

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

Decidinal Deviated or Horizontal willbore? The undersigned hereby effirms that the drilling, completion and eventual plugging of this well will comply with K.S. AKKINSSCON Plugging. The sprondisted drifts from plug by provided the delivery will be met: Note: According to the sproyes of t	Expected Spud Date	August	24	2006	Spot 120' S & 40' E of	East
Section Petration Petrat	Expected Spud Date	month	day	year		
OFERTACTOR: Licenses 2019. The performance of the	0/	2740	•			
Name - Pacified Pacific No. Affects: 4907 BE Selfit St. GlyState/Tip. Newfork, Kansas 67114-8827 Contract Person, Meel. Watchous Phone. E1907:99-1000 CONTRACTOR. Licensee 93350 Name Southwind Drilling, Inc. Well priled For: Well Class: Type Equipment: Gas Storage Pool Ext. Are folly Gas Storage Once Ext. Gas	OPERATOR: License# 30	J142			100, 11011	
Compate Pages Me R. Walshous Phone: (316) 796-1000 CONTRACTOR: Licenser 33550 Name. Southwind Drilling, Inc. Well Dpilled For: Well Class: Type Equipment: Own Compatibility (1) Compatibility	Name. Palomino Petroleu	m, mc.				TV LINE OF OCCION
Contractor Leanse 33350 Name Southwind Drilling, Inc. Well Dilled Far. Well Wall Caste Directional, Deviated or Horizontal wellbore? Well Name. Chaptal Completion Date: Original Completion Date: Directional, Deviated or Horizontal wellbore? Well Name. Chaptal Completion Date: Well Wall Far. Well Cores to Internal. Well Wall Far. Well Cores to Internal. Well Far. Well Far. Well Far. Well Wall Far. Well Wall Far. Well Wall Far. Well Far. Well Far. Well Wall Far. Well Wall Far. Well Wall Far. Well Far. Well Far. Well Wall Far. Well Far. Well Wall Far. Well Far. Well Wall Far. Well Wall Far. Well Wall Far. Well F	Address: 4924 SE 84th St					
Phone: 319 799-1000 Lease Name: Holy Family Well #: Field Name: Haze West Family Well #: Field Name: Haze West Family West Family West Family West Family Field Name: Haze West Family West Family Field Name: Haze West Family Family Field Name: Haze West Family Family Field Name: Haze West Family Family Field Name: Haze West Family Field Name: Haze West Family Family Field Name: Haze Family Field Name: Haze West Family Field Name: Haze	City/State/Zip: Newton, Na	ISAS 07 14-002				erse side)
CONTRACTOR: Licenses 33350 Name. Southwind Drilling, Inc. Well Drilled From Well Class: Type Equipment: Type Equ	Contact Person: Klee H. V	vatchous			County: Station	
Is the a Prorated / Spaced Field Ves No Name SOuthwith Drilling, Inc. Well Dilled For Well Class: Type Equipmont: Well Class: Well C	Phone: (316) 799-1000				Lease Name: Hory Family	_Well #:
Target Formation(s): LFC, Afficients LFC, Af	CONTRACTOR Livere	33350				
Well Dpilled For Well Class: Type Equipment:	Name Southwind Drillin	a. Inc.				Yes .✓ No
Continue	Name:				Target Formation(s): LKC, AIDUCKE	
Gas Storage Pool Ext Air Rotary Water well within one-quaern mile: Ves No Disposal Wildcat Cable	Well Dţilled For:	Well Class	s: Type	e Equipment:		
Gas Storage Pool Ent Air Rotary Public water supply well within one mile: Yes No Power	✓ ☐ Enh E	Rec Infield	d / 🗸	Mud Rotary		
Selamic;		=	<i>-</i>		,	
Seismic: # of Holes Other Oth		• <u> </u>	=	-		Yes 🗸 No
Depth to bottom or used water.					Depth to bottom of fresh water:	
If OWWO: old well information as follows: Operator: Operator: Well Name: Original Completion Date: Original Completion Date:	F=					
Operator: Well Name: Original Completion Date: Original Total Depth:: Directional, Deviated or Horizontal wellbore? If Yes, true vertical depth:: Bottom Hole Location: Well Cores be taken? If Yes, proposed zone: AFFIDAVIT The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S. Activates before Activate the tollowing minimum requirements will be met: 1. Notify the appropriate district office prior to spudding of well; 2. A copy of the approvad notice of intent to drill shall be posted on each drilling rig: 3. The minimum amount of surface pipe as specified before well is either plugged or production casing is cemented in; b. If an ALTENATE II COMPLETION, production pipe shall be cemented for below any usable water to surface within 120 days of spud date. Or pursuant to Appendix 18" - 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 by larged. In all cases, NOTIFY district office prior to any cementing. In hereby certify that the statements made herein are true and to the best of my knowledge and belies. For KCC Use ONLY Approved by Put 8 23 383 OW File authorization expires: 2 22 07 (This authorization expires: 3 22 07 (This authorization