

For KCC Use:
 Effective Date: 10-15-06
 District # 2
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL
Must be approved by KCC five (5) days prior to commencing well

Expected Spud Date October 17 2006
month day year

OPERATOR: License# 5210 ✓
 Name: Lebsack Oil Production, Inc.
 Address: Box 489
 City/State/Zip: Hays, KS 67601
 Contact Person: Wayne Lebsack
 Phone: 620-938-2396

CONTRACTOR: License# 33724 ✓
 Name: Warren Drilling, L.L.C.

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"/> Pool Ext.
<input checked="" type="checkbox"/> OAWO	<input type="checkbox"/> Disposal	<input type="checkbox"/> Widest
<input type="checkbox"/> Seismic; # of Holes	<input type="checkbox"/> Other	<input type="checkbox"/> Cable
<input type="checkbox"/> Other		

If OWWO: old well information as follows:
 Operator: Skelly Oil Company
 Well Name: Thompson No. 1
 Original Completion Date: Jan. 16, 1937 Original Total Depth: 3288

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

Spot NW - NW Sec. 28 Twp. 20 S. R. 10 East West
330 feet from N / S Line of Section
330 feet from E / W Line of Section
 Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)
 County: Rice
 Lease Name: Thompson Well # 1
 Field Name: Chase Silica
 Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Lansing - Arbuckle
 Nearest Lease or unit boundary: 330 ft.
 Ground Surface Elevation: 1,733 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: N/A / 100+
 Depth to bottom of usable water: N/A / 70+
 Surface Pipe by Alternate: 1 2 202 per driller's log ✓
 Length of Surface Pipe Planned to be set: 196 ft. (set in place)
 Length of Conductor Pipe required: N/A
 Projected Total Depth: 3,360 ft. ✓
 Formation at Total Depth: Arbuckle
 Water Source for Drilling Operations:
 Well Farm Pond Other _____
 DWR Permit #: N/A

(Note: Apply for Permit with DWR)
 Will Cores be taken? Yes No
 If Yes, proposed zone: N/A

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: Sept. 20, 06 Signature of Operator or Agent: Wayne Lebsack Title: Pres

For KCC Use ONLY
 API # 15 - 159-04531-00-01
 Conductor pipe required None feet
 Minimum surface pipe required 202 feet per Alt.
 Approved by Perth 10-10-06
 This authorization expires: 4-10-07
 (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 AGO-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 2076, Wichita, Kansas 67202

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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 - 159-04531-00-01 Location of Well: County: Rice

Operator: Lebsack Oil Production 330' feet from N / S Line of Section

Lease: Thompson 330' feet from E / W Line of Section

Well Number: 1 Sec. 28 Twp. 20 S. R. 10 W East West

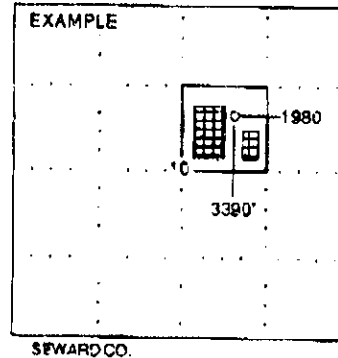
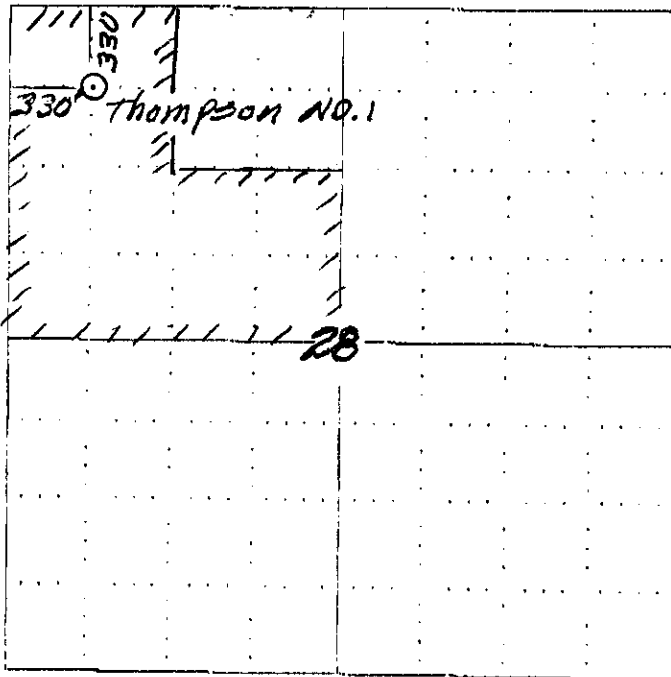
Field: Chase Silica Is Section: Regular or Irregular

Number of Acres attributable to well: 10 Acres If Section is Irregular, locate well from nearest corner boundary.

