For KCC Use: Effective Date:	10-28-06
District #	
SGA? Yes	No 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

New Note Sec 3 Trip 33 6, R 9 West	Expected Spud Date	11	22	2006	Spot
PERATOR: Loones# ARSE Senergy Ltd.		month	day	year	
ARES Energy, Ltd. 303 W. Wall St., Suite 900 Thy/State/Zip: Midland, T.K 78701 Well Person: Henry N. Clarton Contact Person: 422.685.1960 Leas Name: Webstor Well #: 3-2 CONTRACTOR: Licenses 5822 CONTRACTOR: Licenses 5822 CONTRACTOR: Licenses 6822 Contractor: 8822 CONTRACTOR: Licenses 6822 Contractor 6822 Con	ODERATOR: Lineares	33770			-
South Sout		ARES Energy	. Ltd.		2 2 2 2
Modand_TX_PY016 Modand_TX_)	
Country Contactche Well \$.3.2 NontraCATOR: Licensel Separation		Midland, TX 7	9701	*	(Mahar I anata wall on the Costion Dist on reverse side)
Space Spac	•	Henry N. Clar	nton		Comanoho
Second Designed Hereby affirms that the drilling, completion and eventual plugging of this well will comply with KSANSS COMPRATION COMMISSION (I. Not) that approved rotice of in purposed that the following minimum requirements will be met.					Overlier.
SOUTHAFORE. Locases Society Target Formation(s): State Speed Field? Target Formation(s): Target Format	none,			· · ·	O-14 \M4
Well Drilled For: Well Class: Type Equipment: Nearest Lesse or unit boundary: Gelo feet George Gelo feet Ground Surface Elevetion: 1,936 Gelo feet Groun	CONTRACTOR: License				
Nearest Lease or unit boundary: 660 feet	Name:	Val Energy,	inc.		Lat. 1
Comparation	W 85 W 15	147.11.01			000 500
Cass Storage Pool Ext. Ar Rotary Waler well within one fluence mile: Yes No Other Saismic: # of Holes Other Other Depth to bottom of tresh water: 200 Depth to bottom of tresh water: 200 Depth to bottom of usable water: 200 Depth to bottom of usa					
CWWC Disposal Wildcat Cable Cuter Cother Co			يني	•	Water well within one-quarter mile:
Depth to bottom of tresh water: 200 Depth to bottom of tresh water: 200 Depth to bottom of usable water: 200 Depth to bottom of tresh water: 200 Depth to bottom of sushe water: 200 Depth to bottom of bottom of sushe water: 200 Depth to bottom of tresh to be set: 400 Depth to bottom of tresh to be set: 400		-		•	,
Other			ı 📙 (Cable	· · · · · · · · · · · · · · · · · · ·
Surface Pipe by Alternate 1 1 2 2 1 2 2 2 2 2	· ·	f Holes Other			Depth to bottom of usable water: 200
CONVO: old well information as follows: Operator: Well Name: Drigonal Completion Date: Original Total Depth: Formation at Total Depth: S.4.00 feet	Other	· · · · · · · · · · · · · · · · · · ·			Surface Pipe by Alternate: 🗸 1 🔲 2
Length of Conductor Pipe required: Sol feet	if OWWO: old well inform	ation as follows:			Length of Surface ripe Planned to be set:
Well Name: Original Completion Date: Original Total Depth: Formation at Total Depth: Mississippian Water Source for Drilling Operations: Water Source or Drilling Operations: Water Source for Drilling Operations: Water Source or Drilling Operations: Water Source					Length of Conductor Fipe required.
Original Completion Date: Original total Depth: Original Total Depth: Original Completion Date: Original Completion	Well Name:				rojected total Deptil.
Yes No Well Farm Pond Other Farm Pond Other Yes No DWR Permit #: Managing Partner	Original Completion D)ate:	Original Tota	l Depth:	Formation at Total Depth: Mississippian
Fyes, true vertical depth: DWR Permit #: N/A Will Cores be taken? Will Austing the substance completed will be notified before well is dead of well; Will Cores be taken? Will Austing the substance completed will be notified before well is dead of well into the underlying formation. Will Mall Park Pall cases, Will and placement to the top; in all cases, Will and placement to the past of well well well will completed will be notified before well is dead of the bed district of					Water Source for Drilling Operations:
AFFIDAVIT AFFIDAVIT AFFIDAVIT RECEIVED The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with KSASS CORPORATION COMMISSION to 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 as 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. 6. Or pursuant to Appendix "B" - Eastern Kanass 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. For KCC Use ONLY API # 15					
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AFFIDAVIT AFFIDAVIT RECEIVED The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K. S. S. S. G. G. G. G. C.					
