

For KCC Use:
Effective Date: 11-8-06
District # 1
SGA? ☐ Yes ☒ No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

RECEIVED
KANSAS CORPORATION COMMISSION

NOV 03 2006

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

CONSERVATION DIVISION
WICHITA, KS

Expected Spud Date 11-20-06
month day year

OPERATOR: License# 31217
Name: Chaco Energy Co.
Address: P.O. Box 1587
City/State/Zip: Denver CO 80201-1587
Contact Person: Alan Nelson
Phone: 405-942-3751

CONTRACTOR: License# see ACO-1 when filed **Must be**
Name: licensed by KCC.

Well Drilled For: ☒ Oil ☒ Gas ☐ OWO ☐ Seismic; # of Holes ☐ Other
Well Class: ☐ Enh Rec ☐ Storage ☐ Disposal ☐ Other
Type Equipment: ☒ Mud Rotary ☐ Air Rotary ☐ Cable

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 #: _____

Spot ☐ East
SW NW NW Sec. 29 Twp. 22 S. R. 30 ☒ West
740 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: Finney
Lease Name: Estes Well #: 1
Field Name: Wildcat

Is this a Prorated / Spaced Field? ☐ Yes ☒ No

Target Formation(s): Mississippi

Nearest Lease or unit boundary: 330 ft

Ground Surface Elevation: 2859 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: 180 ft

Depth to bottom of usable water: 1250 ft

Surface Pipe by Alternate: ☐ 1 ☒ 2

Length of Surface Pipe Planned to be set: 350 ft (approx.)

Length of Conductor Pipe required: None

Projected Total Depth: 5000 ft

Formation at Total Depth: Mississippi

Water Source for Drilling Operations: ☐ Well ☐ Farm Pond ☒ Other Indeterminate, will apply with DWR as needed

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: 11-1-06 Signature of Operator or Agent: [Signature] Title: President

For KCC Use ONLY

API # 15 - 055-21926-0000

Conductor pipe required None feet

Minimum surface pipe required 200 feet per Alt. Y(2)

Approved by: Ruth 11-3-06

This authorization expires: 5-3-07

(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: _____

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

29 22 30W

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

NOV 03 2006

Plat of acreage attributable to a well in a prorated or spaced field

CONSERVATION DIVISION
WICHITA, KS

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 - 055-21926-000
 Operator: Chaco Energy Co.
 Lease: Estes
 Well Number: 1
 Field: Wildcat

Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: SW - NW - NW

Location of Well: County: Finney
740 feet from ☒ N / ☐ S Line of Section
330 feet from ☐ E / ☒ W Line of Section
 Sec. 29 Twp. 22 S. R. 30 ☐ East ☒ West

