

For KCC Use:
 Effective Date: 9-2-06
 District # 4
 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 _____
 month day year

OPERATOR: License# 3553 ✓
 Name: Citation Oil & Gas Corp.
 Address: P O Box 690688
 City/State/Zip: Houston, Texas 77269
 Contact Person: Sharon Ward/Jeff Teare
 Phone: 281-517-7309 281-517-7199

CONTRACTOR: License# 30606 ✓
 Name: Murfin Drilling

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

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 #: _____

Spot _____ East
 SW NE SE Sec. 21 Twp. 11 S. R. 18 West
1650 feet from N / S Line of Section
940 feet from E / W Line of Section
 Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)
 County: Ellis
 Lease Name: Wasinger Well #: 21
 Field Name: Bemis Shutt
 Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Arbuckle Lime, Topeka, LKC ✓
 Nearest Lease or unit boundary: 940'
 Ground Surface Elevation: 2084 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: 180'
 Depth to bottom of usable water: 800'
 Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 250'
 Length of Conductor Pipe required: N/A
 Projected Total Depth: 3700'
 Formation at Total Depth: Arbuckle ✓
 Water Source for Drilling Operations:
 Well Farm Pond Other _____
 DWR Permit #: * (Note: Apply for Permit with DWR)
 Will Cores be taken? Yes No
 If Yes, proposed zone: _____

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:

RECEIVED
AUG 25 2006
KCC WICHITA

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: 8/23/06 Signature of Operator or Agent: Sharon Ward Title: Permitting Manager

For KCC Use ONLY
 API # 15 - 051-25568-0000
 Conductor pipe required None feet
 Minimum surface pipe required 200 feet per Alt. V(2)
 Approved by: Pat 8-28-06
 This authorization expires: 2-28-07
 (This authorization void if drilling not started within 6 months of effective 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: _____

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

21
 11
 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

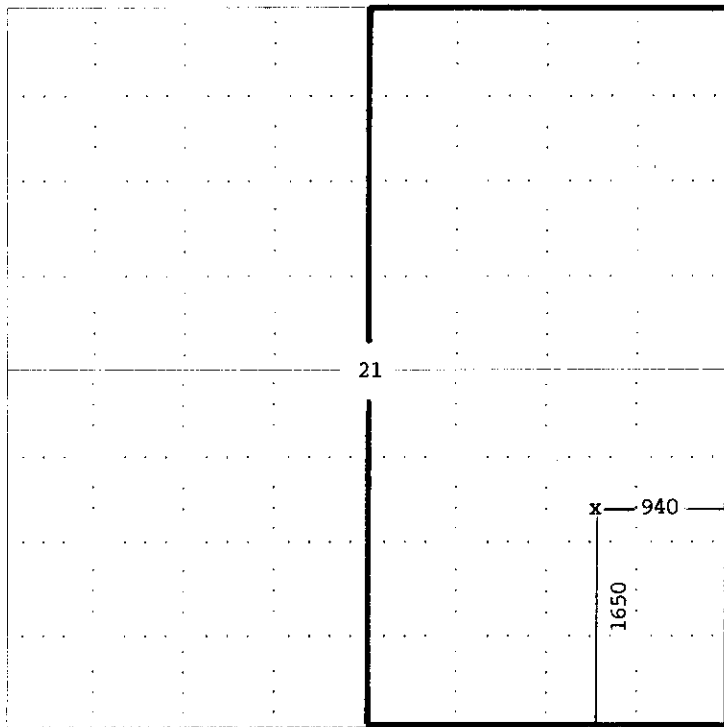
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please 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.

API No. 15 - 051-25568-000
 Operator: Citation Oil & Gas Corp.
 Lease: Wasinger
 Well Number: 21
 Field: Bemis Shutts
 Number of Acres attributable to well: 10
 QTR / QTR / QTR of acreage: SW - NE - SE

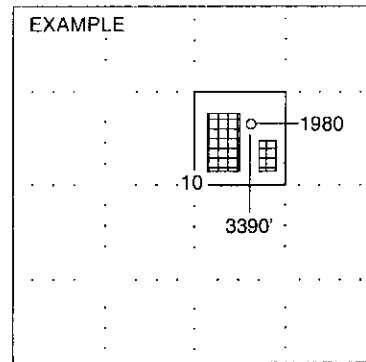
Location of Well: County: Ellis
1650 feet from N / S Line of Section
940 feet from E / W Line of Section
 Sec. 21 Twp. 11 S. R. 18 | East West
 Is Section: Regular or Irregular
If Section is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

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.)*



RECEIVED
 AUG 25 2006
 KCC WICHITA



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).

