

For KCC Use: 9-5-06
 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 9-4-06
month day year

Spot NE SE Sec. 16 Twp. 31 S. R. 21 East West
 _____ 762 _____ feet from N / S Line of Section
 _____ 630 _____ feet from E / W Line of Section

OPERATOR: License# 32756 ✓
 Name: Double 7 Oil and Gas
 Address: ~~21003 Wallace Rd.~~ 24020 Xavier Rd
 City/State/Zip: ~~Parsons Ks. 67357~~ McCune Ks 66753
 Contact Person: Bruce Schulz
 Phone: 620-423-0951

SECTION Regular Irregular?
 (Note: Locate well on the Section Plat on reverse side)
 County: Labeche

CONTRACTOR: License# 32756 ✓
 Name: company tools

Lease Name: Schulz Well #: 2
 Field Name: McCune West

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

Is this a Prorated / Spaced Field? Yes No
 Target Information(s): ~~Downhole xxxxxxxx~~ Miss.
 Nearest Lease or unit boundary: _____ 558

Ground Surface Elevation: N/A 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: 200+
 Depth to bottom of usable water: 300+
 Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 20

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

Length of Conductor Pipe required: _____
 Projected Total Depth: ~~888 x 250~~ 500
 Formation at Total Depth: ~~xxxxxxx~~ Miss.

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

Water Source for Drilling Operations:
 Well Farm Pond Other _____
 DWR Permit #: _____
 (Note: Apply for Permit with DWR)

Set surface casing through all unconsolidated material + 5'. 20' minimum.

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: 8-28-06 Signature of Operator or Agent: Bruce Schulz Title: owner

For KCC Use ONLY
 API # 15 - 099-24095-000
 Conductor pipe required None feet
 Minimum surface pipe required 20 feet per All. **X(2)**
 Approved by: Putt 8-31-06
 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

16
 31 21E
RECEIVED
 AUG 29 2006
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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.

API No. 15 - 099-24095-0000
 Operator: _____
 Lease: _____
 Well Number: _____
 Field: _____
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: _____

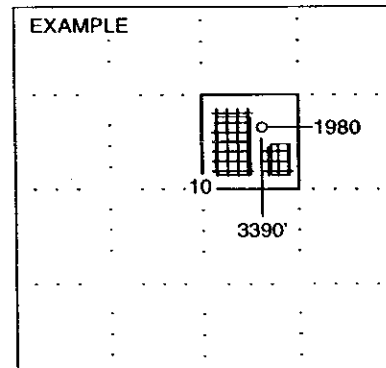
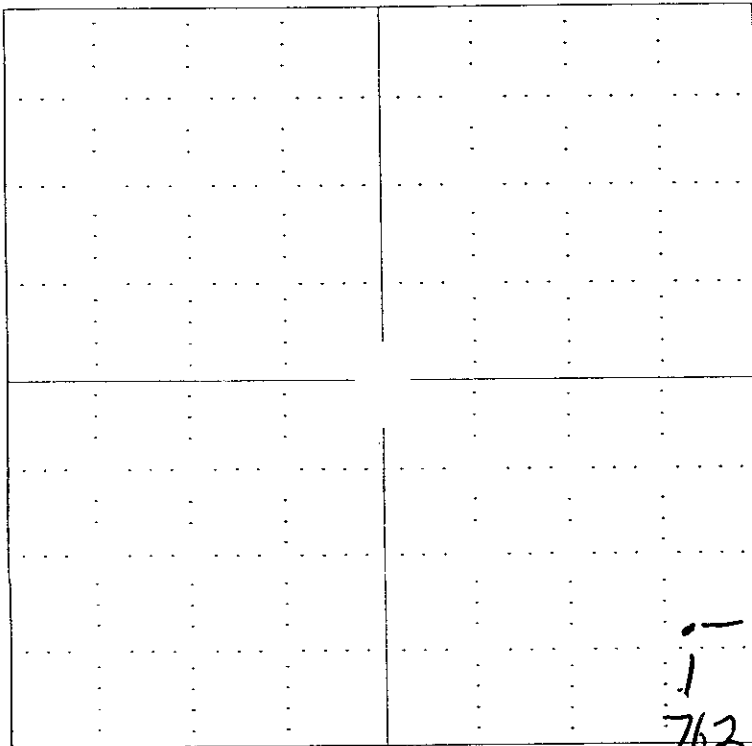
Location of Well: County: _____
 _____ feet from N / S Line of Section
 _____ feet from E / W Line of Section
 Sec. _____ Twp. _____ S. R. _____ East West

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.)



SEWARD CO.

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: <u>Double 7 Oil & Gas</u>		License Number: <u>32756</u>
Operator Address: <u>21003 Wallace Rd. Parsons Ks. 67357</u>		
Contact Person: <u>Bruce Schulz</u>		Phone Number: <u>(620) 423-0951</u>
Lease Name & Well No.: <u>Schulz 2</u>		Pit Location (QQQQ): <u>NE SE SE</u>
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: _____ (bbls)	Sec. <u>16</u> Twp. <u>31</u> R. <u>21</u> <input checked="" type="checkbox"/> East <input type="checkbox"/> West <u>762</u> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <u>630</u> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section <u>Labette</u> County
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 type="checkbox"/> Yes <input type="checkbox"/> No	Artificial Liner? <input type="checkbox"/> Yes <input type="checkbox"/> No	How is the pit lined if a plastic liner is not used?
Pit dimensions (all but working pits): <u>20</u> Length (feet) <u>8</u> Width (feet) _____ N/A: Steel Pits Depth from ground level to deepest point: <u>4</u> (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 <u>426</u> feet Depth of water well <u>33</u> feet		Depth to shallowest fresh water <u>26</u> feet. PWS Source of information: <u>JR-KGS</u> _____ measured _____ 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: <u>Fresh mud</u> Number of working pits to be utilized: <u>One</u> Abandonment procedure: <u>Air dry and backfill</u> _____ 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.		
<u>8-28-06</u> Date		<u>Bruce Schulz</u> Signature of Applicant or Agent

15-000-Subche-660-51

KCC OFFICE USE ONLY		<i>RFW/24Hrs Completion</i>
Date Received: <u>8/29/06</u>	Permit Number: _____	Permit Date: <u>8/31/06</u> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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

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CORPORATION COMMISSION

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

August 31, 2006

Bruce Schulz
Double 7 Oil & Gas
21003 Wallace Rd
Parsons KS 67357

Re: Drilling Pit Application
Schulz Lease Well No. 2
SE/4 16-31S-21E
Labette County, Kansas

Dear Mr. Schulz:

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 within 24 hours 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) 432-2300 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,



Jonelle Rains, Supervisor
Department of Environmental Protection and Remediation

cc: Steve Korf