

For KCC Use: 11-1806  
Effective Date: \_\_\_\_\_  
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 14 2006  
month day year

Spot  East  
100' W - SW Sec. 19 Twp. 33S S. R. 10W  West  
495' feet from  N /  S Line of Section  
1715' feet from  E /  W Line of Section  
Is SECTION  Regular  Irregular?

OPERATOR: License# 5822  
Name: VAL Energy Inc.  
Address: 200 W. Douglas #520  
City/State/Zip: Wichita, Ks. 67202  
Contact Person: K. Todd Allam  
Phone: 316-263-6688

(Note: Locate well on the Section Plat on reverse side)  
County: Barber  
Lease Name: Spicer Well #: V 1-19  
Field Name: Traffas South Ext.

CONTRACTOR: License# 5822  
Name: VAL Energy Inc.

Is this a Prorated / Spaced Field?  Yes  No  
Target Formation(s): Simpson  
Nearest Lease or unit boundary: 495'

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

? Ground Surface Elevation: \_\_\_\_\_ feet MSL  
Water well within one-quarter mile:  Yes  No  
Public water supply well within one mile:  Yes  No

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

Depth to bottom of fresh water: 150  
Depth to bottom of usable water: 180  
Surface Pipe by Alternate:  1  2

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

Length of Surface Pipe Planned to be set: 275  
Length of Conductor Pipe required: none  
Projected Total Depth: 4900  
Formation at Total Depth: Simpson

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. 2005-1001. It is agreed that the following minimum requirements will be met:

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NOV 13 2006  
CONSERVATION DIVISION  
WICHITA, KS

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 casing shall be cemented 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: 11-13-2006 Signature of Operator or Agent: \_\_\_\_\_ Title: agent

For KCC Use ONLY  
API # 15 - 007-23093-0000  
Conductor pipe required None feet  
Minimum surface pipe required 200 feet per Alt. 1  
Approved by: 11-13-06  
This authorization expires: 5-13-07  
(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

19  
33  
10W

**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 - 007-23093-0000  
Operator: VAL Energy Inc.  
Lease: Spicer  
Well Number: V 1-19  
Field: Traffas South Ext.

Number of Acres attributable to well: \_\_\_\_\_  
QTR / QTR / QTR of acreage: 100' W - NESWSE - SW

Location of Well: County: Barber  
495' \_\_\_\_\_ feet from  N /  S Line of Section  
1715' \_\_\_\_\_ feet from  E /  W Line of Section  
Sec. 19 Twp. 33S S. R. 10W  East  West

Is Section:  Regular or  Irregular

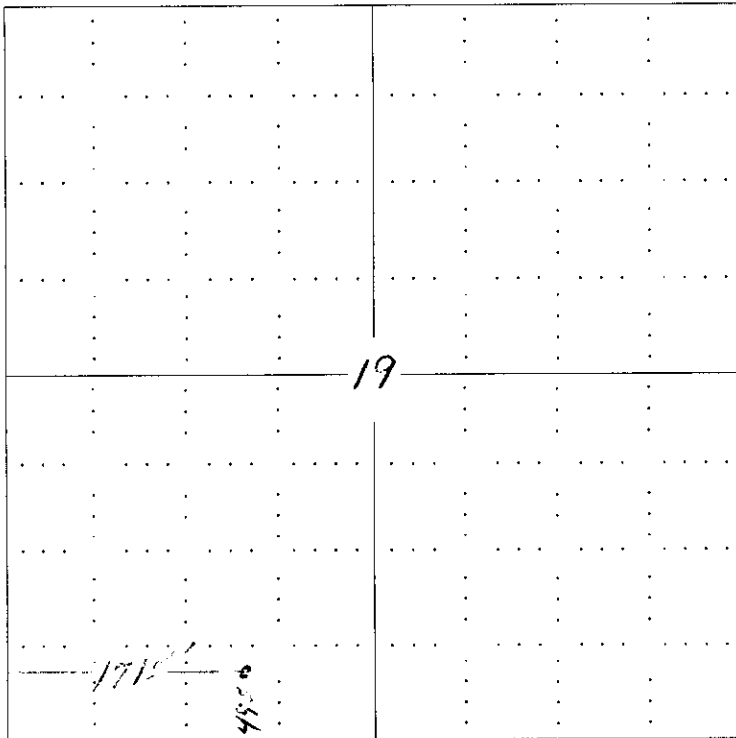
**If Section is Irregular, locate well from nearest corner boundary.**