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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 surjective 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 "8" - 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. hereby certify that the statements made herein are true and to the best of my knowledge and belief. Date: 10/12/2006 Signature of Operator or Agent: Notify appropriate district office 48 hours prior to workover or re-entry; Minimum surface pipe required Not feet 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: Well Not Drilled - Permit Expired	·	affirms that the di	illing, compl		lugging of this well will comply with K.S.A.S.A.S.G.OSERORATION COMMISSION
For KCC Use ONLY API # 15 - 033 - 2/1483 - 0000 Conductor pipe required Now feet per Alt. (1) Y Approved by: Let 10-23-016 This authorization void if drilling not started within 6 months of approval date.) Spud date: Agent: Managing Partner 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	It is agreed that the follow	ving minimum req	uirements w	ill be met:	OCT 1 8 2006
For KCC Use ONLY API # 15 - 033-2/1483-0000 Conductor pipe required	It is agreed that the follow 1. Notify the appropri 2. A copy of the appri 3. The minimum among through all unconsi 4. If the well is dry hi 5. The appropriate distance or pursuant to Apprint to Apprint the completed	wing minimum requate district office poved notice of integration of surface pipolidated materials ple, an agreement strict office will be II COMPLETION, pendix "B" - Easted within 30 days o	uirements w prior to spuc ent to drill si e as specifie plus a minir between th notified before production production production of the spud definition of the spud definition	ill be met: dding of well; all be posted on ea ed below shall be se num of 20 feet into t e operator and the co ore well is either plug bipe shall be cement surface casing order ate or the well shall	ch drilling rig; The by circulating cement to the top; in all cases surgering to be set the underlying formation. The underlying formation. The underlying formation is the underlying formation is the underlying formation. The underlying formation is the underlying formation casing is cemented in; the underlying formation casing is cemented in; the underlying formation is the underlying formation cases and underlying formation is the underlying formation in the underlying formation is the underlying formation.
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Minimum surface pipe required feet per Alt. 1) Approved by: Let 10-23-010 This authorization expires: 4-23-07 (This authorization void if drilling not started within 6 months of approval date.) Spud date: Agent: Signature of Operator or Agent: Notity 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:	t is agreed that the follow 1. Notify the appropria 2. A copy of the appropria 3. The minimum amough all uncons 4. If the well is dry ha 5. The appropriate dia 6. If an ALTERNATE Or pursuant to Appropriate to the completed of the complet	wing minimum requate district office poved notice of interest of surface pipolidated materials ole, an agreement strict office will be II COMPLETION, pendix "B" - Easted within 30 days of statements made in the strict office will be the strict of the str	uirements w prior to spuce ent to drill si e as specifie plus a minir t between th notified before production pern Kansas s f the spud de herein are tre	ill be met: dding of well; hall be posted on ea ed below shall be se num of 20 feet into the operator and the coperator and the oper well is either plug bipe shall be cement surface casing order ate or the well shall ue and to the best of	ch drilling rig; the prior circulating cement to the top; in all cases support to plugging; the underlying formation. district office on plug length and placement is necessary prior to plugging; the production casing is cemented in; the form below any usable water to surface within 120 days of spud date. #133,891-C, which applies to the KCC District 3 area, alternate II cementing to the plugged. In all cases, NOTIFY district office prior to any cementing. If my knowledge and belief. Title: Managing Partner
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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 - 033-214	83-0000	Location of Well: County:	Comanche
Operator:	ADEC Canasia 14d		eet from N / S Line of Section
Lease:	Webster		eet from E / W Line of Section
Well Number:	3-2	Sec. 3 Twp. 33	
Field:	Colter West	·	
Number of Acres attributable QTR / QTR / QTR of acreage:		· · · · · · · · · · · · · · · · · · ·	☐ Irregular well from nearest corner boundary. 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.)

