For KCC Use: Effective Date: District # ____ | Yes | X | 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 August	12	2006	Spot	East
Expected Spud Date month	day	year	NE SE NE Sec. 28 Twp. 33	S. B. 16 West
04004	·		1500' feet from V N /	
OPERATOR: License# 31021			330' feet from E /	
Name: Castelli Exploration, Inc.			Is SECTION Pegular Irregular?	
Address: 6908 N.W. 112th St.				
City/State/Zin: Oklahoma City, OK 73162			(Note: Locate well on the Section Plat of	on reverse side)
Contact Person, Tisha Braun			County: Comanche	1 28
Phone: 405-722-5511			Lease Name: Merrill Ranch	Well #: 1-20
			Field Name: Ham	
CONTRACTOR: License# 5929			Is this a Prorated / Spaced Field?	Yes V No
Name: Duke Drilling Co., Inc.			Target Formation(s): Mississippi	
Well Drilled For: Well Class:	Time I	Equipment:	Nearest Lease or unit boundary: 330'	
			Ground Surface Elevation: 1743	feet MSL
Oil Enh Rec Infield		lud Rotary	Water well within one-quarter mile:	Yes No
Gas Storage Pool Ex		ir Rotary	Public water supply well within one mile:	∐Yes 🔽 No
OWWO Disposal Wildcat	ı	able	Depth to bottom of fresh water: 100	<u> </u>
Seismic; # of Holes Other			Depth to bottom of usable water: 180	
Other			Ourtain Bing by Alternate: 4/ 1 2	
If OLABACO, and mall information as follows:			Length of Surface Pipe Planned to be set: 300'	
If OWWO: old well information as follows: Operator:			Length of Conductor Pipe required:	
Well Name:			Projected Total Depth: 5100'	
Original Completion Date:	Original Total	Donth:	Formation at Total Depth: Mississippi	
Original Completion Date:	_Original lotal	Берит	Water Source for Drilling Operations:	
Directional, Deviated or Horizontal wellbore?	?	Yes ✔ No	Well Farm Pond Other Haule	d from Great Plains
If Yes, true vertical depth:			DWR Permit #:	
If Yes, true vertical depth:			DWR Permit #:(Note: Apply for Permit with DV	
If Yes, true vertical depth:			DWR Permit #:	WR !□) Yes ☑No
If Yes, true vertical depth:			DWR Permit #:(Note: Apply for Permit with DV	Yes V No
If Yes, true vertical depth: Bottom Hole Location: KCC DKT #:		AFF	DWR Permit #:	Yes VNo RECEIVED SAS CORPORATION COMMISSI
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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.

APINO. 15 - 033-21475-0000	Location of Well: County: Comanche
Operator: Castelli Exploration, Inc.	feet from v N / S Line of Section
Lease: Merrill Ranch	330' feet from ✓ E / W Line of Section
Well Number: 1-28	Sec. 28 Twp. 33' S. R. 16 East Wes
Field: Ham	
Number of Acres attributable to well: 400	Is Section: 🔽 Regular or 📋 Irregular
QTR / QTR / QTR of acreage: NE SE NE	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.)

			1500	RECEIVED KANSAS CORPORATION COMMISSION AUG 0 7 2006
 · · · · · ·	· · · · · · · · · · · · · · · · · · ·		330'	CONSERVATION DIVISION WICHITA, KS
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	· · · · · · · · · · · · · · · · · · ·			SEWARD CO.