CITATION OIL & GAS CORPORATION
WASINGER LEASE
SE. 1/4, SECTION 21, T11S, R18W
ELLIS COUNTY, KANSAS

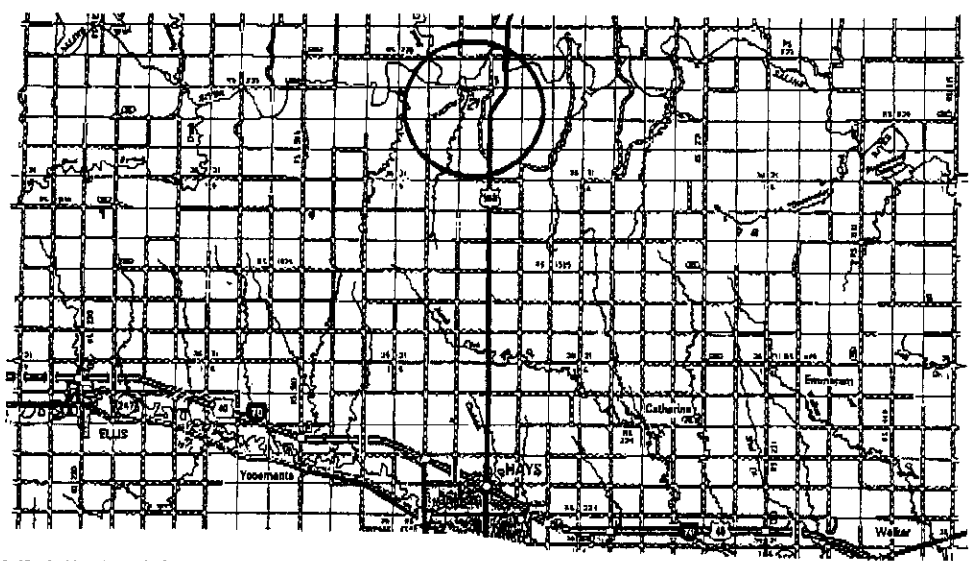
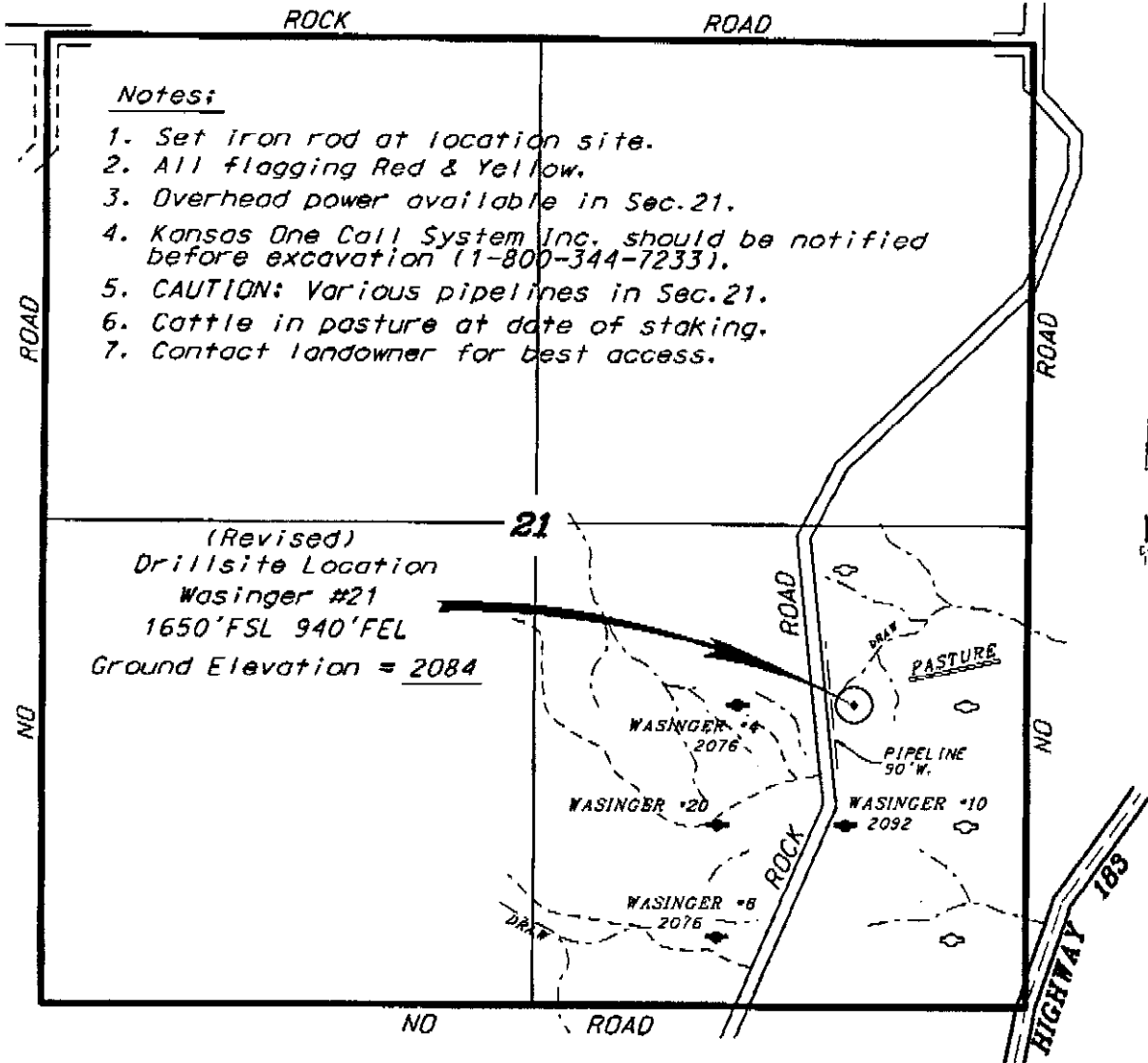
15-051-25568-000

