

For KCC Use: 1-13-07
 Effective Date: _____
 District # 1
 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 January 17, 2007
 month day year

Spot 50' W. of: East
 NW SE NE Sec. 1 Twp. 31 S. R. 35 West
1650 feet from N / S Line of Section
1040 feet from E / W Line of Section
 Is SECTION Regular Irregular?

OPERATOR: License# 5363 ✓
 Name: Berexco Inc.
 Address: P.O. Box 20380
 City/State/Zip: Wichita, KS 67208
 Contact Person: Evan Mayhew
 Phone: (316) 265-3311

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JAN 04 2007

CONTRACTOR: License# 5147 ✓
 Name: Beredco Inc.

CONSERVATION DIVISION
 WICHITA, KS

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

County: Stevens
 Lease Name: Cutter Well #: 7
 Field Name: Cutter Field

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Morrow & St. Louis ✓

Nearest Lease or unit boundary: 1040' ✓

Ground Surface Elevation: 2909 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: 400

Depth to bottom of usable water: 500

Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be set: 1700' ✓

Length of Conductor Pipe required: 40 ✓

Projected Total Depth: 5700' ✓

Formation at Total Depth: Mississippi ✓

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: _____

Well Drilled For: Oil Gas OWWO Seismic; # of Holes Other
 Enh Rec Storage Disposal
 Well Class: Infield Pool Ext. Wildcat 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 #: _____

PRORATED & SPACED HUBBARD & PANOMA

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: January 4, 2007 Signature of Operator or Agent: Richard R. Smith Title: Engineering Technician

For KCC Use ONLY
 API # 15 - 189-22570-0000
 Conductor pipe required None feet
 Minimum surface pipe required 520 feet per Alt. 1
 Approved by: RW 1-2-07
 This authorization expires: 7-2-07
 (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

1
315
35W

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 - 189-22570-0000
 Operator: Berexco Inc.
 Lease: Cutter
 Well Number: 7
 Field: Cutter Field

Location of Well: County: Stevens
1650 feet from N / S Line of Section
1040 feet from E / W Line of Section
 Sec. 1 Twp. 31 S. R. 35 East West

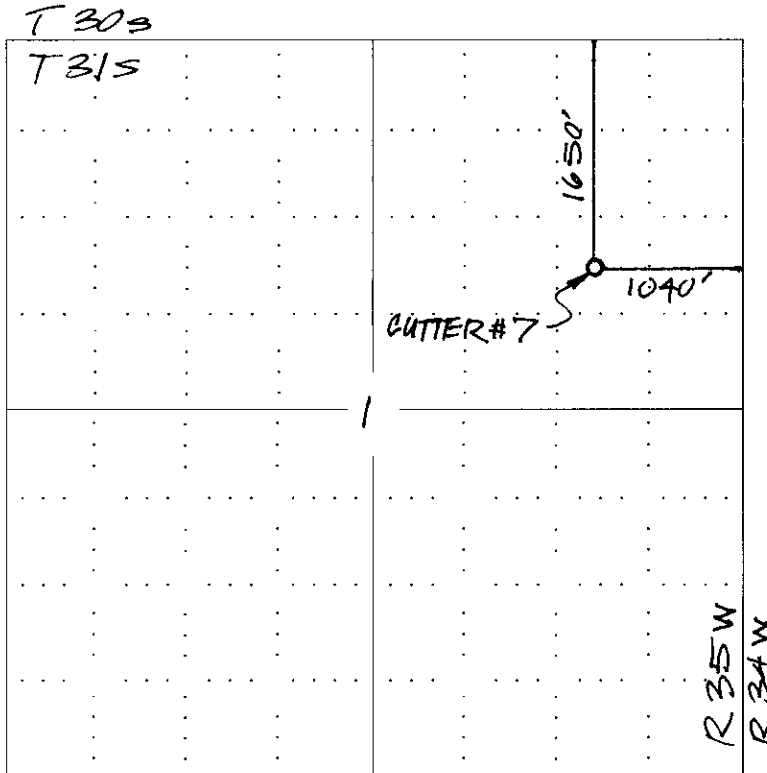
Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: 50' W. of S NW - SE - NE

