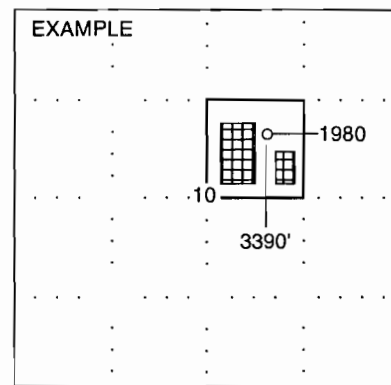
If Section is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

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.)*



Datum: NAD - 83
 Latitude: 38° 25' 18"
 Longitude: 100° 44' 24.0"



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

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

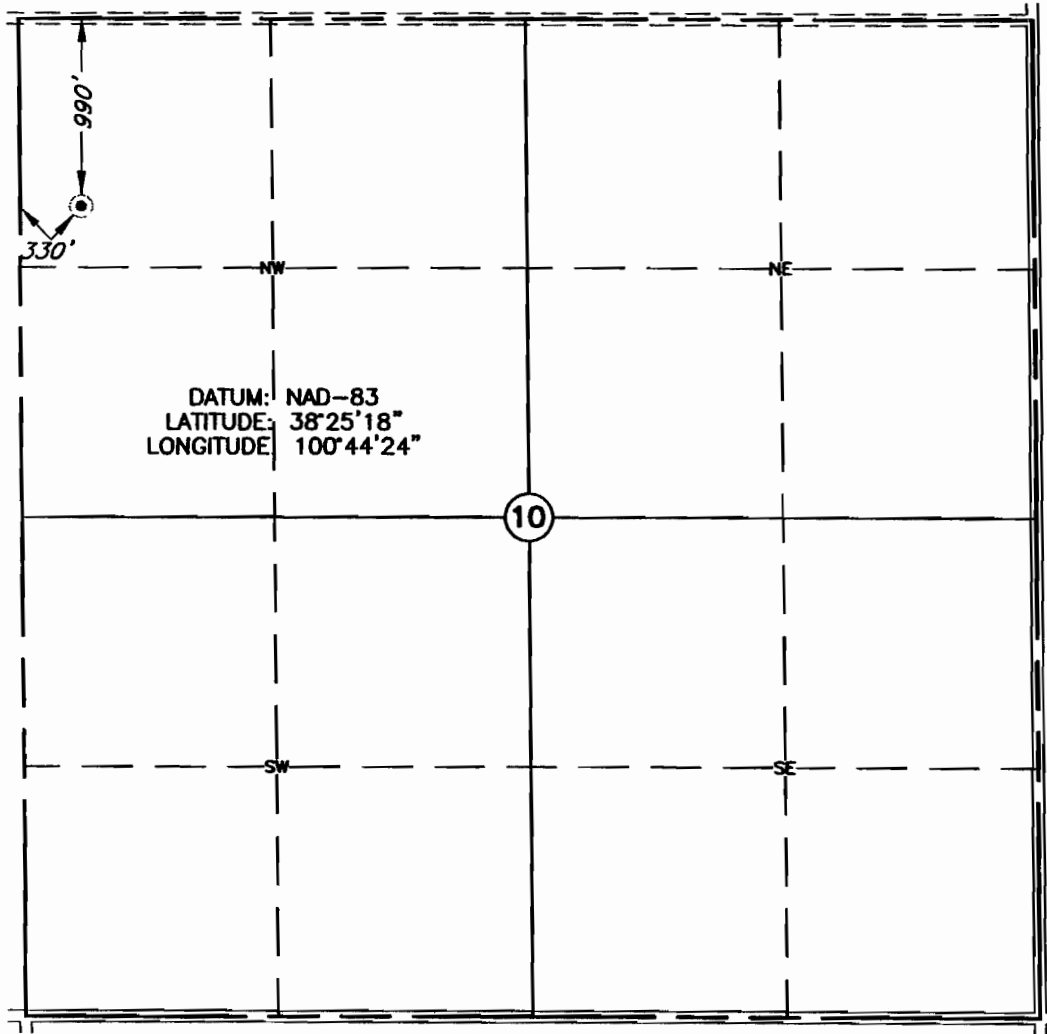
1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the section's south / north and east / west.
3. The distance to the nearest lease or unit 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).

TOPOGRAPHIC LAND SURVEYORS OF PAMPA, TEXAS

2225 PERRYTON PKWY • PAMPA, TEXAS 79065
 (806) 665-7218 • (800) 658-8382 • FAX (806) 665-7210
 Kansas Certificate of Authorization No. LS-99

15-71-20641-000

Operator: SUNSTONE ENERGY Lease Name: BETTY #2
 Footages: 990'FNL & 330'FWL Elevation: 2950'GR.
 Section: 10 Township: 19S Range: 31W SCOTT County, Kansas

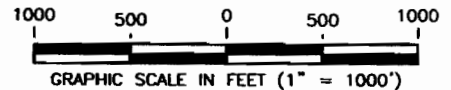


Topography & Vegetation: MILO

Reference or Alternate Stakes Set: NONE SET

Best Accessibility to Location: FROM FARM ROAD WEST OF LOCATION

Distance & Direction: ±10 MILES EAST SOUTHEAST OF SCOTT CITY, KANSAS



This plat DOES NOT represent a true Boundary Survey. The footages and ties shown are from lines of occupation, which may not be actual Property Lines.

Date Surveyed: 7-14-06
 Date Drawn: 7-19-06
 Drawn by: J.SMITH
 Job No.: 114761
 Book: 865 Page: 54

CERTIFICATE

I, V. Lynn Bezner, a Registered Land Surveyor and an authorized agent of Topographic Land Surveyors, do hereby certify that the above described well location was surveyed and staked on the ground as shown.

V. Lynn Bezner, R.P.S. No.1059

RECEIVED
 KANSAS CORPORATION COMMISSION
 JUL 26 2006
 CONSERVATION DIVISION
 WICHITA, KS

**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: SunStone Operating Company, LLC		License Number: 33415
Operator Address: P O Box 35888 Tulsa, OK 74153-0888		
Contact Person: Connie Swan		Phone Number: (918) 621 - 6533
Lease Name & Well No.: Betty #2		Pit Location (QQQQ): SW NW NW NW NW 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: 8904 (bbls)	Sec. 10 Twp. 19 R. 30 <input type="checkbox"/> East <input checked="" type="checkbox"/> West _____ Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 330 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Scott _____ 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? Bentonite & solids from drilling operations; self-seal pit.
Pit dimensions (all but working pits): 100 Length (feet) 100 Width (feet) _____ N/A: Steel Pits Depth from ground level to deepest point: 5 (feet)		
If the pit is lined give a brief description of the liner material, thickness and installation procedure.		Describe procedures for periodic maintenance and determine liner integrity, including any special monitoring.
		RECEIVED KANSAS CORPORATION COMMISSION JUL 26 2006 CONSERVATION DIVISION WICHITA, KS
Distance to nearest water well within one-mile of pit 5026 <small>n/a</small> feet Depth of water well 92 feet	Depth to shallowest fresh water 200-40 feet. Source of information: _____ measured _____ well owner _____ electric log <input checked="" type="checkbox"/> KDWR KAS	
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: Bentonite Number of working pits to be utilized: 2 Abandonment procedure: Pits allowed to evaporate until dry, then backfill 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.		
7/25/06 Date	Signature of Applicant or Agent	

15-171-200611-0000

KCC OFFICE USE ONLY			
Date Received: 7/26/06	Permit Number: _____	Permit Date: 7/26/06	Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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