

Gas Storage Area
Blowout Preventer Required

* Within Boundaries of Cunningham Gas Storage Field *

Gas Storage Area
Blowout Preventer Required

For KCC Use: 11-21-06
Effective Date: 1
District # 1
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

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

Expected Spud Date November 30 2006
month day year

Spot N/2 - NE/4 NE/4 Sec. 35 Twp. 27 S. R. 11 East West

OPERATOR: License# 3910
Name: L. D. Hale
Address: 15000 Timber Lake Road
City/State/Zip: Wichita, KS 67230
Contact Person: W. L. Kirkman
Phone: 316-838-0093 Cell 316-833-6859

330 feet from N / S Line of Section
660 feet from E / W Line of Section
Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)

CONTRACTOR: License# 5495
Name: McPherson Drilling Co.

County: Pratt
Lease Name: Wells Well #: 2-35

Field Name: Cunningham
Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Chase
Nearest Lease or unit boundary: 660

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

Ground Surface Elevation: 1685 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: 160
Depth to bottom of usable water: 160

Surface Pipe by Alternate: 1 2
Length of Surface Pipe Planned to be set: 275

Directional, Deviated or Horizontal wellbore? Yes No

Length of Conductor Pipe required: none
Projected Total Depth: 1750

If Yes, true vertical depth: _____

Formation at Total Depth: Fort Riley
Water Source for Drilling Operations: Well Farm Pond Other Hauled

Bottom Hole Location: _____

DWR Permit #: _____
(Note: Apply for Permit with DWR)

KCC DKT #: _____

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. 55-609.
It is agreed that the following minimum requirements will be met:

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NOV 16 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 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: 11/15/06 Signature of Operator or Agent: _____ Title: Consultant

For KCC Use ONLY
API # 15 - 151-22253-0000
Conductor pipe required None feet
Minimum surface pipe required 200 feet per Alt. 1
Approved by: Per 11-16-06
This authorization expires: 5-16-07
(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: _____

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

35
27
11W

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 - 151-22253000
Operator: L. D. Hale
Lease: Wells
Well Number: 2-35
Field: Cunningham
Number of Acres attributable to well: 160
QTR / QTR / QTR of acreage: _____ - _____ - _____

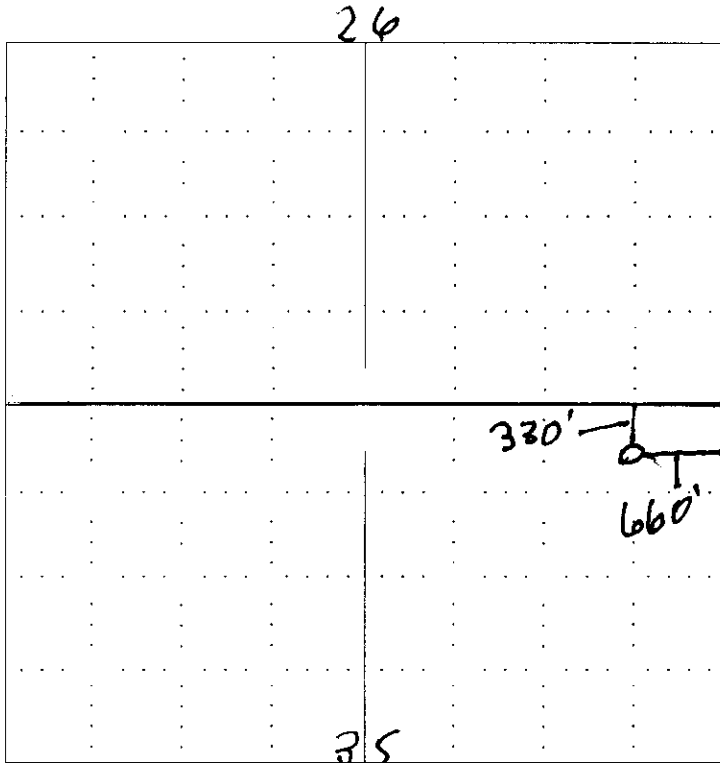
Location of Well: County: Pratt
330 feet from N / S Line of Section
660 feet from E / W Line of Section
Sec. 35 Twp. 27S S. R. 11 East West