Is Section: Regular or Irregular

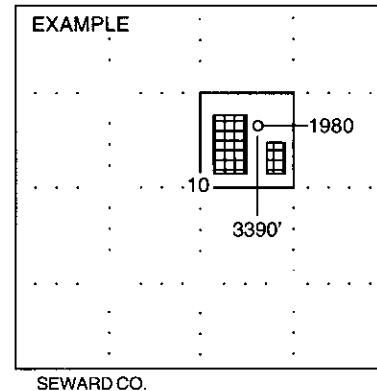
If Section is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

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



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

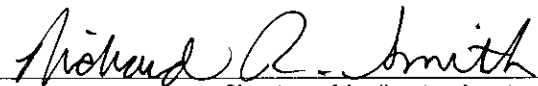
In plotting the proposed location of the well, you must show:

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**

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: Berexco Inc.		License Number: 5363
Operator Address: P.O. Box 20380, Wichita, KS, 67208		
Contact Person: Evan Mayhew		Phone Number: (316) 265 - 3311
Lease Name & Well No.: Cutter #7		Pit Location (QQQQ): 50' W of NW SE NE Sec. 1 Twp. 31 S R. 35 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1650 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 1040 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Stevens 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: 10,250 (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" 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 is self-sealing with drilling mud.
Pit dimensions (all but working pits): 120 Length (feet) 120 Width (feet) N/A: Steel Pits Depth from ground level to deepest point: 4 (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. <div align="right">RECEIVED KANSAS CORPORATION COMMISSION JAN 04 2007 CONSERVATION DIVISION WICHITA, KS</div>
Distance to nearest water well within one-mile of pit 3173 feet Depth of water well 220 feet	Depth to shallowest fresh water 101 feet. Source of information: ① _____ measured _____ well owner _____ electric log _____ KDWR	15-189-22570-0002
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: Bentonite Mud Number of working pits to be utilized: 4 Abandonment procedure: Allow liquid to evaporate until bottom of pit is dry, then fill and level to contour of ground. 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>January 4, 2007</u> Date	 Signature of Applicant or Agent	

KCC OFFICE USE ONLY			
Date Received: 1/4/07	Permit Number: _____	Permit Date: 1/4/07	Lease Inspection: <input type="checkbox"/> Yes <input checked="" 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

NOTICE TO OPERATORS DRILLING IN THE PANOMA- COUNCIL GROVE GAS POOL SPACED AREA

The enclosed intent is located within the Panoma-Council Grove gas pool space area. In May 1978, Panoma-Council Grove Proration Order (as amended), Docket No. 60,024-C (C-7058) under FINDINGS OF FACT AND LAW on page 31, the following language is stated that:

"The Commission finds that in order to prevent waste and protect correlative rights, the following stated rules pertaining to wells already completed, in the process of being drilled or for future wells to be drilled in the Panoma Council Grove Gas Pool Spaced area, and for wells producing from the Council Grove Formation outside of the Panoma Council Grove Gas Pool Spaced area within the Hugoton Gas Field, should be adopted."

1. "No dual completions between the Chase (Hugoton) and Council Grove Formations will be permitted for future wells drilled."
2. "Casing shall not be set above the top of the Council Grove Formation for a Council Grove producing well."
3. "The production casing of all new Council Grove wells should be cemented with a calculated volume of cement sufficient to encase the casing from the bottom of the casing to a point 500 feet above the Chase Formation."
4. "The casing shall be encased in cement in the interval between the base of the Council Grove and the top of the Chase Formation on all wells, irrespective of depth, completed below the Council Grove Formation, if they are located within the space area."
5. "The cement coverage heretofore required shall be confirmed by the running of a recognized survey, such as a temperature survey or cement bond log."

A copy of this survey and the cement tickets(s) showing that all cement work has been completed, must be filed with the ACO-1 Completion Report within 120 days from the wells "spud date."

Failure to comply with these provisions may cause the well to be shut-in until compliance has been achieved.

If you have any questions, please feel free to contact the Conservation Division's Production Department at (316) 337-6200.