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SEP 25 2006

Form C-1
December 2002

For KCC Use: 10-2-06
Effective Date: 10-2-06
District # 1
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL

KCC WICHITA

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 October 10 2006
month day year

Spot East
NE - SW - NW Sec. 31 Twp. 32 S. R. 14 West
1718 feet from N / S Line of Section
1210 feet from E / W Line of Section

OPERATOR: License# 32811 ✓
Name: Osage Resources, L.L.C.
Address: 1605 E. 56th Avenue
City/State/Zip: Hutchinson, Kansas 67502
Contact Person: Ben Crouch
Phone: 620-664-9622

Is SECTION Regular Irregular?

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

County: Barber
Lease Name: Osage Well #: 103
Field Name: Aetna Gas Area Unnamed

CONTRACTOR: License# 33789 ✓
Name: D & B Drilling, L.L.C.

Is this a Prorated / Spaced Field? Yes No

Target Information(s): Mississippian

Nearest Lease or unit boundary: 1210'

Ground Surface Elevation: 1951' 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: 100 Feet

Depth to bottom of usable water: 150 Feet 180'

Surface Pipe by Alternate: 1 2

* Length of Surface Pipe Planned to be set: 180 Feet 200' Minimum

Length of Conductor Pipe required: None

Projected Total Depth: 5400 Feet

Formation at Total Depth: Ordovician

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: _____

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

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 #: _____

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: 9/22/2006 Signature of Operator or Agent: Benjamin W. Crouch Title: Vice President

For KCC Use ONLY
API # 15 - 007-23071-0000
Conductor pipe required None feet
Minimum surface pipe required 200 feet per Alt. 1
Approved by: Per 9-27-06
This authorization expires: 3-27-07
(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

31
32
14W

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 - 007-23071-0000
Operator: Osage Resources, L.L.C.
Lease: Osage
Well Number: 103
Field: Aetna Gas Area

Number of Acres attributable to well: _____
QTR / QTR / QTR of acreage: NE - SW - NW

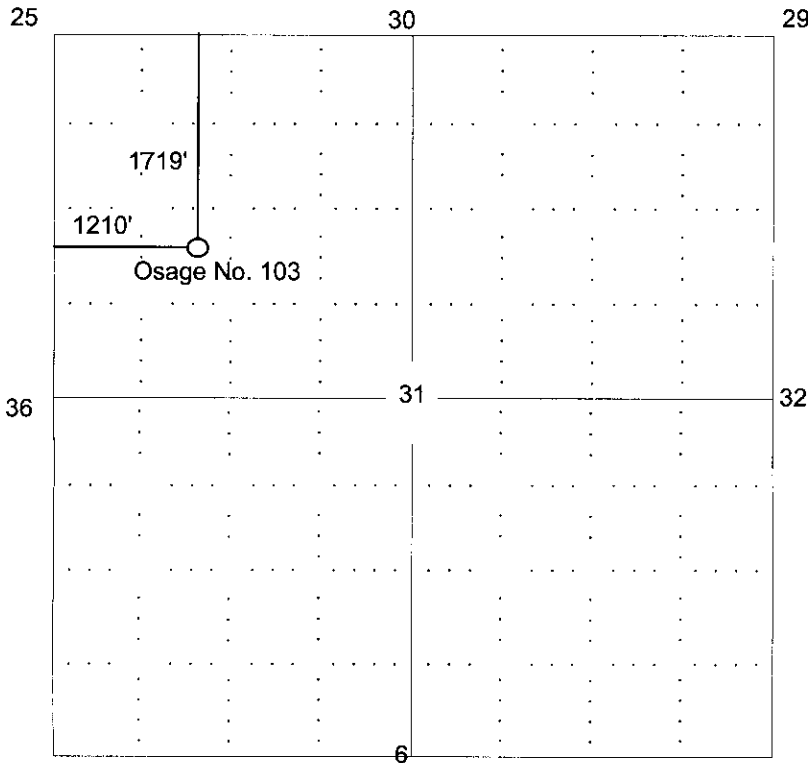
Location of Well: County: Barber
1718 feet from N / S Line of Section
1210 feet from E / W Line of Section
Sec. 31 Twp. 32 S. R. 14 East West