QTR / QTR / QTR of acreage: NE - NW - NW Section corner used: NE NW SE SW

PLAT

(Show location of the well and shade attributable acreage for prorated or spaced wells.)
Lebsack Oil (Show footage to the nearest lease or unit boundary line.)
Sessler lease



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).

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**KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT**

Form COP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: <u>Lebsack Oil Production, Inc.</u>		License Number: <u>5210</u>
Operator Address: <u>Box 489, Hays, KS 67601</u>		
Contact Person: <u>Wayne Lebsack</u>		Phone Number: (<u>620</u>) <u>938 - 2396</u>
Lease Name & Well No.: <u>Thompson No. 1</u>		Pit Location (QQQQ): <u>NW . NW . NW .</u> Sec. <u>28</u> Twp. <u>20</u> R. <u>10</u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <u>330</u> Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section <u>330</u> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section <u>Rice</u> County
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 W/O Supply API No. or Year Drilled)</small>	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: <u>1,300</u> (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input 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? <u>Bentonite</u>
Pit dimensions (all but working pits): <u>50</u> Length (feet) <u>50</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 Est. <u>2,500</u> feet Depth of water well <u>43</u> feet		Depth to shallowest fresh water <u>16</u> feet. Source of information: _____ measured well owner _____ electric log <input checked="" type="checkbox"/> 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: _____ Number of working pits to be utilized: <u>3</u> Abandonment procedure: <u>Haul off free fluids after Hutchinson salt & drilling is completed.</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>Sept. 20, 06</u> Date		<u>Wayne Lebsack</u> Signature of Applicant or Agent
KCC OFFICE USE ONLY		
Date Received: <u>10/2/06</u> Permit Number: _____		Permit Date: <u>10/10/06</u> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

15-159-04531-00-01

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

October 10, 2006

Mr. Wayne Lebsack
Lebsack Oil Production, Inc.
Box 498
Hays, KS 67601

Re: Drilling Pit Application
Thompson Lease Well No. 1
NW/4 Sec. 28-20S-10W
Rice County, Kansas

Dear Mr. Lebsack:

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 **all pits must be lined with bentonite**. **All pits can be no deeper than 4'**. 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 within 72 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 (316) 630-4000 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

Environmental Protection and Remediation Department

cc: Doug Louis

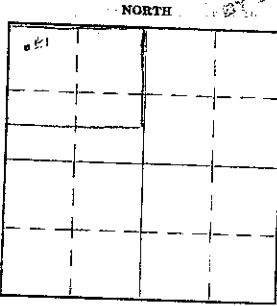
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KANSAS
 CONSERVATION COMMISSION
 Information Completely
 Required Affidavit
 or Deliver Report to:
 Conservation Division
 State Conservation Commission,
 see listing Building,
 Wichita, Kansas

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WELL PLUGGING RECORD
 OR
 FORMATION PLUGGING RECORD

Strike out upper line
 when reporting plug
 ging of formations



Locate well correctly on above
 Section Flat

Location as "NE $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ " or footage from lines 330' from N&W lines of NW/4
 Lease Owner Skelly Oil Company
 Lease Name Henry F. Thompson
 Office Address Box 1650, Tulsa, Oklahoma Well No. 1
 Character of Well (Completed as Oil, Gas or Dry Hole) Dry hole
 Date, well completed December 17, 1936
 Application for plugging filed December 26, 1936
 Application for plugging approved December 29, 1936
 Plugging Commenced January 11, 1937
 Plugging Completed January 16, 1937
 Reason for abandonment of well or producing formation
Completed as a dry hole.
 If a producing well is abandoned, date of last production 1936
 Was permission obtained from the Conservation Division or its agents before plugging was com-
 menced? Yes

Name of Conservation Agent who supervised plugging of this well C. T. Alexander
 Producing formation _____ Depth to top _____ Bottom _____ Total Depth of Well 3288 Feet
 Show depth and thickness of all water, oil and gas formations.

OIL, GAS OR WATER RECORDS

CASING RECORD

Formation	Content	From	To	Size	Put In	Pulled Out
Lansing Lime	Water	3068'	3078'	10 3/4"	196'9"	None
Siliceous Lime	"	3284'	3288'	7" OD	3298'6"	2523'10"
				5 1/2" OD	30'0"	30'0"

Describe in detail the manner in which the well was plugged, indicating where the mud fluid was placed and the method or methods used in introducing it into the hole. If cement or other plugs were used, state the character of same and depth placed, from _____ feet to _____ feet for each plug set.

