

For KCC Use: Effective Date: 10-21-06 District # 1 SGA?  Yes  No

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

Form C-1 December 2002 Form must be Typed Form must be Signed All blanks must be Filled

NOTICE OF INTENT TO DRILL

Must be approved by KCC five (5) days prior to commencing well

Expected Spud Date October 16 2006

Spot SW - NE - NW Sec. 3 Twp. 34 S. R. 11  East  West

OPERATOR: License# 33235 Name: Chieftain Oil Co., Inc. Address: P. O. Box 124 City/State/Zip: Kiowa, Kansas 67070 Contact Person: Ron Molz Phone: 620-825-4338

950 feet from  N /  S Line of Section 1,380 feet from  E /  W Line of Section

Is SECTION  Regular  Irregular? (Note: Locate well on the Section Plat on reverse side)

CONTRACTOR: License# 5822 Name: Val Energy, Inc.

County: Barber Lease Name: Diel Well #: 2 Field Name: Randup South

Is this a Prorated / Spaced Field?  Yes  No Target Formation(s): Mississippi/Simpson

Well Drilled For:  Oil  Gas  OWWO  Seismic; # of Holes  Other Well Class:  Enh Rec  Storage  Disposal  Other Well Class:  Infield  Pool Ext.  Wildcat  Other Type Equipment:  Mud Rotary  Air Rotary  Cable

Nearest Lease or unit boundary: 950' Ground Surface Elevation: 1,347' 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: 80' Depth to bottom of usable water: 50' 180'

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

Surface Pipe by Alternate:  1  2 Length of Surface Pipe Planned to be set: 300'

Length of Conductor Pipe required: Projected Total Depth: 5,500' Formation at Total Depth: Arbuckle

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

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:

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: 10/11/06 Signature of Operator or Agent: [Signature] Title: Vice President

For KCC Use ONLY API # 15 - 007-23077-0000 Conductor pipe required None feet Minimum surface pipe required 200 feet per Alt. 1 Approved by: [Signature] This authorization expires: 4-16-07 (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 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: 10/12/2006

### 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 - 077-23077-0000

Operator: Chieftain Oil

Lease: Diel

Well Number: 2

Field: \_\_\_\_\_

Number of Acres attributable to well: 160

QTR / QTR / QTR of acreage: SW - NE - NW

Location of Well: County: Barber

950 feet from  N /  S Line of Section

1,380 feet from  E /  W Line of Section

Sec. 3 Twp. 34 S. R. 11  East  West

Is Section:  Regular or  Irregular

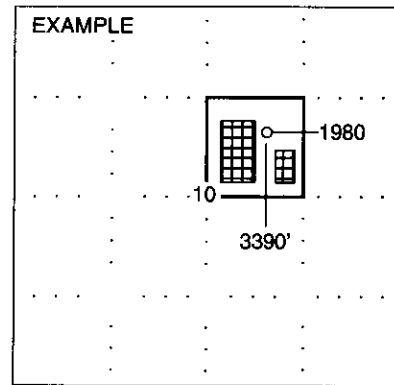
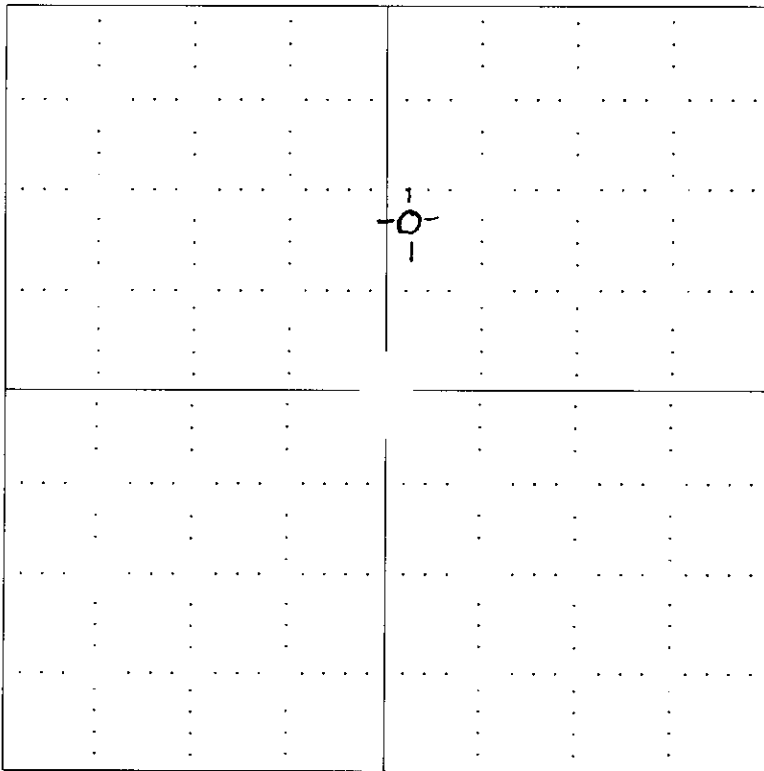
If Section is Irregular, locate well from nearest corner boundary.

