

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 September 23 2006	Spot 130' N & 150' W of East
month day year	W/2 - SW - Sec. 21 Twp. 22 S. R. 13 West
OPERATOR: License# 30742	790 feet from N / V S Line of Section
Name: Palomino Petroleum, Inc.	leet from E / V W Line of Section
4924 SE 84th St	Is SECTION _√RegularIrregular?
Address: 4024 02 0 mil 5t. City/State/Zip: Newton, Kansas 67114-8827	(Note: Locate well on the Section Plat on reverse side)
Contact Person: Klee R. Watchous	County: Stafford
Phone: (316) 799-1000	Lease Name. Rusco-Golden Belt Well #: 1
•/	Field Name: None (Wildcat)
CONTRACTOR: License# 33610	
Name: Fossil Drilling, Inc.	Is this a Prorated / Spaced Field? Yes V No
Name.	Target Formation(s): LKC, Arbuckle
Well Drilled For: Well Class: Type Equipment:	Nearest Lease or unit boundary: 330+ (unit)
Oil Enh Rec Infield Mud Rotary	Ground Surface Elevation: 1900 feet MSL
	Water well within one-quarter mile:
Gas Storage Pool Ext. Air Rotary	Public water supply well within one mile:
OWWO Disposal Wildcat Cable	Depth to bottom of fresh water: 240 32.0
Seismic;# of Holes Other	Depth to bottom of usable water: 286 2 20
Other	Surface Pipe by Alternate: ✓ 1
	Length of Surface Pipe Planned to be set: 300+
If OWWO: old well information as follows:	Length of Conductor Pipe required: None
Operator:	
Well Name:	Projected Total Depth: 3850 Formation at Total Depth: Arbuckle
Original Completion Date:Original Total Depth:	Tomacon at Total Boptin
Di di la Partico de la Caracteria de la	Water Source for Drilling Operations:
Directional, Deviated or Horizontal wellbore?	✓ Well ☐ Farm Pond Other
If Yes, true vertical depth:	DWR Permit #: Contractor will apply
Bottom Hole Location:	(Note: Apply for Permit with DWR)
KCC DKT #:	Will Cores be taken? Yes ✓ No
Unitization Agreement Attached	If Yes, proposed zone:
	DAVIT
AFF	ugging of this well will comply with K.S.A. 55 et. seg
AFF The undersigned hereby affirms that the drilling, completion and eventual p	unging of this well will comply with K.S.A. 55 et. seg
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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 - 185-23395-0000	Location of Well: County: Stafford
Operator: Palomino Petroleum, Inc.	
Lease: Rusco-Golden Belt	790 feet from N / ✓ S Line of Section 180 feet from E / ✓ W Line of Section
Well Number: 1 Field: None (Wildcat)	Sec. 21 Twp. 22 S. R. 13 East ✓ We
Number of Acres attributable to well:	Is Section: ✓ Regular or ☐ Irregular
QTR / QTR / QTR of acreage: W/2 - SW - SW	If Section is Irregular, locate well from nearest corner boundary. Section corner used: NE NW SE ✓ SW

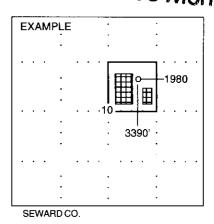
PLAT

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

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

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RECEIVED SEP 2 0 2006 KCC WICHITA



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 Petrol	eum, Inc.		License Number: 30742	
Operator Address: 4924 SE 84th	St., Newto	on, Kansa	is 67114-8827	
Contact Person: Klee R. Watchou	S		Phone Number: (316) 799 - 1000	
Lease Name & Well No.: Rusco-Go			Pit Location (QQQQ):	
Type of Pit:	Pit is: 130 N	& 150' W c	f_W/2	
Emergency Pit Burn Pit	✓ Proposed	Existing	Sec. 21 _{Twp.} 22S _{R.} 13 ☐ East ✓ West	
Settling Pit	If Existing, date of	onstructed:	790 Feet from North / 🗸 South Line of Sec	ction
Workover Pit Haul-Off Pit	Pit capacity:		Feet from East / 🗸 West Line of Se	ction
(If WP Supply API No. or Year Drilled)	6800	(bbls)	Stafford	unty
Is the pit located in a Sensitive Ground Water	Area?	No	Chloride concentration: m	ng/l
	Auditial at the aug		(For Emergency Pits and Settling Pits only)	
Is the bottom below ground level? Ves No	Artificial Liner? ✓ Yes	No	How is the pit lined if a plastic liner is not used?	_
			Drig. mud and shale from well bo	re.
Pit dimensions (all but working pits):8	BO Length (fe	eet)80	Width (feet) N/A: Steel Pits	
Depth fi	rom ground level to de	eepest point:	(feet)	
If the pit is lined give a brief description of the			edures for periodic maintenance and determining	
material, thickness and installation procedure	€.	liner integrity, i	ncluding any special monitoring. RECEIVED	,
			_ · · · · · · · · · · · · · · · · · · ·	
			SEP 2 0 2006	
Distance to nearest water well within one-mile	e of pit	Depth to shallo	SEP 2 0 2006 KCC WICHIT	
		Source of infor	SEP 2 0 2006 KCC WICHIT	Α
Distance to nearest water well within one-mile	55 feet	Source of infor	SEP 2 0 2006 KCC WICHIT west fresh water	Α
feet Depth of water well	55 feet	Source of informeasu	SEP 2 0 2006 KCC WICHIT west fresh water	A
feet Depth of water well Emergency, Settling and Burn Pits ONLY: Producing Formation:	55 feet	Source of information measurements Drilling, Work Type of materia	SEP 2 0 2006 KCC WICHIT west fresh water	A S
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CORPORATION COMMISSION

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

September 26, 2006

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

RE: Drilling Pit Application

Rusco-Golden Belt Lease Well No. 1

SW/4 Sec. 21-22S-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 Haynes

Department of Environmental Protection and Remediation

cc: File