Is Section: Regular or Irregular

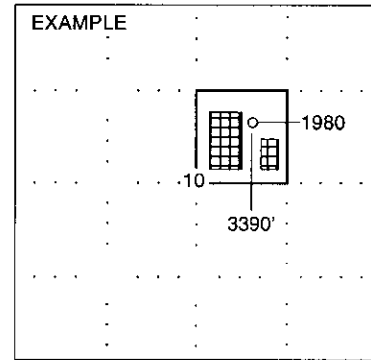
If Section Is Irregular, locate well from nearest corner boundary.
Section corner used: NE NW SE SW

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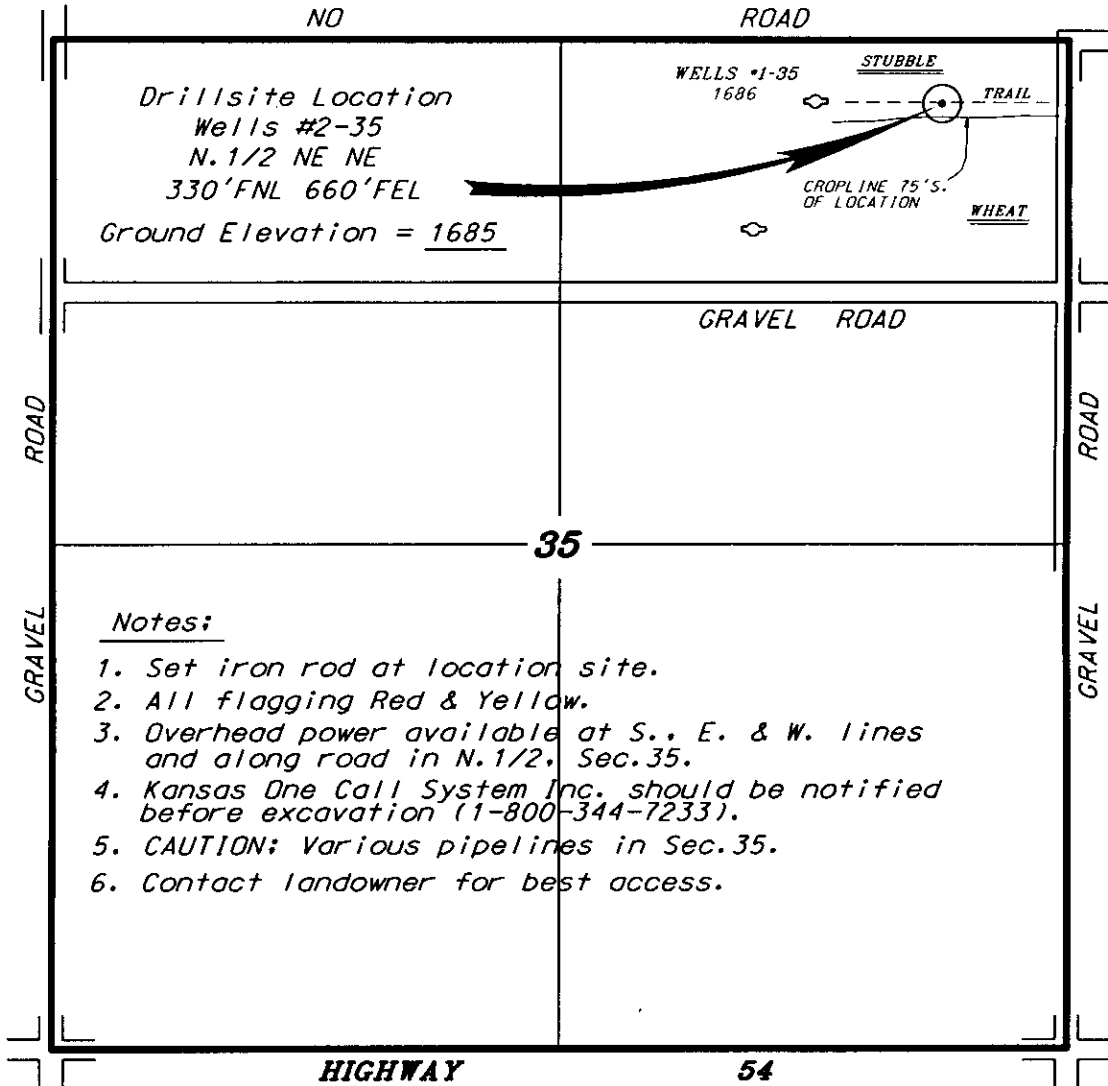
NOTE: In all cases locate the spot of the proposed drilling locaton.

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).