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

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

Form CDP-1 April 2004 Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: Castelli Exploration	tion, Inc.		License Number: 31021
Operator Address: 6908 N.W. 1		lahoma C	City, OK 73162
Contact Person: Tisha Braun	· · · · · · · · · · · · · · · · · · ·		Phone Number: (405) 722 - 5511
Lease Name & Well No.: Merrill Ranch 1-28			Pit Location (QQQQ):
Type of Pit:	Pit is:		<u>NE . SE . NE</u>
Emergency Pit Burn Pit	✓ Proposed	Existing	Sec. 28 Twp. 33S R. 16 East 🗸 West
Settling Pit Drilling Pit	If Existing, date constructed:		1650' Feet from North / South Line of Section
Workover Pit Haul-Off Pit	Dit gangaity:		330' Feet from 🗹 East / West Line of Section
(If WP Supply API No. or Year Drilled)	Pit capacity: 7000	(bbls)	Comanche
Is the pit located in a Sensitive Ground Water	<u> </u>		Chloride concentration:mg/l
Lather hallow halous ground love 12	Artificial Liner?		(For Emergency Pits and Settling Pits only) How is the pit lined if a plastic liner is not used?
Is the bottom below ground level? Yes No	Yes V	No	Native & Fresh Mud
1			<u> </u>
Pit dimensions (all but working pits):1			i
Depth i	from ground level to de	eepest point: -	(leet)
			ncluding any special monitoring. KANSAS CORPORATION COMMIS
			KANSAS CORPORATION COMMIS AUG 0 7 2006 CONSERVATION DIVISION
Distance to nearest water well within one-mil		Source of info	CONSERVATION DIVISION west fresh water 100' feet.
Distance to nearest water well within one-mil		Source of info	KANSAS CORPORATION COMMIS AUG 0 7 2006 CONSERVATION DIVISION WICHITA, KS
,	feet	Source of info	KANSAS CORPORATION COMMIS AUG 0 7 2006 CONSERVATION DIVISION WICHITA, KS mation: ured well owner electric log KDWR over and Haul-Off Pits ONLY:
N/A feet Depth of water well	feet	Source of informal meast Drilling, Work Type of materi	CONSERVATION DIVISION WICHITA, KS mation: ured well owner electric log KDWR over and Haul-Off Pits ONLY: al utilized in drilling/workover: Mud Cuttings
N/A feet Depth of water well Emergency, Settling and Burn Pits ONLY	feet	Source of informal measurements Drilling, Work Type of material Number of work	KANSAS CORPORATION COMMIS AUG 0 7 2006 CONSERVATION DIVISION WICHITA, KS Invest fresh water 100' feet. Investing well owner electric log KDWR Over and Haul-Off Pits ONLY: Intel in drilling/workover: Mud Cuttings Intel in drilling/workover: Mud Cuttings
N/A feet Depth of water well	feet	Source of informal measurements Drilling, Work Type of material Number of work	CONSERVATION DIVISION west fresh water 100' feet. rmation: ured well owner electric log KDWR over and Haul-Off Pits ONLY: al utilized in drilling/workover: Mud Cuttings
Emergency, Settling and Burn Pits ONLY Producing Formation: Number of producing wells on lease:	feet	Source of informed measurement	KANSAS CORPORATION COMMIS AUG 0 7 2006 CONSERVATION DIVISION WICHTA, KS Invest fresh water 100' feet. Investing well owner electric log KDWR Over and Haul-Off Pits ONLY: It utilized in drilling/workover: Mud Cuttings It is to be utilized: 1
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 a	feet feet	Source of informed measurement Drilling, Work Type of materi Number of work Abandonment Drill pits must	CONSERVATION DIVISION west fresh water 100' feet. mation: ured well owner electric log KDWR cover and Haul-Off Pits ONLY: al utilized in drilling/workover: Mud Cuttings rking pits to be utilized: 1 procedure: Backfill pits with native & fresh mud be closed within 365 days of spud date.
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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 a flow into the pit? Yes No	feet feet feet feet feet	Source of informeast Drilling, Work Type of materi Number of work Abandonment Drill pits must correct to the bes	AUG 0 7 2006 CONSERVATION DIVISION Divest fresh water 100' feet. Intered well owner electric log KDWR Cover and Haul-Off Pits ONLY: all utilized in drilling/workover: Mud Cuttings Exking pits to be utilized: 1 procedure: Backfill pits with native & fresh mud be closed within 365 days of spud date. It of my knowledge and belief.



CORPORATION COMMISSION

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

August 8, 2006

Ms. Tisha Braun Castelli Exploration, Inc. 6908 NW 112th St. Oklahoma City, OK 73162

Re:

Drilling Pit Application

Merrill Ranch Lease Well No. 1-28

NE/4 Sec. 28-33S-16W Comanche County, Kansas

Dear Ms. Braun:

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.

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 (620) 225-8888 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 Havnes

Department of Environmental Protection and Remediation

cc: File