expires: 4 22 07 (This authorization oxold if drilling not started within 6 months of effective date.) Spud date: Agent: Agent: Spud date: Agent: Agent: Agent: Agent: Agent for Deviation Depth 270 Agent: Agent for Deviation Deviation Depth 270 Agent: Agent for Deviation of the provision of provision provision of the put of the well shall be provided by a started provision of the put of the well shall be provided form below any usable water to surface within 120 days of spud date. File acreage attribution pital according to field provision orders; Notify appropriate district office as the own of the put of the well shall be provided by the put of the put of the put of the pu			<u>.</u>		Surface Pipe by Alternate: 1 2	,
Well Name: Original Completion Date: Original Total Depth: Water Source for Drilling Operations: Water Source for Dr					Length of Surface Pipe Planned to be set:	
Original Completion Date: Original Total Depth:	Operator:				Length of Conductor Pipe required:	
Water Source for Drilling Operations:					Projected Total Depth: Arbuckle	
West Farm Pond Other DWR Permit #: Contractor with apply	Original Completion D	ate:	_Original Tot	al Depth:		
Bottom Hole Location: DWR Permit #: Contractor will apply Note: Apply for Permit with DWR DWR Permit #: Contractor will apply Note: Apply for Permit with DWR DWR Permit #: Contractor will apply Note: Apply for Permit with DWR DWR Permit #: Contractor will apply for Permit with DWR DWR Pws Note: Apply for Permit with DWR DWR Pws DWR	Directional Deviated or H	orizontal wellhor	۵2	□Ves ✓ No		
Note: Apply for Permit with DWR Yes No					Well Farm Pond Other Contractor will apply	
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Date: August 21, 2006 Signature of Operator or Agent:	 A copy of the appression The minimum among through all unconstants If the well is dry home. The appropriate distants If an ALTERNATE or pursuant to Appendix to appendix	oved notice of ir unt of surface p olidated materia ble, an agreeme strict office will b II COMPLETION pendix "B" - Eas I within 30 days	ntent to drill a lipe as specifuls plus a min ent between to be notified be N, production stern Kansas of the spud	shall be posted on earlied below shall be so imum of 20 feet into the operator and the after well is either plus pipe shall be cemer surface casing orded date or the well shall	t by circulating cement to the top; in all cases suffactive underlying formation. strict office on plug length and placement is necessary ged or production casing is cemented in; and from below any usable water to surface within 120 de 133,891-C, which applies to the KCC District 3 area, are plugged. In all cases, NOTIFY district office prior	prior to plugging; lays of spud date. alternate II cementing
Date: August 21, 2006 Signature of Operator or Agent:	I hereby certify that the s	statements made	a herein are	true and to the best	my knowledge and belief.	
For KCC Use ONLY API # 15 -				χ_{ℓ_a}	VAIII Pres	ident
For KCC Use ONLY API # 15	Date: August 21, 2006	Signature o	of Operator o	or Agent:	litle:	idon.
API # 15 - /85 - 23 382 - 0000 Conductor pipe required					Remember to:	
Conductor pipe required	For KCC Use ONLY	C 2 2 2 2 2				
Conductor pipe required	API # 15 - /85	23382-	-0000		· · · · · · · · · · · · · · · · · · ·	
Minimum surface pipe required 340 feet per Alt. 1 Approved by: Let 8-22-06 This authorization expires: 2-22-07 (This authorization void if drilling not started within 6 months of effective date.) Spud date: Agent: Date: Date: Date: Date: Date: Date: Agent: Date: Date	Conductor nine required	· Nov	12	feet	, , , , , , , , , , , , , , , , , , , ,	
Approved by: PH 8-22-06 This authorization expires: 2-22-07 (This authorization void if drilling not started within 6 months of effective date.) Spud date: Agent:	1 '' '		2.20	Z0\/		
Approved by: 27 32-07 This authorization expires: 2-22-07 (This authorization void if drilling not started within 6 months of effective date.) Spud date: Agent:	Paul Or	equired		leet per Ait.		
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(This authorization void if drilling not started within 6 months of effective date.) Spud date: Agent: Date: Date: Date: Date: Date: Date: Date: Date: Date:	This authorization expire	s: xxxx	<u>' (</u>			
Spud date: Agent: Signature of Operator or Agent: Date:	(This authorization void if	drilling not started	d within 6 mon	ths of effective date.)		ţ
Date:	Could date:	A				
~	Spud date:	Agent:				c
		Mail to: 1/	`C - Canac-	vation Division 120	Market - Room 2078 Wichita Kansas 67202	₹