Section corner used:  NE  NW  SE  SW

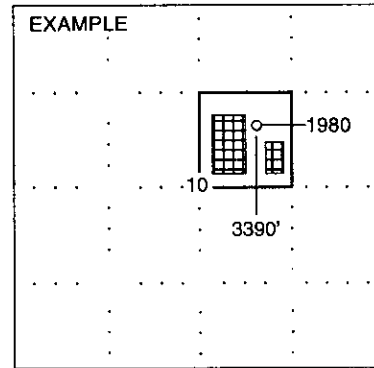
**PLAT**

*(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.**

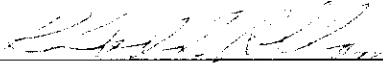
**In plotting the proposed location of the well, you must show:**

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: (C0-7 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: <b>VAL Energy Inc.</b>   |  | License Number: <b>5822</b>   |
| Operator Address: <b>200 W. Douglas #520 Wichita, Ks. 67202</b>   |  |   |
| Contact Person: <b>K. Todd Allam</b>  |  | Phone Number: ( <b>316</b> ) <b>263 - 6688</b>  |
| Lease Name & Well No.: <b>Spicer v 1-19</b>   |  | Pit Location (QQQQ):<br><b>100' W NE SW SE SW</b><br>Sec. <b>19</b> Twp. <b>33S</b> R. <b>10W</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West<br><b>495'</b> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section<br><b>1715'</b> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section<br><b>Barber</b> County |
| Type of Pit:<br><input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit<br><input type="checkbox"/> Settling Pit <input type="checkbox"/> Drilling Pit<br><input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit<br><small>(If WP Supply API No. or Year Drilled)</small>     | Pit is:<br><input type="checkbox"/> Proposed <input type="checkbox"/> Existing<br>If Existing, date constructed: _____<br>Pit capacity: _____ (bbls)   |   |
| Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No   |  | Chloride concentration: _____ mg/l<br><small>(For Emergency Pits and Settling Pits only)</small>  |
| Is the bottom below ground level?<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  | Artificial Liner?<br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No   | How is the pit lined if a plastic liner is not used?<br><b>clay bottm</b>   |
| Pit dimensions (all but working pits): <b>125</b> Length (feet) <b>125</b> Width (feet) <b>165'S</b> N/A: Steel Pits<br>Depth from ground level to deepest point: <b>5</b> (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.   |
|   |  | <b>RECEIVED</b><br><b>KANSAS CORPORATION COMMISSION</b><br><b>NOV 13 2006</b><br><b>CONSERVATION DIVISION</b><br><b>WICHITA, KS</b>   |
| Distance to nearest water well within one-mile of pit<br><b>N/A</b> feet    Depth of water well _____ feet  | Depth to shallowest fresh water _____ feet.<br>Source of information:<br>_____ measured    _____ well owner    _____ electric log    _____ KDWR  |   |
| <b>Emergency, Settling and Burn Pits ONLY:</b><br>Producing Formation: _____<br>Number of producing wells on lease: _____<br>Barrels of fluid produced daily: _____<br>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><br>Type of material utilized in drilling/workover: <b>Fresh Mud</b><br>Number of working pits to be utilized: <b>1-steel</b><br>Abandonment procedure: <b>let dry and cover</b><br>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.   |  |   |
| 11-13-2006<br>Date  | <br>Signature of Applicant or Agent  |   |

15-2007-23093-0030

|                                |                      |  |
|--------------------------------|----------------------|--|
| <b>KCC OFFICE USE ONLY</b>     |                      | RFASAC   |
| Date Received: <b>11/13/06</b> | Permit Number: _____ | Permit Date: <b>11/13/06</b> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |

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

November 13, 2006

Mr. Todd Allam  
Val Energy, Inc.  
200 W. Douglas Ste 520  
Wichita, KS 67202

RE: Drilling Pit Application  
Spicer Lease Well No. V 1-19  
SW/4 Sec. 19-33S-10W  
Barber County, Kansas

Dear Mr. Allam:

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](http://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