- Cement plug from 3288' - 3188'
- Sand 3188' - 3088'
- Cement 3088' - 3036'
- Mud laden fluid 3036' - 200'
- Rock & soil 200' - 195'
- Cement 195' - 170'
- Mud laden fluid 170' - 16'
- Cement 16' - 0'

PLUGGING
 FILE NO. 28-20-106
 BOOK PAGE 75 LINE 8

(If additional description is necessary use BACK of this sheet)

Correspondence regarding this well should be addressed to H. E. Wamsley
 Address Skelly Oil Company, Production Department
Box 740, Hutchinson, Kansas.

STATE OF Kansas COUNTY OF Beau
H. E. Wamsley (employee of owner) or (owner) of the above-described well,
 being first duly sworn on oath, says: That I have knowledge of the facts, statements, and matters herein contained and the log of the above-
 described well as filed and that the same are true and correct. So help me God.

(Signature) H. E. Wamsley
 (Address) Hutchinson Kansas

SUBSCRIBED AND SWORN to before me this 21st day of January, 1937
 My commission expires March 30, 1940
Glada Corbett
 Notary Public.

RECORD OF FORMATIONS

15-159-04531-0005

FORMATION	TOP	BOTTOM	REMARKS Indicate Casing Points, Describe Shows of Oil, Gas and Water, etc.
Red bed and shells	0	80	Set and cemented 10 1/2" 40# SS casing at 202' w/ 150 sacks of cement.
Red bed and shells	80	206	
Red bed and shells	206	410	
Shale and shells	410	1105	
Salt, shale and shells	1105	1350	
Shale and shells	1330	1600	
Lime and shells	1600	1865	
Shale and lime	1865	2815	
Lime	2815	3085	<u>TOP LANSING LIME 2990'</u> 3085'-3085' Brown porous saturated oolitic lime
Lime and shale	3085	3200	3245'-3250' Brown porous saturated oolitic lime
Lime	3200	3253	
Green sandy shale	3253	3260	<u>BASE KANSAS CITY LIME 3253'</u> <u>TOP SIMPSON SHALE 3253'</u>
Medium hard green pyritic shale and sand	3260	3265	
Hard Simpson sand w/ little green shale	3265	3267	
Brown granular sand	3267	3270	Oil stained - No porosity
Green Simpson shale	3268	3274	Ran, set and cemented 7" OD 24# SS casing at 3267' w/ 125 sacks of cement. While waiting on cement to set, moved in portable drilling in front and rigged up cable tools, and on 11/29/36, had the hole bailed down and 7" casing tested OK. Drilled cement, bailed and cement job tested OK. Correction: 3270' CM equals 3268' SLM, which accounts for the above 7" casing point. Then drilled deeper as follows:
Same w/ 10% sandy dolomite	3274	3276	
Green Simpson shale w/ 30% sandy dolomite	3276	3278	Oil stained
Green pyritic shale w/ 15% brown granular sand	3278	3280	Ran and set 30' of 5 1/2" OD 20# SS blind liner at 3278'. <div style="border: 1px solid black; padding: 5px; display: inline-block;">PLUGGING DATE DEC 28, 1936 TIME 7.5 LINE 8</div>
Green pyritic shale w/ 50% brown granular sand	3280	3284	
Dense grey crystalline dolomite w/ 15% brown sand	3284	3286	Slight saturation and show of free oil
Hard grey and brown dolomite	3286	3288	No saturation - No oil increase <u>TOP SILICEOUS LIME 3284'</u>
TOTAL DEPTH		3288'	Slight saturation and porosity - 25' OIH in 1 hour and 75' OIH in 4 hours.

Bailed and cleaned up hole and tested 6 hours - Showed 3 barrels of oil and 1 barrel of sulphur water during test. Pulled 30' of 5 1/2" liner, reamed the hole from 3278' to 3284' and reran liner to 3284'. Cleaned out to bottom, ran 2" regular tubing and tried to treat the well with acid on 12/3/36. Filled the hole with 110 barrels of oil and started in acid at 9:40 A.M. this date. At 12:00 Noon, had 10 1/2 barrels of acid on bottom with maximum casing pressure 920# and tubing pressure 520#. Acid would not go into formation, circulated acid out, pulled tubing and cleaned out to bottom. Reran tubing and on 12/4/36 treated well with 1000 gallons of Dowell "XX" acid with "F" formula added as follows:

Acid Treatment
Put in by Dowell, Incorporated - 12/4/36

Time	OP	TP	Remarks
8:00 AM	12/3/36		Filled tubing with 110 barrels of oil and drew off 13 barrels.
9:30 "	875#	436#	Had 14 1/2 bbls. acid in - Acid on bottom
5:30 PM	920#	920#	Had 16 1/2 bbls. acid in - Circulated acid out - pulled tubing cleaned out and reran 2" tubing.