

For KCC Use:
 Effective Date: 10-31-06
 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 November 8, 2006
 month day year

Spot 60'S & 170'W of _____ East
 SW NW SE Sec. 2 Twp. 27 S. R. 13 West
1590 feet from N / S Line of Section
2480 feet from E / W Line of Section
 Is SECTION Regular Irregular?

OPERATOR: License# 33810 ✓
 Name: WALCHER OIL LC
 Address: 150 North Main - Suite 809
 City/State/Zip: Wichita, Kansas 67202
 Contact Person: Wayne Walcher
 Phone: 316/267-1611

(Note: Locate well on the Section Plat on reverse side)
 County: Pratt
 Lease Name: S & S UNIT Well #: 3
 Field Name: _____

CONTRACTOR: License# 5929 ✓
 Name: DUKE DRILLING CO., INC.

Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Mississippi
 Nearest Lease or unit boundary: 2480'
 Ground Surface Elevation: EST 1920' TOPO 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: 120'
 Depth to bottom of usable water: 260'
 Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 420'
 Length of Conductor Pipe required: N/A
 Projected Total Depth: 4350'
 Formation at Total Depth: Mississippi
 Water Source for Drilling Operations:
 Well Farm Pond Other X
 DWR Permit #: _____

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

Declaration of Unbitization Attached

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-1109. 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 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: October 25, 2006 Signature of Operator or Agent: Sally R. Byers Title: Agent

**RECEIVED
 KANSAS CORPORATION COMMISSION
 OCT 25 2006
 CONSERVATION DIVISION
 WICHITA, KS**

For KCC Use ONLY
 API # 15 - 151-22246-0000
 Conductor pipe required None feet
 Minimum surface pipe required 280 feet per Alt. 1
 Approved by: Put 10-26-06
 This authorization expires: 4-26-07
 (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: _____

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

2
 27
 13W

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 - 151-22246-0000
 Operator: WALCHER OIL LC
 Lease: S & S UNIT
 Well Number: 3
 Field: _____
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: SW - NW - SE

Location of Well: County: Pratt
 1590 feet from N / S Line of Section
 2480 feet from E / W Line of Section
 Sec. 2 Twp. 27 S. R. 13 East West

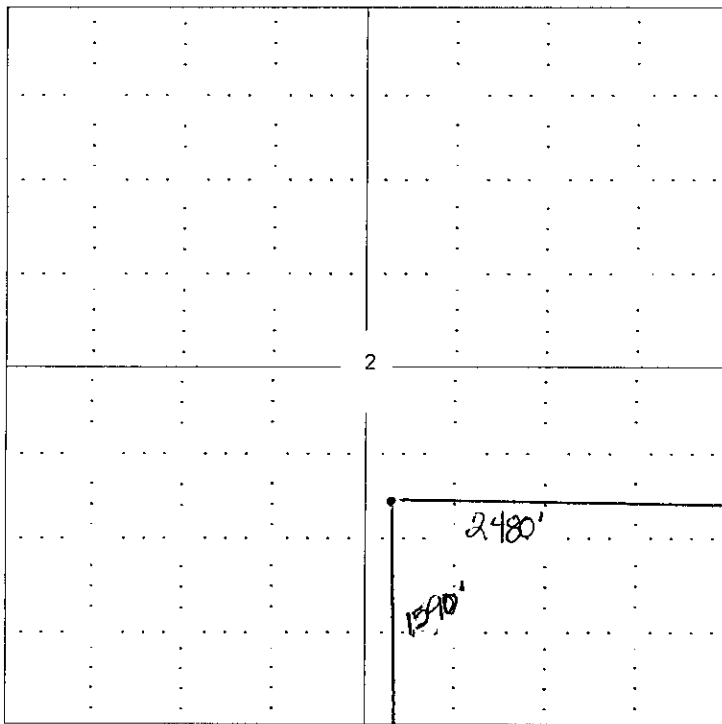
Is Section: Regular or Irregular

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

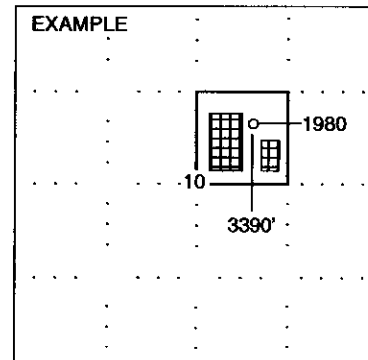
Section corner used: NE NW SE SW

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.)*



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WICHITA, KS



SEWARD CO.

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

PRATT COUNTY

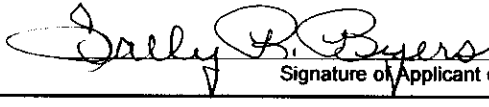
In plotting the proposed location of the well, you must show:

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: WALCHER OIL LC		License Number: 33810
Operator Address: 150 North Main - Suite 809, Wichita, Kansas 67202		
Contact Person: Wayne Walcher		Phone Number: (316) 267 - 1611
Lease Name & Well No.: S&S UNIT #3		Pit Location (QQQQ): SW - NW - SE - Sec. 2 Twp. 27S R. 13 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1590 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 2480 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section PRATT 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 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: _____ (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input checked="" 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?
Pit dimensions (all but working pits): <u>100</u> Length (feet) <u>100</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 <u>1996</u> feet Depth of water well <u>80</u> feet		Depth to shallowest fresh water <u>30</u> feet. Source of information: <u>KHK&S</u> <u>(b)</u> _____ 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: <u>Fresh</u> Number of working pits to be utilized: <u>3</u> Abandonment procedure: <u>Evaporate then backfill</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.		RECEIVED KANSAS CORPORATION COMMISSION OCT 25 2006 CONSERVATION DIVISION WICHITA, KS
<u>October 25, 2006</u> Date	 Signature of Applicant or Agent	R FAS & C
KCC OFFICE USE ONLY		
Date Received: <u>10/25/06</u> Permit Number: _____	Permit Date: <u>10/26/06</u> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

15-151-22246-0000

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 26, 2006

Mr. Wayne Walcher
Walcher Oil, LC
150 North Main Ste 809
Wichita, KS 67202

RE: Drilling Pit Application
S & S Unit Lease Well No. 3
SE/4 Sec. 02-27S-13W
Pratt County, Kansas

Dear Mr. Walcher:

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 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. 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 (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
Department of Environmental Protection and Remediation

cc: File