Is Section: Regular or Irregular

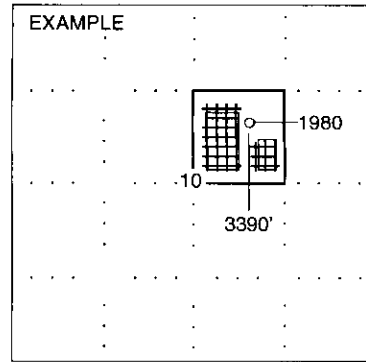
If Section is Irregular, locate well from nearest corner boundary.
Section corner used: NE NW SE SW

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.)*



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KCC WICHITA



SEWARD CO.

1 **NOTE: In all cases locate the spot of the proposed drilling locaton.** 5

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).

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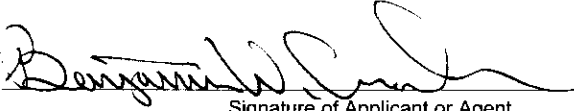
SEP 25 2006

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE POND

Form CDP-1
January 2001
Form must be Typed

KCC WICHITA

Submit in Duplicate

Operator Name: Osage Resources, L.L.C.		License Number: 32811
Operator Address: 1605 E 56th Avenue		
Contact Person: Ben Crouch		Phone Number: (620) 664 - 9622
Lease Name: Osage No. 103		Pit Location:
Type of Pond: Emergency Pit <input type="checkbox"/> Treatment Pit <input type="checkbox"/> <input type="checkbox"/> Workover Pit <input checked="" type="checkbox"/> Drilling Pit <input type="checkbox"/> Burn Pit (If WP Supply API No. or Year Drilled)	Pit is: <input checked="" type="checkbox"/> Proposed Existing If Existing, date constructed: <u>NA</u> Pit capacity: 4500 (bbls)	NW Qtr. Sec. 31 Twp. 32 R. 14 <input type="checkbox"/> E <input checked="" type="checkbox"/> W 1718 Feet from (N) S (circle one) Line of Section 1210 Feet from E (W) (circle one) Line of Section Barber County
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: <u>NA</u> mg/l <i>(For Emergency Pits and Treatment Pits only)</i>
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? Surface clay/shale fill
Pit dimensions (all but working pits): 60 Length (feet) 40 Width (feet) Depth from ground level to deepest point: 5 (feet)		
If the pit is lined give a brief description of the liner material, thickness and installation procedure. <u>NA</u>		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. <u>NA</u>
Distance to nearest water well within one-mile of pit <u>NONE</u> feet Depth of water well <u>NA</u> feet		Depth to shallowest fresh water <u>100'</u> feet. Source of information: <input type="checkbox"/> measured <input checked="" type="checkbox"/> well owner <input type="checkbox"/> electric log <input type="checkbox"/> KDWR
Emergency, Treatment and Burn Pits ONLY: Producing Formation: <u>NA</u> Number of producing wells on lease: <u>NA</u> Barrels of fluid produced daily: <u>NA</u> Does the slope from the tank battery allow all spilled fluids to flow into the pond? <input type="checkbox"/> Yes <input type="checkbox"/> No		Drilling and Workover Pits ONLY: Type of material utilized in drilling/workover: <u>Bentonite Drilling Mud</u> Number of working pits to be utilized: <u>3</u> Abandonment procedure: <u>Pits allowed to evaporate until dry then 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>9/22/2006</u> Date		 Signature of Applicant or Agent
KCC OFFICE USE ONLY		
RFASVC		
Date Received: <u>9/25/06</u> Permit Number: _____ Permit Date: <u>9/27/06</u> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		

15-007-23071-0000

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

ROBERT E. KREHBIEL, COMMISSIONER

MICHAEL C. MOFFET, COMMISSIONER

September 27, 2006

Mr. Ben Crouch
Osage Resources, LLC
1605 E. 56th Ave
Hutchinson, KS 67502

RE: Drilling Pit Application
Osage Lease Well No. 103
NW/4 Sec. 31-32S-14W
Barber County, Kansas

Dear Mr. Crouch:

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.

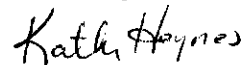
If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

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