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.)



SEWARD CO.

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).

RECEIVED

OCT 12 2006

KCO WICHITA

**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>Chieftain Oil Co., Inc.</b>		License Number: <b>33235</b>
Operator Address: <b>605. S. 6th St; PO Box 124 Kiowa, KS 67070</b>		
Contact Person: <b>Ron Molz</b>		Phone Number: ( <b>620</b> ) <b>825 - 4030</b>
Lease Name & Well No.: <b>Diel #2</b>		Pit Location (QQQQ): <b>SW NE NW</b>
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/P Supply API No. or Year Drilled)</small>	Pit is: <input type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: _____ (bbls)	Sec. <b>3</b> Twp. <b>34S</b> R. <b>11</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <b>950</b> Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section <b>1380</b> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section <b>Barber</b> _____ County
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: <b>10,000</b> 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 type="checkbox"/> No	How is the pit lined if a plastic liner is not used?
Pit dimensions (all but working pits): _____ Length (feet) _____ Width (feet) <b>X</b> N/A: Steel Pits Depth from ground level to deepest point: _____ (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 <b>4971</b> feet    Depth of water well <b>38</b> feet		Depth to shallowest fresh water <b>60 7</b> feet. Source of information: <b>KAKES</b> <b>10</b> _____ measured <input checked="" type="checkbox"/> well owner    _____ electric log    _____ KDWR
<b>Emergency, Settling and Burn Pits ONLY:</b> 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		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> Type of material utilized in drilling/workover: <b>Chemical Mud</b> Number of working pits to be utilized: <b>Steel</b> Abandonment procedure: <b>Haul off fresh water &amp; back fill</b> _____ 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 <b>10-12-06</b>		_____ Signature of Applicant or Agent
<b>KCC OFFICE USE ONLY</b>		
Date Received: <b>10/13/06</b> Permit Number: _____    Permit Date: <b>10/16/06</b> Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

**RECEIVED**  
**KANSAS CORPORATION COMMISSION**  
**OCT 13 2006**  
**CONSERVATION DIVISION**  
**WICHITA, KS**

15-007-23077-0000

*Steel Pits*

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

# KANSAS

CORPORATION COMMISSION

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

October 16, 2006

Mr. Ron Molz  
Chieftain Oil  
PO Box 124  
Kiowa, KS 67070

Re: Drilling Pit Application  
Diel Lease Well No. 2  
NW/4 Sec. 03-34S-11W  
Barber County, Kansas

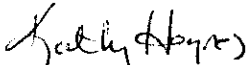
Dear Mr. Molz:

District staff has inspected the location and has determined that an unsealed condition will present a pollution threat to water resources.

District staff has instructed that no earthen pits are to be used at the location. Steel pits are to be used. Please inform the Commission in writing as to which disposal well you will utilize to dispose of the contents in the steel pits and the amount of fluid that will be disposed. **If a haul-off pit is necessary please file, form CDP-1, Application for Surface Pit.** This location will have to be inspected prior to approval of the haul-off pit application.

If fluids are taken to an authorized disposal well, please call the District Office at (620) 225-8888. Please file form CDP-5, 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](http://www.kcc.state.ks.us/conservation/forms).

Sincerely,



Kathy Haynes  
Environmental Protection and Remediation Department

Cc: File