

CORRECTED INTENT

For KCC Use: 6-24-06
Effective Date:
District #:
SGA? [X] Yes [] No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

RECEIVED

CORRECTED
Form C-1
September 2002
Form must be signed
All blanks must be filled

NOTICE OF INTENT TO DRILL

JUL 28 2006

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

KCC WICHITA

Expected Spud Date August 15, 2006
month day year

OPERATOR: License# 5205
Name: Mid-Continent Energy Corporation
Address: 105 S. Broadway, Suite 360
City/State/Zip: Wichita, KS 67202
Contact Person: Jack Buehler
Phone: 316-265-9501

CONTRACTOR: License# 33724
Name: Warren Drilling, LLC

Spot * SE NW Sec. 23 Twp. 26 S. R. 18 [] East [X] West
* 1980 feet from [X] N / [] S Line of Section
1980 feet from [] E / [X] W Line of Section
Is SECTION [X] Regular [] Irregular?

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

(Note: Locate well on the Section Plat on reverse side)
County: Edwards
Lease Name: Derley Well #: 1
Field Name:
Is this a Prorated / Spaced Field? [] Yes [X] No
Target Formation(s): Lansing, KC, Miss, Viola
* Nearest Lease or unit boundary: 1980'
Ground Surface Elevation: 2162 feet MSL
Water well within one-quarter mile: [] Yes [X] No
Public water supply well within one mile: [] Yes [X] No
Depth to bottom of fresh water: 120
Depth to bottom of usable water: 230
Surface Pipe by Alternate: [X] 1 [] 2
Length of Surface Pipe Planned to be set: 250 minimum
Length of Conductor Pipe required: 0
Projected Total Depth: 4800'
Formation at Total Depth: Arbuckle
Water Source for Drilling Operations:
[X] Well [] Farm Pond Other
DWR Permit #: applying for permit

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

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

* WAS: 660' FNL NE-NW Nearest Lease 660'
IS: 1980' FNL SE-NW Nearest Lease 1980'

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: 7/27/06 Signature of Operator or Agent: Jack Buehler Title: OWWO - OPERATOR

For KCC Use ONLY
API # 15 - 047-21525-0000
Conductor pipe required None feet
Minimum surface pipe required 250 feet per Alt. 1
Approved by: Paul 6-19-06 / Pat 7-31-06
This authorization expires: 12-19-06
(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:

23
26
18W

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.

CORRECTED

API No. 15 - 047-21525-0000 Location of Well: County: Edwards

Operator: Mid-Continent Energy Corporation 1980 _____ feet from N / S Line of Section

Lease: Derley 1980 _____ feet from E / W Line of Section

Well Number: 1 Sec. 23 Twp. 26 S. R. 18 East West

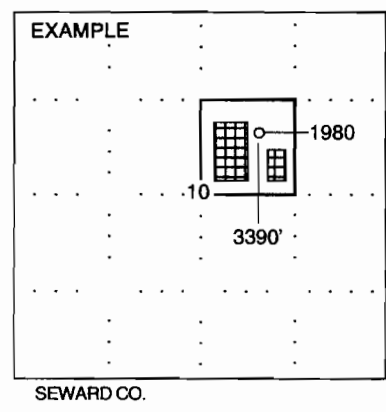
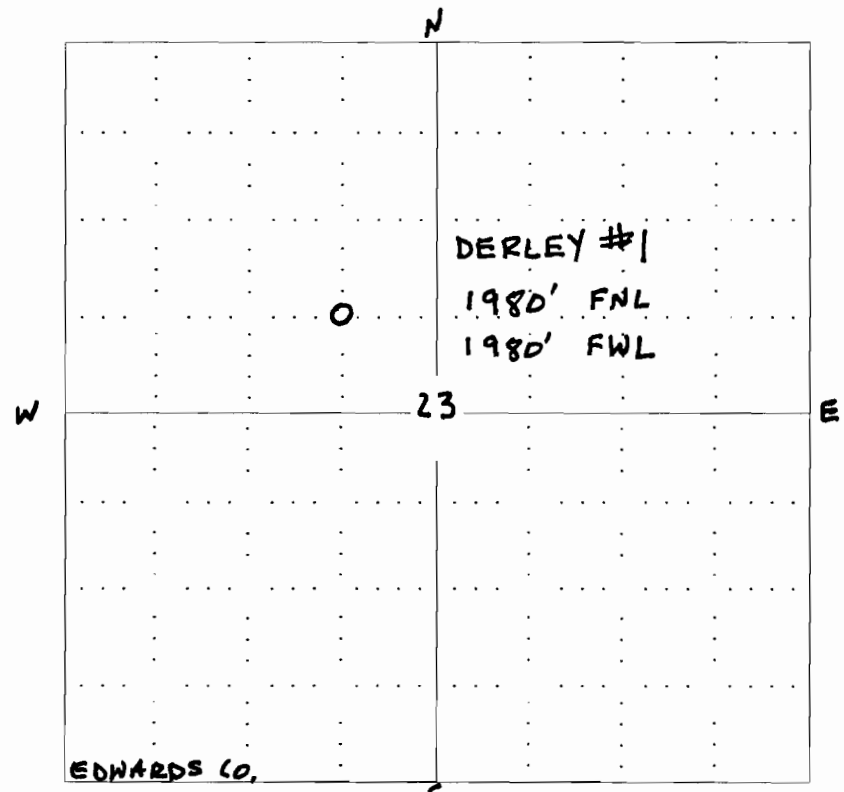
Field: _____ Is Section: Regular or Irregular

Number of Acres attributable to well: _____ **If Section is Irregular, locate well from nearest corner boundary.**

QTR / QTR / QTR of acreage: _____ - SE - NW 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.)*



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: (C0-7 for oil wells; CG-8 for gas wells).

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT

RECEIVED
JUL 28 2006
KCC WICHITA

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

CORRECTED

Operator Name: Mid-Continent Energy Corporation		License Number: 5205
Operator Address: 105 S. Broadway, Suite 360 Wichita, KS 67202		
Contact Person: Jack Buehler		Phone Number: (316) 265 - 9501
Lease Name & Well No.: Derley #1		Pit Location (QQQQ): _____ SE _____ NW <input checked="" type="checkbox"/> Sec. 23 Twp. 26 R. 18 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1980 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 1980 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Edwards _____ 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: 4800 _____ (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		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? Natural Clays and Bentonite
Pit dimensions (all but working pits): 80 Length (feet) 80 Width (feet) _____ N/A: Steel Pits Depth from ground level to deepest point: 3.5 _____ (feet)		
If the pit is lined give a brief description of the liner material, thickness and installation procedure.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.
Distance to nearest water well within one-mile of pit 1683 feet Depth of water well 80 feet		Depth to shallowest fresh water 31 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 Number of working pits to be utilized: 3- 6' deep x 8' wide x 30' long Abandonment procedure: settlement, haul off free fluids, let dry and back fill 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.		
7/27/06 Date		Jack Buehler Signature of Applicant or Agent

15047-21525-000

KCC OFFICE USE ONLY			
Date Received: 7/28/06	Permit Number: _____	Permit Date: 7/28/06	Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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

Corrected