

For KCC Use: 10-14-06  
 Effective Date: \_\_\_\_\_  
 District # \_\_\_\_\_  
 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 October 15 2006  
month day year

Spot SW SE SW Sec. 18 Twp. 28 S. R. 40  East  West  
330 feet from  N /  S Line of Section  
1,420 feet from  E /  W Line of Section

OPERATOR: License# 9855  
 Name: Grand Mesa Operating Company  
 Address: 200 E. First St., Ste 307  
 City/State/Zip: Wichita, KS 67202  
 Contact Person: Ronald N. Sinclair  
 Phone: 316-265-3000

Is SECTION  Regular  Irregular?

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

CONTRACTOR: License# 30884  
 Name: Abercrombie RTD, Inc.

County: Stanton  
 Lease Name: Circle 8 Well #: 3-18  
 Field Name: Wildcat

Is this a Prorated / Spaced Field?  Yes  No

Target Formation(s): Keyes Sand

Nearest Lease or unit boundary: 330'

Ground Surface Elevation: 3315' 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: 380'

Depth to bottom of usable water: 720'

Surface Pipe by Alternate:  1  2

Length of Surface Pipe Planned to be set: 740'

Length of Conductor Pipe required: None

Projected Total Depth: 5700'

Formation at Total Depth: St. Louis

Water Source for Drilling Operations:  Well  Farm Pond Other Haul City Water

DWR Permit #: \_\_\_\_\_

*(Note: Apply for Permit with DWR )*

Will Cores be taken?  Yes  No

If Yes, proposed zone: \_\_\_\_\_

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

PRORATED, SPACED HUBBARD & PANOMA

**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: 10/05/06 Signature of Operator or Agent: *Ronald N. Sinclair* Title: President  
 RONALD N. SINCLAIR

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: \_\_\_\_\_

**For KCC Use ONLY**  
 API # 15 - 187-21086-0000  
 Conductor pipe required None feet  
 Minimum surface pipe required 740 feet per Alt. 1  
 Approved by: *RNS* 10-9-06  
 This authorization expires: 4-9-07  
*(This authorization void if drilling not started within 6 months of approval date.)*  
 Spud date: \_\_\_\_\_ Agent: \_\_\_\_\_

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

18  
 28  
 40  
 10/10/06  
 KCC WICHITA

**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 - 187-21086-0000  
 Operator: Grand Mesa Operating Company  
 Lease: Circle 8  
 Well Number: 3-18  
 Field: Wildcat  
 Number of Acres attributable to well: \_\_\_\_\_  
 QTR / QTR / QTR of acreage: SW - SE - SW

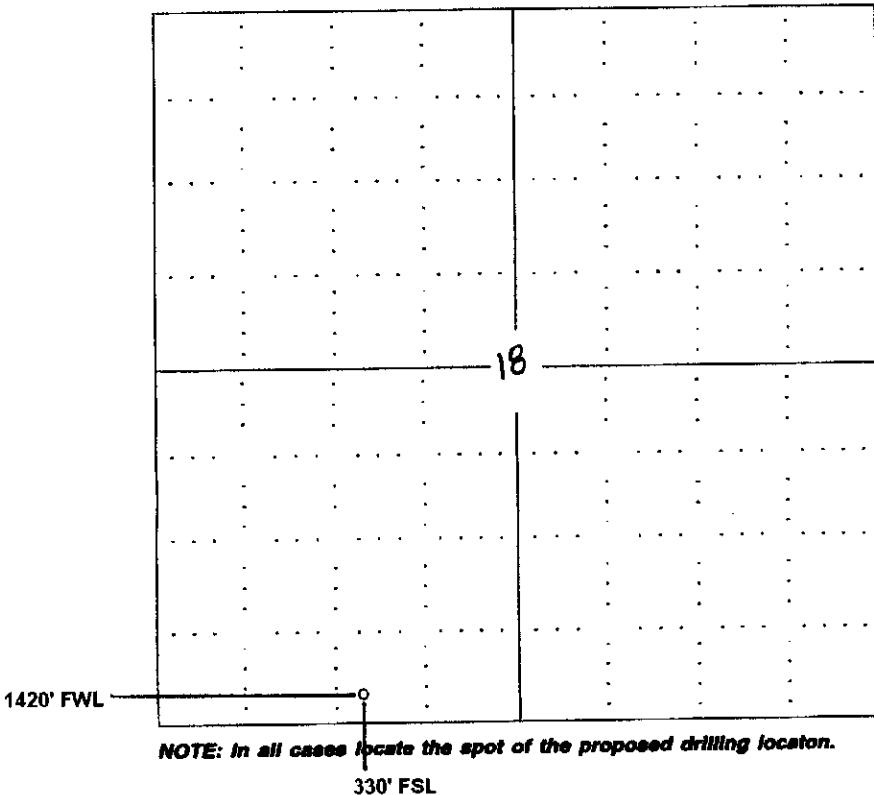
Location of Well: County: Stanton  
 \_\_\_\_\_ feet from  N /  S Line of Section  
 \_\_\_\_\_ feet from  E /  W Line of Section  
 Sec. 18 Twp. 28 S. R. 40  East  West

Is Section:  Regular or  Irregular

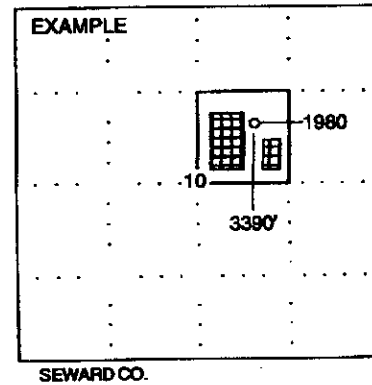
If Section is Irregular, locate well from nearest corner boundary.  
 Section corner used:  NE  NW  SE  SW

**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.)*



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



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

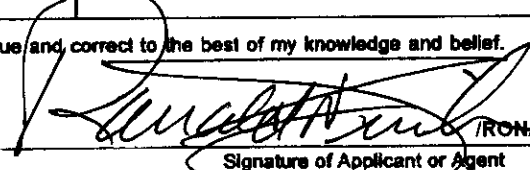
1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the section's south / north and east / west.
3. The distance to the nearest lease or unit 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).