	T 335	Comand	e Co.
:	1	7/0'	660' from wearest lease line.
		2030'	lease line.
			EXAMPLE : :
	: : :		1980
			3390
			SEWARD CO. RECEIVED

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

OCT 18 2006

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

CONSERVATION DIVISION

- 1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding ANGLIES, KS 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.
- If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (C0-7 for oil wells; CG-8 for gas wells).

ARES ENERGY, LTD 15033-21483-000 WEBSTER LEASE NE.1/4, SECTION 3, T33S, R19W COMANCHE COUNTY. KANSAS NO ROAD Drillsite Location Webster #3-2 W. EDGE OF DRAW 30'NE. OF LOC. 660'FNL 1980'FEL Ground Elevation = 1936 DRAW $Y = 197441 \quad X = 1746531$ (Mapping Grade GPS Used) PASTURE (Kansas South - NAD 27) on as shown on this oy not be legally ct landowner. tment for access. * Set iron rod at alternate 50'south & FLAGGED TRAIL 50'west of location 710'FNL 2030'FEL Ground Elevation = 1936 $Y = 197391 \quad X = 1746481$ (Mapping Grade GPS Used) (Kansas South - NAD 27) FL AGGED GATE Notes: 1. Set iron rod at location site. 2. All flagging Red & Yelldw. 3. Overhead power available at S., E. & W. lines, Sec. 3. 4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233). 5. CAUTION: Various pipelines in Sec.3. 6. Contact landowner for best access. 7. Location fell 30'SW. of the west edge of a draw. set alternate 50'south and 50'west. 160-183 HIGHWAY RECEIVED KANSAS CORPORATION COMMISSION COLDWA CONSERVATION DIVISION WICHITA, KS 1 8 2006 D

* Elevations derived from National Geodetic Vertical Datum.

October 10, 2006

Controlling data is based upon the best maps and photographs available to us and upon a regular section of land containing 640 acres.

section of time currently and occurrently and occurrently and control of core of diffield surveyors practicing in the state of Konsos. The section corners, which establish the precise section lines, were not necessorily located, and the exact location of the drillsite location in the section is not quaranteed. Therefore, the operator securing this service and accepting this plot and all other parties relying thereon agree to hold Central Konsos Diffield Services. Inc. its afficers and employees harmless from all losses, costs and expenses and said entities released from any liability from incidental or consequential damages.

Kansas Corporation Commission Oil & Gas Conservation Division

Form CDP-1 April 2004 Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: ARES En	erav. Ltd.		License Number: 33770		
	 	e 900. M	idland, TX 79701		
Contact Person: Henry N.			Phone Number: (432) 685 - 1960		
Lease Name & Well No.: Webster 3-2		Pit Location (QQQQ):			
Type of Pit:	Pit is:		<u>NW</u> _ NE	į	
Emergency Pit Burn Pit	✓ Proposed	Existing	Sec. 3 Twp. 33 R. 19 ☐ East	t	
Settling Pit	If Existing, date or	onstructed:	710 Feet from North / South Line of Se	ection	
Workover Pit Haul-Off Pit	Pit capacity:		2,030 Feet from 🗸 East / West Line of So		
(If WP Supply API No. of Year Drilled)	1	(bbls)	Comanche	ounty	
Is the pit located in a Sensitive Ground Water		₩o	Chloride concentration:		
		<u> </u>	(For Emergency Pits and Settling Pits only)		
is the bottom below ground level? ✓ Yes No	Artificial Liner? ☐ Yes ✓ I	No	How is the pit lined if a plastic liner is not used? Native mud and clay		
			<u> </u>		
the amount (and out the state).	Ength (fe		Width (feet)N/A: Steel Pits		
Distance to nearest water well within one-m	ile of pit		owest fresh water		
1.0		Source of infor	mation: الربية الأنظام الله الله الله الله الله الله الله ال	rR .	
Emergency, Settling and Burn Pits ONL		Drilling, Work	over and Haul-Off Pits ONLY:	न् भू	
Producing Formation: Type of materia		Type of materia	al utilized in drilling/workover: Fresh Water Mud		
Number of producing wells on lease:		Number of wor	king pits to be utilized:		
Barrels of fluid produced daily:		Abandonment	procedure: Allow to dry, then backfill.	— %	
Does the slope from the tank battery allow all spilled fluids to flow into the pit? Yes No Drill pit		Drill pits must	bandonment procedure: Allow to dry, then backfill. brill pits must be closed within 365 days of spud date.		
I hereby certify that the above sta	itements are true and o	correct to the bes	t of my knowledge and belief. KANSAS CORPORATION		
10/12/2006 Date		Henry	N- Clastry Gignature of Applicant or Agent CONSERVATION DIV	1	
	KCC	OFFICE USE O	NIV USC Attom	 -	
.1.1			Stake - DEAS 4		
Date Received: 10/18/04 Permit Nu	mber:	Perm	it Date: 10/20/04 Lease Inspection: X Yes 1	No	



CORPORATION COMMISSION

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

October 20, 2006

Mr. Henry N. Clanton ARES Energy, Ltd. 303 W. Wall St., Ste 900 Midland, TX 79701

RE: Drilling Pit Application Webster Lease Well No. 3-2 NE/4 Sec. 03-33S-19W Comanche County, Kansas

Dear Mr. Greenbaum:

District staff has inspected the above referenced location and has determined that the **alternate location must be used**. The reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and lined with bentonite. 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. <u>NO</u> 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

Environmental Protection and Remediation Department

cc: S Durrant