

NOTICE OF INTENT TO DRILL

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

For KCC Use:

Effective Date: 11-11-06

District # 7

SGA? Yes No

Expected Spud Date 11 month 15 day 2006 year

OPERATOR: License # 33573

Name: Arena Resources, Inc.

Address: 4920 S. Lewis Ave, Suite 107

City/State/Zip: Tulsa, OK 74105

Contact Person: Mike Barnhart

Phone: (918) 747-6060

CONTRACTOR: License #: 33375

Name: Cheyenne Drilling LP

Well Drilled For: Well Class: Type Equipment:

- | | | | |
|--|-----------------------------------|---|--|
| <input type="checkbox"/> Oil | <input type="checkbox"/> Enh Rec | <input type="checkbox"/> Infield | <input checked="" type="checkbox"/> Mud Rotary |
| <input checked="" type="checkbox"/> Gas | <input type="checkbox"/> Storage | <input checked="" type="checkbox"/> Pool Ext. | <input type="checkbox"/> Air Rotary |
| <input type="checkbox"/> OWWO | <input type="checkbox"/> Disposal | <input type="checkbox"/> Wildcat | <input type="checkbox"/> Cable |
| <input type="checkbox"/> Seismic; # of Holes | <input type="checkbox"/> 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 # _____

PRORATED & SPACED HUGOTON

Sect C SE Sec 1 Twp 27S S. R. 31 East West

1320 feet from N/S Line of Section

1320 feet from E/W Line of Section

Is SECTION Regular Irregular?

(Note: Locate well on Section Plat on Reverse Side)

County: Haskell

Lease Name: Nally Well #: 1-1

Field Name: HUGOTON

Is this a Prorated/Spaced Field? Yes No

Target Formation(s): Chase

Nearest Lease or unit boundary: 1320 McC-8

Ground Surface Elevation: 2810 feet MSL

Water well within one-quarter mile: yes no

Public water supply within one mile: yes no

Depth to bottom of fresh water: 520 420

Depth to bottom of usable water: 1000 880

Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be set: 550

Length of Conductor pipe required: None

Projected Total Depth: 2850'

Formation at Total Depth: Chase

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- 101 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: 10/23/2006 Signature of Operator or Agent: [Signature] Title: Engineering Technician

For KCC Use ONLY 281-21689-000
 API # 15- None
 Conductor pipe required None feet
 Minimum surface pipe required 440 feet per Alt. 2
 Approved by: [Signature]
 This authorization expires: 5-6-07
 (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 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

1-27-31W

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 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- 081-21689-0000
 Operator Arena Resources, Inc.
 Lease Nally
 Well Number 1-1
 Field _____

Location of Well: County: Haskell
 _____ 1320 feet from N / S Line of Section
 _____ 1320 feet from E / W Line of Section
 Sec 1 Twp 27S S. R. 31 East West