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 - 185-23382-0000	Location of Well: County: Stafford
Operator: Palomino Petroleum, Inc.	1110 feet from V N / S Line of Section
Lease: Holy Family	1280 feet from V E / W Line of Section
Well Number: _1	Sec. <u>17</u> Twp. <u>21</u> S. R. <u>13</u> East ✓ West
Field: Hazel West	
Number of Acres attributable to well: QTR / QTR / QTR of acreage: S/2 - N/2 - NE	Is Section: Regular or Irregular If Section is Irregular, locate well from nearest corner boundary. Section corner used: NE NW SE SW
	Section corner used: VINE NAM SE 344

PLAT

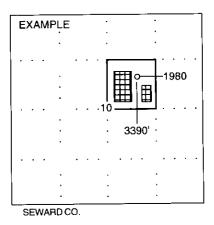
(Show location of the well and shade attributable acreage for prorated or spaced wells.)

(Show footage to the nearest lease or unit boundary line.)

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RECEIVED KANSAS CORPORATION COMMISSION AUG 2 1 2006

CONSERVATION DIVISION WICHITA, KS



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

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: Palomino Petrole	eum, Inc.	License Number: 30742			
Operator Address: 4924 SE 84th	St., Newton	n, Kansas	67114-8827		
Contact Person: Klee R. Watchous	3		Phone Number: (316) 799 - 1000		
Lease Name & Well No.: Holy Famil	v #1		Pit Location (QQQQ):		
Type of Pit:	Pit is: 120 '	S & 40 ' E o	f_S/2		
Emergency Pit Burn Pit	✓ Proposed	Existing	Sec. 17 _{Twp.} 21S _{R.} 13 ☐ East ✓ West		
Settling Pit	If Existing, date of	onstructed:	1110 Feet from North / South Line of Section		
Workover Pit Haul-Off Pit	Pit capacity:		1280 Feet from 🗸 East / 🗌 West Line of Section		
(If WP Supply API No. or Year Drilled)	6800	(bbls)	Stafford County		
Is the pit located in a Sensitive Ground Water	Area? Yes	No	Chloride concentration:mg/l		
Is the bottom below ground level?	Artificial Liner?		(For Emergency Pits and Settling Pits only) How is the pit lined if a plastic liner is not used?		
✓ Yes No		No	Drlg. mud and shale from well bore.		
Pit dimensions (all but working pits):	BO Length (fe	eet)80	Width (feet) N/A: Steel Pits		
Depth fi	om ground level to de	eepest point:	3(feet)		
If the pit is lined give a brief description of the material, thickness and installation procedure			edures for periodic maintenance and determining ncluding any special monitoring.		
material, trickless and installation procedure	, .	inter integrity, i	notioning any operation in only.		
Distance to nearest water well within one-mile	e of pit		west fresh waterfeet.		
2069_ feet Depth of water well_	50feet	Source of infor	rmation: KH KCS		
Emergency, Settling and Burn Pits ONLY:		Drilling, Work	over and Haul-Off Pits ONLY:		
Producing Formation:		Type of materia	al utilized in drilling/workover: fresh		
Number of producing wells on lease:		Number of working pits to be utilized:2			
Barrels of fluid produced daily:		Abandonment procedure: evaporate and backfill			
Does the slope from the tank battery allow all flow into the pit? Yes No	spilled fluids to	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. KANSAS CORPORATION COMMI					
AUG 2 1 2006					
August 21, 2006 Date		flee K	Signature of Applicant or Agent CONSERVATION DIVISION		
TOTAL A KS					
KCC OFFICE USE ONLY RFASHC					
Date Received: 8/3/06 Permit Num	nber:	Perm	it Date: 8 25 66 Lease Inspection: X Yes No		

KANSAS

CORPORATION COMMISSION

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

August 22, 2006

Mr. Klee R. Watchous Palomino Petroleum, Inc. 4924 SE 84th St. Newton, KS 67114-8827

RE: Drilling Pit Application Holy Family Lease Well No. 1 NE/4 Sec. 17-21S-13W Stafford County, Kansas

Dear Mr. Watchous:

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 Hayres

Department of Environmental Protection and Remediation

cc: File