ROCK ROAD

Notes:

1. Set iron rod at location site.
2. All flagging Red & Yellow.
3. Overhead power available in Sec. 21.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION: Various pipelines in Sec. 21.
6. Cattle in pasture at date of staking.
7. Contact landowner for best access.

* Ingress and egress to location as shown on this plat is per usage only and may not be legally opened for public use. Contact landowner, tenant and county road department for access.



RECEIVED
AUG 25 2006
KCC WICHITA

* Controlling data is based upon the best maps and photographs available to us and upon a regular section of land containing 640 acres.

* Approximate section lines were determined using the normal standard of care of oilfield surveyors practicing in the state of Kansas. The section corners, which establish the precise section lines, were not necessarily located, and the exact location of the drillsite location in the section is not guaranteed. Therefore, the operator securing this service and accepting this plat and all other parties relying thereon agree to hold Central Kansas Oilfield Services, Inc., its officers and employees harmless from all losses, costs and expenses and shall not be released from any liability from incidental or consequential damages.

* Elevations derived from National Geodetic Vertical Datum.

August 18, 2006

**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: Citation Oil & Gas Corp.		License Number: 3553
Operator Address: P O Box 690688		
Contact Person: Sharon Ward		Phone Number: (281) 517 - 7309
Lease Name & Well No.: Wasinger 21		Pit Location (QQQQ): SW NE SE Sec. 21 Twp. 11 R. 18 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1650 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 940 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Ellis 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: 600 (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input checked="" 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 & drill solids
Pit dimensions (all but working pits): 100 Length (feet) 100 Width (feet) N/A: Steel Pits Depth from ground level to deepest point: 4 (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 N/A feet Depth of water well N/A feet		Depth to shallowest fresh water 180 feet. Source of information: _____ measured _____ well owner _____ electric log <input checked="" type="checkbox"/> 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 mud Number of working pits to be utilized: 2 mud pits one reserve pit Abandonment procedure: Haul free liquids, evaporate 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.		
8/23/06 Date	<i>Sharon Ward</i> Signature of Applicant or Agent	RECEIVED AUG 25 2006 KCC WICHITA
KCC OFFICE USE ONLY		
Date Received: 8/26/06	Permit Number: _____	Permit Date: 8/26/06 Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

15-051-25568-000

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

ROBERT E. KREHBIEL, COMMISSIONER

MICHAEL C. MOFFET, COMMISSIONER

August 25, 2006

Ms. Sharon Ward
Citation Oil & Gas Corp.
PO Box 690688
Houston, TX 77269

RE: Drilling Pit Application
Wasinger Lease Well No. 21
SE/4 Sec. 21-11S-18W
Ellis County, Kansas

Dear Ms. Ward:

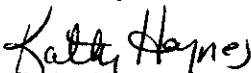
District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as practical after drilling operations have ceased. **Please keep all pits away from any draws.**

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 (785) 625-0550 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 Haynes

Environmental Protection and Remediation Department

cc: File