RECEIVED  
 JUN 10 1968  
 KOCU 10/1/68

**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: <b>Grand Mesa Operating Company</b>   |   | License Number: <b>9855</b>   |
| Operator Address: <b>200 E. First St., Ste 307 Wichita, KS 67202</b>   |   |   |
| Contact Person: <b>Ronald N. Sinclair</b>  |   | Phone Number: ( <b>316</b> ) <b>265 - 3000</b>  |
| Lease Name & Well No.: <b>Circle 8 #3-18</b>   |   | Pit Location (QQQQ):<br><b>SW</b> <u>W/2</u> <u>SW</u> <u>SE</u> <u>SW</u>  |
| Type of Pit:<br><input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit<br><input type="checkbox"/> Settling Pit <input checked="" type="checkbox"/> Drilling Pit<br><input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit<br><small>(If WP Supply API No. or Year Drilled)</small>     | Pit is:<br><input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing<br>If Existing, date constructed:<br>_____<br>Pit capacity:<br><b>4,363</b> (bbbls) | Sec. <b>18</b> Twp. <b>28S</b> R. <b>40</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West<br><b>330'</b> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section<br><b>1,420'</b> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section<br><b>Stanton</b> County |
| Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No   |   | Chloride concentration: _____ mg/l<br><small>(For Emergency Pits and Settling Pits only)</small>  |
| Is the bottom below ground level?<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No   | Artificial Liner?<br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  | How is the pit lined if a plastic liner is not used?<br><b>Bentonite</b>  |
| Pit dimensions (all but working pits): <u>70</u> Length (feet) <u>70</u> Width (feet) _____ N/A: <b>Steel Pits</b><br>Depth from ground level to deepest point: <u>5</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<br><u>826</u> feet    Depth of water well <u>384</u> feet  |   | Depth to shallowest fresh water <u>297</u> feet.<br>Source of information:<br>_____ measured    _____ well owner    _____ electric log <input checked="" type="checkbox"/> KDWR   |
| <b>Emergency, Settling and Burn Pits ONLY:</b><br>Producing Formation: _____<br>Number of producing wells on lease: _____<br>Barrels of fluid produced daily: _____<br>Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |   | <b>Drilling, Workover and Haul-Off Pits ONLY:</b><br>Type of material utilized in drilling/workover: <u>Drilling Mud</u><br>Number of working pits to be utilized: <u>3</u><br>Abandonment procedure: <u>Evaporation and Backfill</u><br>_____<br>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.<br><br><u>10/05/06</u> Date<br> <b>RONALD N. SINCLAIR, PRESIDENT</b><br>Signature of Applicant or Agent                            |   |   |

15-187-21086-0000

| KCC OFFICE USE ONLY           |                      |                             |   |
|-------------------------------|----------------------|-----------------------------|---|
| Date Received: <u>10/6/06</u> | Permit Number: _____ | Permit Date: <u>10/6/06</u> | Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

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

RECORDED  
KCC WICHITA

# KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

ROBERT E. KREIBEL, COMMISSIONER

MICHAEL C. MOFFET, COMMISSIONER

## NOTICE TO OPERATORS DRILLING IN THE PANOMA- COUNCIL GROVE GAS POOL SPACED AREA

The enclosed intent is located within the Panoma-Council Grove gas pool space area. In May 1978, Panoma-Council Grove Proration Order (as amended), Docket No. 60,024-C (C-7058) under FINDINGS OF FACT AND LAW on page 31, the following language is stated that:

"The Commission finds that in order to prevent waste and protect correlative rights, the following stated rules pertaining to wells already completed, in the process of being drilled or for future wells to be drilled in the Panoma Council Grove Gas Pool Spaced area, and for wells producing from the Council Grove Formation outside of the Panoma Council Grove Gas Pool Spaced area within the Hugoton Gas Field, should be adopted."

1. "No dual completions between the Chase (Hugoton) and Council Grove Formations will be permitted for future wells drilled."
2. "Casing shall not be set above the top of the Council Grove Formation for a Council Grove producing well."
3. "The production casing of all new Council Grove wells should be cemented with a calculated volume of cement sufficient to encase the casing from the bottom of the casing to a point 500 feet above the Chase Formation."
4. "The casing shall be encased in cement in the interval between the base of the Council Grove and the top of the Chase Formation on all wells, irrespective of depth, completed below the Council Grove Formation, if they are located within the space area."
5. "The cement coverage heretofore required shall be confirmed by the running of a recognized survey, such as a temperature survey or cement bond log."

A copy of this survey and the cement tickets(s) showing that all cement work has been completed, must be filed with the ACO-1 Completion Report within 120 days from the wells "spud date."

Failure to comply with these provisions may cause the well to be shut-in until compliance has been achieved.

If you have any questions, please feel free to contact the Conservation Division's Production Department at (316) 337-6200.