Number of Acres attributable to well: _____

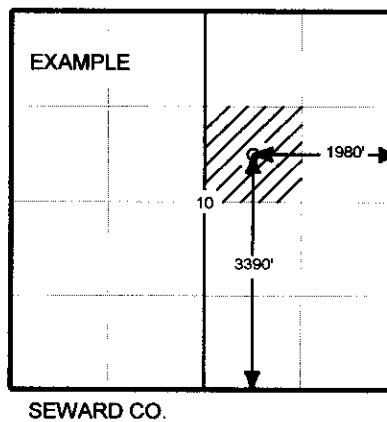
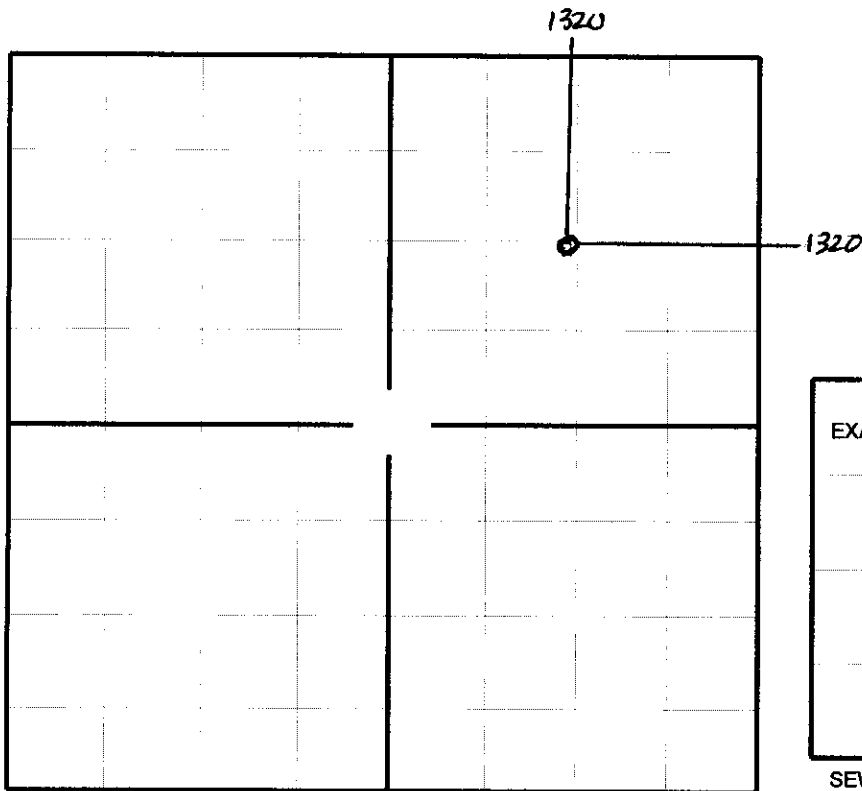
Is Section Regular or Irregular

QTR/QTR/QTR of acreage: _____

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 nearest lease or unit boundary line)*



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; and 3.
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).

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: Arena Resources, Inc.		License Number: 33573	
Operator Address: 4920 S. Lewis Ave. Suite 107, Tulsa, OK 74105			
Contact Person: Mike Barnhart		Phone Number: (918) 747-6060	
Lease Name & Well No.: Nally #1-1		Pit Location (QQQQ): SE/4 - 1 - 27S - 31 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1320 Feet from <input type="checkbox"/> North/ <input checked="" type="checkbox"/> South Line of Section 1320 Feet from <input checked="" type="checkbox"/> East/ <input checked="" type="checkbox"/> West Line of Section Haskell 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 (If WP Supply API No. or Year Drilled)		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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ mg/l <i>(For Emergency Pits and Settling Pits, only)</i>	
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 pit lined if a plastic liner is not used?	
Pit dimensions (all but working pits): 150 Length (feet) 150 Width (feet) _____ N/A Steel Pits Depth from ground level to deepest point 8 (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 1196 feet Depth of water well 501 feet		Depth to shallowest fresh water 141 feet. Source of information: KH KCO ⁽²⁾ _____ 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 pond? <input type="checkbox"/> Yes <input type="checkbox"/> No		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover Mud Number of working pits to be utilized 1 Abandonment procedure: Dewater, 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.			
_____ 10/23/2006 _____ Date		_____ <i>Burd Zetzpatrick</i> _____ Signature of Applicant or Agent	
KCC OFFICE USE ONLY			
Date Received: 10/30/06 Permit Number: _____ Permit Date: 10/30/06 Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

15-081-21089-0220

RECEIVED

OCT 30 2006

KCC WICHITA

PLAT AND CERTIFICATION OF ACREAGE ATTRIBUTABLE TO A GAS WELL

Kansas Corporation Commission, Conservation Division
Finney State Office Building, 130 South Market, Room 2078
Wichita, Kansas 67202

