

For KCC Use: 10-16-06
 Effective Date: _____
 District # 1
 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 10 25 2006
 month day year

Spot East
 NE SW NE Sec. 9 Twp. 26 S. R. 40 West
1758 feet from N / S Line of Section
1495 feet from E / W Line of Section
 Is SECTION Regular Irregular?

OPERATOR: License# 33857
 Name: BWB Operating, Inc.
 Address: P.O. Box 10105
 City/State/Zip: Liberty, TX 77575
 Contact Person: David Rice
 Phone: 620-624-0156

(Note: Locate well on the Section Plat on reverse side)
 County: Hamilton
 Lease Name: Schmidt Well #: #9-1
 Field Name: Wildcat

CONTRACTOR: License# 33784
 Name: Cheyenne Drilling

Is this a Prorated / Spaced Field? Yes No
 Target Information(s): Lower Morrow
 Nearest Lease or unit boundary: 1495

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

Ground Surface Elevation: 3442.6' feet MSL
 Water well within one-quarter mile: Yes No
 Public water supply well within one mile: Yes No

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

Depth to bottom of fresh water: 180
 Depth to bottom of usable water: 720
 Surface Pipe by Alternate: 1 2

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

Length of Surface Pipe Planned to be set: 1625'
 Length of Conductor Pipe required: _____
 Projected Total Depth: 5750'
 Formation at Total Depth: Lower Morrow

PRORATED & SPACED HUGOTON

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

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: 10-04-06 Signature of Operator or Agent: David E Rice Title: Agent for BWB Operating, Inc.

For KCC Use ONLY
 API # 15 - 075-20831-0000
 Conductor pipe required None feet
 Minimum surface pipe required 740 feet per Alt. 1
 Approved by: Rut 10-11-06
 This authorization expires: 4-11-07
 (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: _____

RECEIVED
OCT 10 2006

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

KCC WICHITA

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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 - 075-20831-0000
Operator: BWB Operating, Inc.
Lease: Schmidt
Well Number: #9-1
Field: Wildcat
Number of Acres attributable to well: _____
QTR / QTR / QTR of acreage: NE - SW - NE

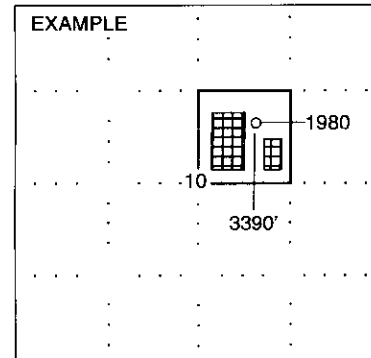
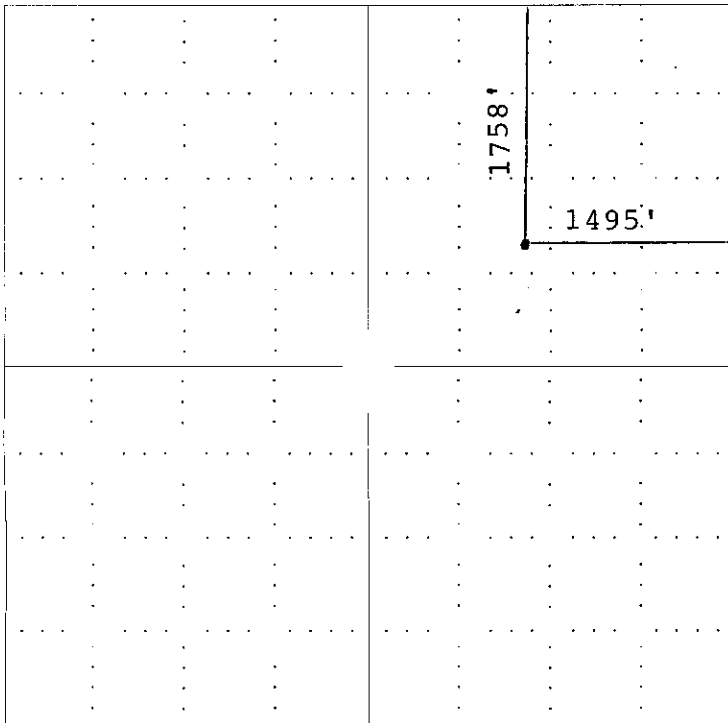
Location of Well: County: Hamilton
1758 feet from N / S Line of Section
1495 feet from E / W Line of Section
Sec. 9 Twp. 26 S. R. 40 East West

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 locaton.

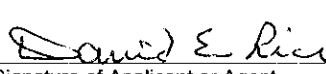
In plotting the proposed location of the well, you must show:

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: BWB Operating, Inc. | | License Number: 33857 |
| Operator Address: P.O. Box 10105, Liberty, TX 77575 | | |
| Contact Person: David E. Rice | | Phone Number: (620) 624 - 0156 |
| Lease Name & Well No.: Schmidt #9-1 | | Pit Location (QQQQ): NE SW NE |
| 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: 14,000 (bbls) | Sec. 9 Twp. 26S R. 40 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1758 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 1495 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Hamilton County |
| Is the pit located in a Sensitive Ground Water Area? <input 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 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? Natural Permeability |
| Pit dimensions (all but working pits): 125 Length (feet) 125 Width (feet) N/A: Steel Pits 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. | | Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. |
| Distance to nearest water well within one-mile of pit 5165 feet Depth of water well 510 feet | | Depth to shallowest fresh water 223 feet. Source of information: KHKGS ① _____ 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: Drilling Mud Number of working pits to be utilized: 1 Abandonment procedure: Evaporation and back fill _____ 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. | | |
| Date: 10-04-06 | | Signature of Applicant or Agent:  |

15-075-20831-0000

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

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

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