Is Section: ☒ Regular or ☐ Irregular

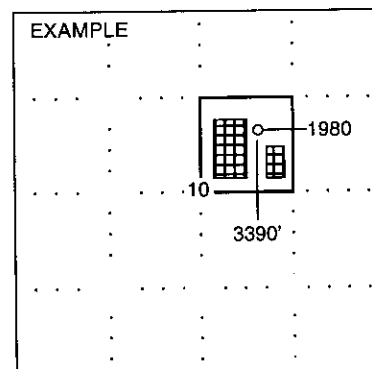
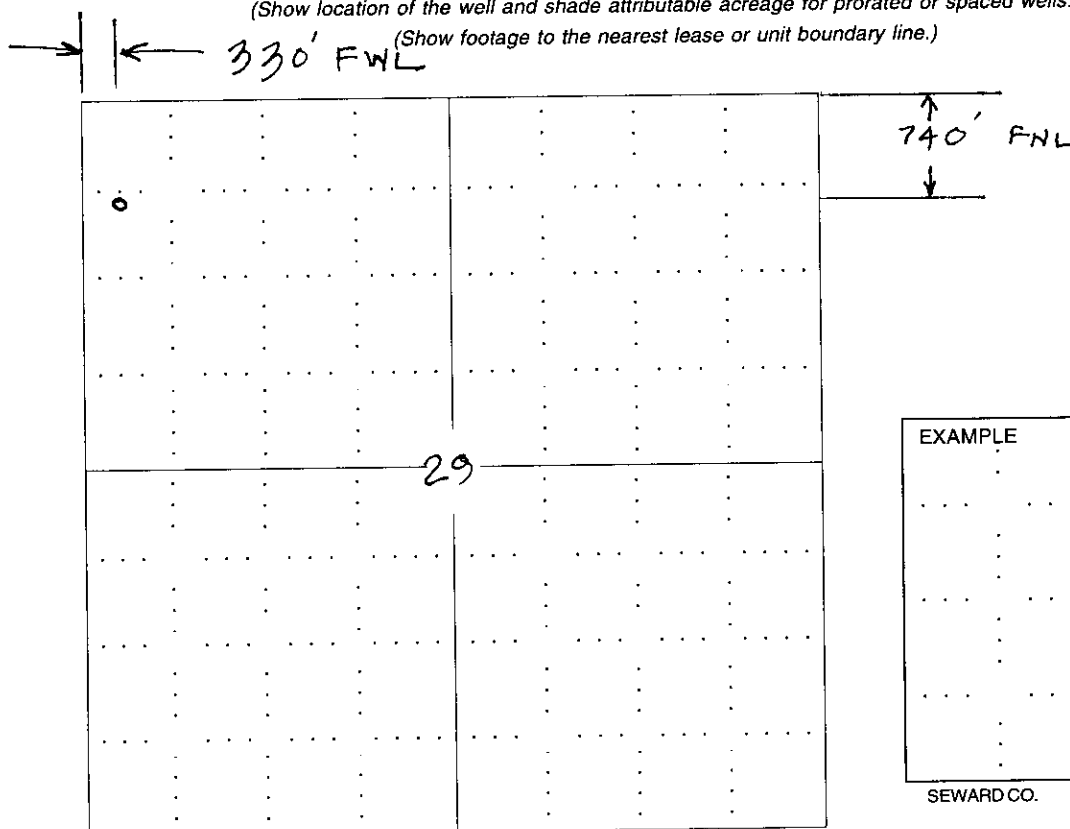
If Section is Irregular, locate well from nearest corner boundary.

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 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).

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

APPLICATION FOR SURFACE PIT

RECEIVED
KANSAS CORPORATION COMMISSION

NOV 13 2006

Form CDP-1

April 2004

Form must be Typed

CONSERVATION DIVISION
WICHITA, KS

Submit in Duplicate

Operator Name: Chaco Energy Co.		License Number: 31217
Operator Address: P.O. Box 1587, Denver, CO 80201-1587		
Contact Person: Alan Nelson		Phone Number: (405) 942 - 3751
Lease Name & Well No.: Estes #1		Pit Location (QQQQ): N/2 . SW . NW . NW Sec. 29 Twp. 22 R. 30 ☐ East ☒ West 740 Feet from ☒ North / ☐ South Line of Section 330 Feet from ☐ East / ☒ West Line of Section Finney County
Type of Pit: ☐ Emergency Pit ☐ Burn Pit ☐ Settling Pit ☒ Drilling Pit ☐ Workover Pit ☐ Haul-Off Pit (If WP Supply API No. or Year Drilled)	Pit is: ☒ Proposed ☐ Existing If Existing, date constructed: _____ Pit capacity: 9000 (e.) (bbls)	
Is the pit located in a Sensitive Ground Water Area? ☐ Yes ☒ No		Chloride concentration: _____ mg/l (For Emergency Pits and Settling Pits only)
Is the bottom below ground level? ☒ Yes ☐ No	Artificial Liner? ☐ Yes ☒ No	How is the pit lined if a plastic liner is not used? Mud/solids
Pit dimensions (all but working pits): 100 Length (feet) 100 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 2798 feet Depth of water well 102 feet		Depth to shallowest fresh water 70 feet. Source of information: _____ 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? ☐ Yes ☐ No		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: Chemical mud Number of working pits to be utilized: 2 Abandonment procedure: Evaporate/close 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. 11-1-06 Date  Signature of Applicant or Agent		

KCC OFFICE USE ONLY

Date Received: **11/3/06** Permit Number: _____ Permit Date: **11/3/06** Lease Inspection: ☐ Yes ☒ No

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

15-095-21926-000