LDH OPERATING
WELLS LEASE
NE.1/4, SECTION 35, T27S, R11W
PRATT COUNTY, KANSAS

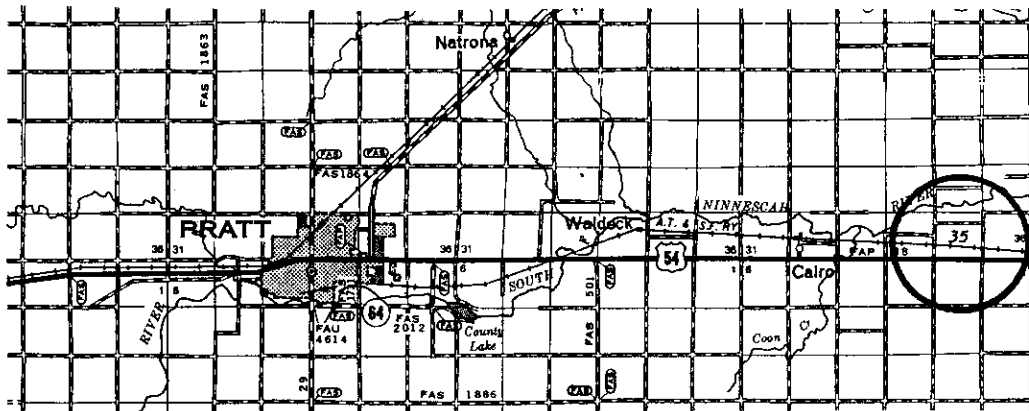
15-151-22253-000



Notes:

1. Set iron rod at location site.
2. All flagging Red & Yellow.
3. Overhead power available at S., E. & W. lines and along road in N.1/2, Sec.35.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION: Various pipelines in Sec.35.
6. Contact landowner for best access.

* Ingress and egress to location as shown on this plat is per usage only and may not be legally opened for public use. Contact landowner, tenant and county road department for access.



* Controlling data is based upon the best maps and photographs available to us and upon a regular section of land containing 640 acres.
 * Approximate section lines were determined using the normal standard of care of oilfield surveyors practicing in the state of Kansas. The section corners, which establish the precise section lines, were not necessarily located, and the exact location of the drillsite location in the section is not guaranteed. Therefore, the operator securing this service and accepting this plat and all other parties relying thereon agree to hold Central Kansas Oilfield Services, Inc., its officers and employees harmless from all losses, costs and expenses and said entities released from any liability from incidental or consequential damages.
 * Elevations derived from National Geodetic Vertical Datum.

Date November 9, 2006

CENTRAL KANSAS OILFIELD SERVICES, INC. (620)792-1977

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Form CDP-1
April 2004

APPLICATION FOR SURFACE PIT

CONSERVATION DIVISION
WICHITA, KS

Form must be Typed

Submit in Duplicate

Operator Name: <u>L. D. Hale</u>		License Number: <u>3910</u>
Operator Address: <u>15000 Timber Lake Road Wichita, KS 67230</u>		
Contact Person: <u>W. L. Kirkman</u>		Phone Number: (<u>316</u>) <u>838 - 0093</u>
Lease Name & Well No.: <u>Wells 2-35</u>		Pit Location (QQQQ): <u>N/2 - NE/4 - NE/4</u>
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: <u>120</u> (bbls)	Sec. <u>35</u> Twp. <u>27S</u> R. <u>11</u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <u>330</u> Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section <u>660</u> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section <u>Pratt</u> County
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 type="checkbox"/> No	How is the pit lined if a plastic liner is not used?
Pit dimensions (all but working pits): <u>20</u> Length (feet) <u>6</u> Width (feet) <u>X</u> N/A: Steel Pits Depth from ground level to deepest point: <u>5</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. <u>Fluid to be hauled promptly.</u>
Distance to nearest water well within one-mile of pit <u>Est 1200</u> feet Depth of water well <u>160</u> feet		Depth to shallowest fresh water <u>30</u> feet. Source of information: _____ measured <input checked="" type="checkbox"/> 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>salt mud</u> Number of working pits to be utilized: <u>1</u> Abandonment procedure: <u>Haul fluid to Haul Pit.</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.		
<u>11-15-06</u> Date		<u>[Signature]</u> Signature of Applicant or Agent
KCC OFFICE USE ONLY		
<u>Steel Pits</u>		
Date Received: <u>11/16/06</u> Permit Number: _____ Permit Date: <u>11/16/06</u> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		

15-151-00253-0020