

For KCC Use: 9-306
 Effective Date: _____
 District #: 3
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION

Form C-1

December 2002

Form must be Typed

Form must be Signed

All blanks must be Filled

NOTICE OF INTENT TO DRILL

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

Expected Spud Date: 9-1-06
 month day year

OPERATOR: License# 5723
 Name: JOHN M. DENMAN OIL CO. INC.
 Address: P.O. BOX 36
 City/State/Zip: SEDAN, KS. 67361
 Contact Person: WAYNE BRIGHT
 Phone: 620-330-2891

CONTRACTOR: License# 33072
 Name: WELL REFINED DRILLING CO. INC.

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"/> Mud Rotary
<input type="checkbox"/> OWWO	<input type="checkbox"/> Disposal	<input checked="" type="checkbox"/> Air Rotary
<input type="checkbox"/> Seismic; # of Holes _____	<input type="checkbox"/> Wildcat	<input type="checkbox"/> Cable
<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 #: _____

Spot East
 NW:SW - NW - NE Sec. 1 Twp. 35 S. R. 11 West
4455 feet from N / S Line of Section
2475 feet from E / W Line of Section
 Is SECTION Regular Irregular?

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

County: CHAUTAUQUA
 Lease Name: PENNELL Well #: 1-A
 Field Name: PERU/SEDAN
 Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): MISSISSIPPI
 Nearest Lease or unit boundary: 165FT
 Ground Surface Elevation: EST. 957 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: 150FT
 Depth to bottom of usable water: 300FT
 Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 40FT
 Length of Conductor Pipe required: NONE
 Projected Total Depth: 2300FT
 Formation at Total Depth: MISSISSIPPI LIME
 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:

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: 08-25-06 Signature of Operator or Agent: [Signature] Title: OFFICE MANAGER

For KCC Use ONLY
 API # 15 - 019-26754-0000
 Conductor pipe required None feet
 Minimum surface pipe required 40 feet per Alt. X2
 Approved by: [Signature]
 This authorization expires: 2-28-07
 (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: _____

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

RECEIVED

AUG 28 2006

KCC WICHITA

1 35 11E

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 - 019-26754-000
Operator: JOHN M. DENMAN OIL CO. INC.
Lease: PENNELL
Well Number: 1-A
Field: PERU/SEDAN
Number of Acres attributable to well: _____
QTR / QTR / QTR of acreage: NW-SW - NW - NE

Location of Well: County: CHAUTAUQUA
4455 feet from N / S Line of Section
2475 feet from E / W Line of Section
Sec. 1 Twp. 35 S. R. 11 East West

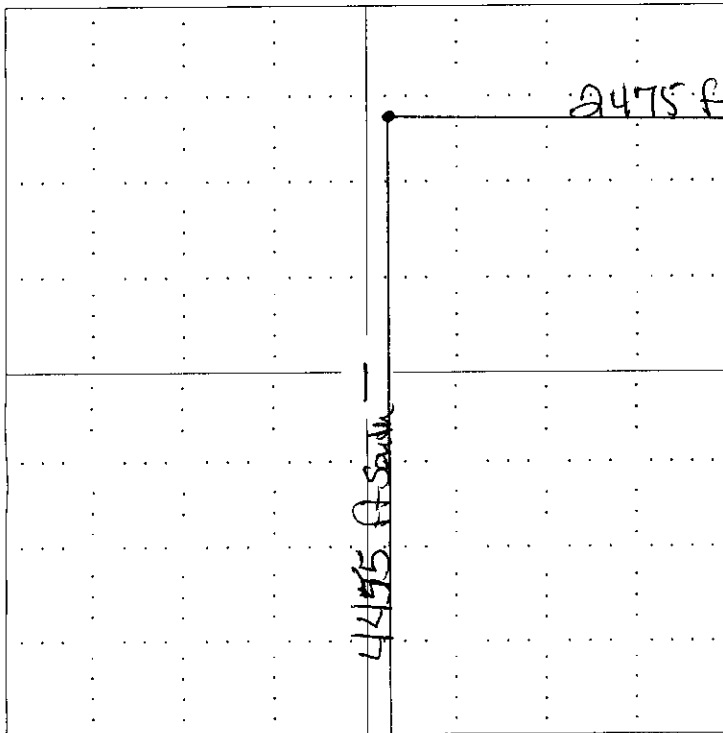
Is Section: Regular or Irregular

If Section is Irregular, locate well from nearest corner boundary.

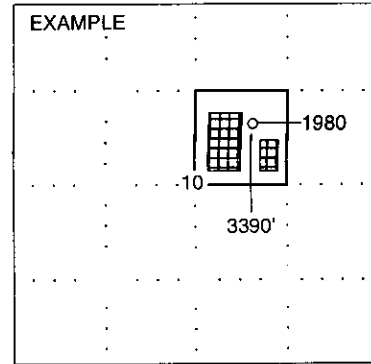
Section corner used: NE NW SE SW

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 28 2006
KCC WICHITA



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

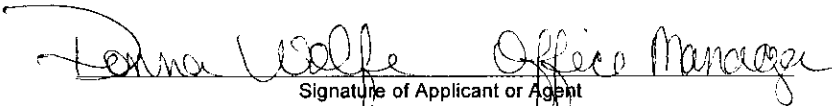
In plotting the proposed location of the well, you must show:

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).

**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: DENMAN OIL CO. INC.		License Number: 5723
Operator Address: P.O. BOX 36		
Contact Person: WAYNE BRIGHT		Phone Number: (620) 330 - 2891
Lease Name & Well No.: PENNELL 1-A		Pit Location (QQQQ): NW SW NW NE
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: 500 (bbls)	Sec. 1 Twp. 35 R. 11 <input checked="" type="checkbox"/> East <input type="checkbox"/> West 4455 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 2475 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section CHAUTAUQUA 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? DRILL MUD
Pit dimensions (all but working pits): 15' Length (feet) 15' Width (feet) N/A: Steel Pits Depth from ground level to deepest point: 10' (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. <div style="text-align: right; font-weight: bold; font-size: 1.2em;">RECEIVED AUG 2 1 2006 KCC WICHITA</div>
Distance to nearest water well within one-mile of pit N/A feet Depth of water well _____ feet	Depth to shallowest fresh water 100 feet. Source of information: _____ measured _____ well owner <input checked="" type="checkbox"/> 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: ONE Abandonment procedure: REMOVE FUILDS, ALLOW TO DRY, LEVEL SUFACE 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.		
Date 08-25-06	 Signature of Applicant or Agent	
KCC OFFICE USE ONLY		
Date Received: 8/28/06	Permit Number: _____	Permit Date: 8/28/06 Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

15-019-26754-0000