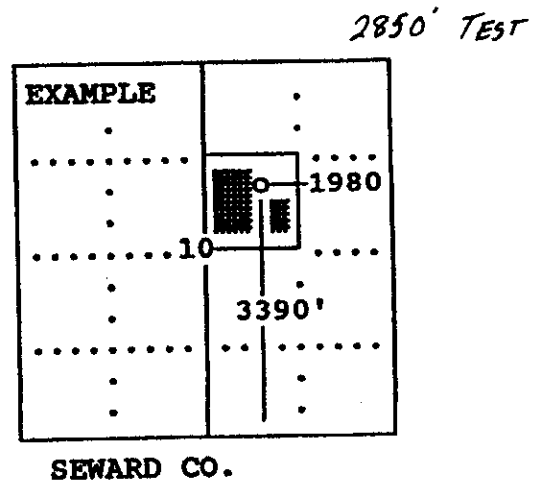
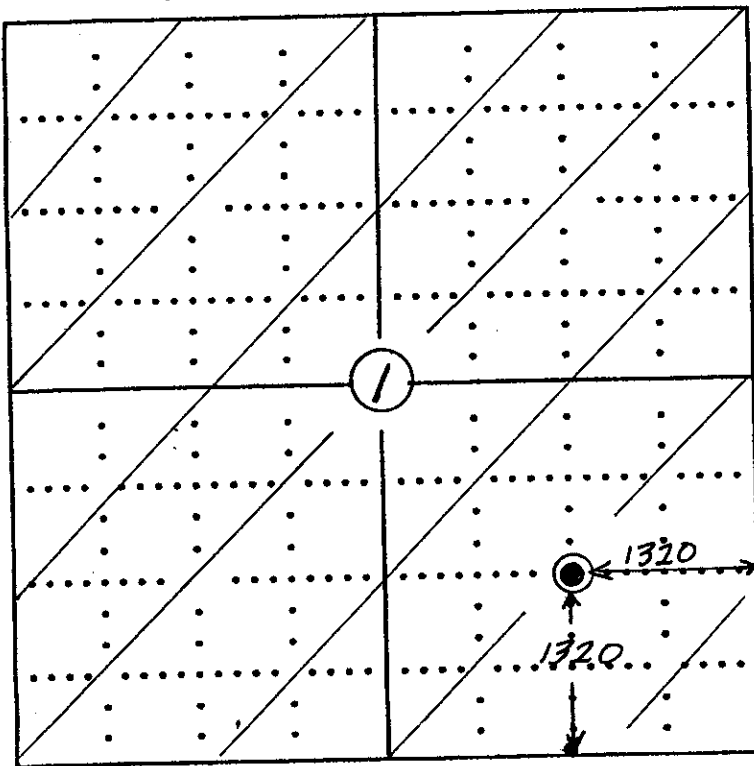
API NUMBER 15- 081-21689-0000
OPERATOR ARENA RESOURCES, INC
LEASE NALLY
WELL NUMBER 1-1
FIELD HUGOTON
NUMBER OF ACRES ATTRIBUTABLE TO WELL 640
QTR/QTR/QTR OF ACREAGE

LOCATION OF WELL: COUNTY HASKELL

1320 feet from south/north line of section
1320 feet from east/west line of section

SECTION 1 TWP 27 (S) RG 31 E/W
IS SECTION X REGULAR or IRREGULAR
IF SECTION IS IRREGULAR, LOCATE WELL FROM
NEAREST CORNER BOUNDARY. (check line below)
Section corner used: NE NW SE SW

(Show the location of the well and shade attributable acreage for prorated or spaced wells).
(Show the footage to the nearest lease or unit boundary line; and show footage to the nearest common source supply well).



The undersigned hereby certifies as PRODUCTION MANAGER (title) for

ARENA RESOURCES, INC. (Co.), a duly authorized agent, that all information shown hereon is true and correct to the best of my knowledge and belief, that all acreage claimed attributable to the well named herein is held by production from that well and hereby make application for an allowable to be assigned to the well upon the filing of this form and the State test, whichever is later.

Signature Mike Barnhart

Subscribed and sworn to before me on this 31 day of Oct, 19 2006

Notary Public BJ Miller 00017323

My Commission expires 11-11-08

RECEIVED

FORM CG-8 (12/94)

NOV 03 2006

KCC WICHITA