

For KCC Use:
 Effective Date: **1-22-07**
 District #: **3**
 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 10 2007
month day year

Spot: East
 SE SE NW Sec 22 Twp. 15 S R 24 West
 2310 feet from N / S Line of Section
 2310 feet from E / W Line of Section
 Is SECTION Regular Irregular?

OPERATOR: License# 32294
 Name OSBORN ENERGY, LLC
 Address 24853 FARLEY
 City/State/Zip BUCYRUS, KS 66013
 Contact Person MEREDITH PEARCE
 Phone 913 533-9900

(Note: Locate well on the Section Plat on reverse side)
 County MIAMI
 Lease Name MORSCH Well # 1-22
 Field Name SPRING HILL

CONTRACTOR: License# 32294
 Name OSBORN ENERGY, LLC

Is this a Prorated / Spaced Field? Yes No
 Target Formation(s) MARMATON AND CHEROKEE

Well Drilled For	Well Class	Type Equipment
<input checked="" type="checkbox"/> Oil	Enh Rec <input checked="" type="checkbox"/>	Infield <input checked="" type="checkbox"/> Mud Rotary
<input checked="" type="checkbox"/> Gas	Storage	Pool Ext. <input type="checkbox"/> Air Rotary <input checked="" type="checkbox"/>
<input type="checkbox"/> OAWD	Disposal	Wildcat <input type="checkbox"/> Cable
<input type="checkbox"/> Seismic	# of Holes	Other
<input type="checkbox"/> Other		

Nearest Lease or unit boundary 650'
 Ground Surface Elevation 1000' feet MS

If OWWO: old well information as follows

Water well within one-quarter mile: Yes No
 Public water supply well within one mile: Yes No

Operator
 Well Name
 Original Completion Date
 Original Total Depth

Depth to bottom of fresh water: 200 +/-
 Depth to bottom of usable water: 300 +/-

Directional, Deviated or Horizontal wellbore? Yes No

Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 20'

If Yes, true vertical depth

Length of Conductor Pipe required: NONE
 Projected Total Depth: 900'

Bottom Hole Location

Formation at Total Depth: CHEROKEE

KCC DKT #:

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 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: **Jan 3, 2007** Signature of Operator or Agent: *Merritt A. Pen* Title: GEOLOGIST

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 KCC WICHITA

For KCC Use ONLY
 API # 15 - **121-28351-0000**
 Conductor pipe required **None** feet
 Minimum surface pipe required **20** feet per Alt **XO 2**
 Approved by **1-17-07**
 This authorization expires: **7-17-07**
 (This authorization void if drilling not started within 6 months of approval date.)
 Spud date _____ Agent _____

Remember to:

- File Drill Pit Application (form GDP-1) with intent to Drill
- File Completion Form ACO-1 within 120 days of spud date.
- File acreage attribution plat according to field prorator 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 _____

22
 15
 2/16

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 - 121-28351-000
Operator: OSBORN ENERGY, LLC
Lease: MORSCH
Well Number: 1-22
Field: SPRING HILL

Location of Well: County: MIAMI
2310 feet from N S Line of Section
2310 feet from E W Line of Section
Sec. 22 Twp. 15 S. R. 24 East West

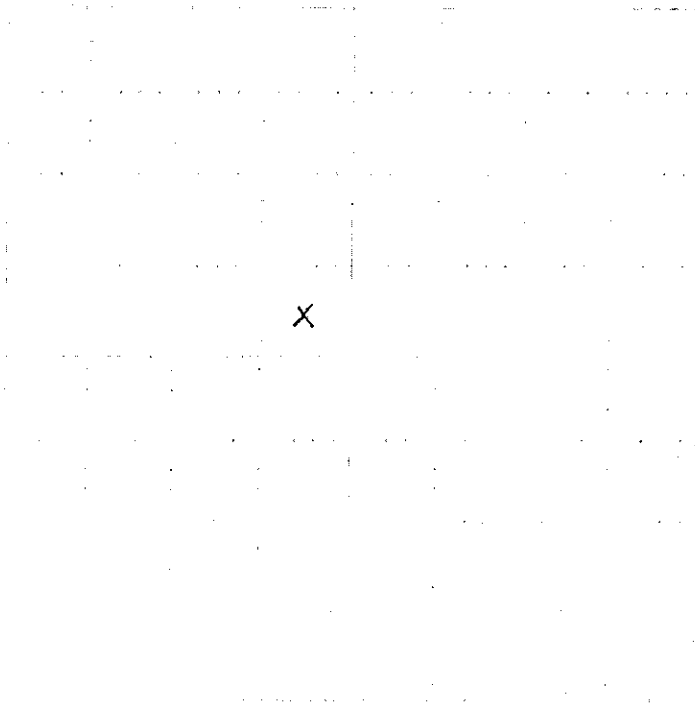
Number of Acres attributable to well: _____
QTR / QTR / QTR of acreage SE SE NW

Is Section: Regular or Irregular

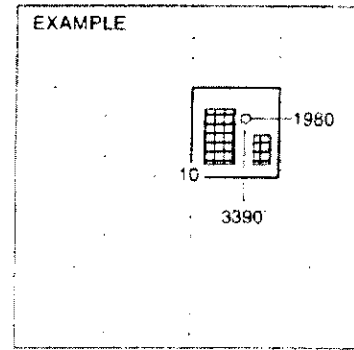
If Section is irregular, locate well from nearest corner boundary.
Section corner used: NE NW SE SW

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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SEWARD CO

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

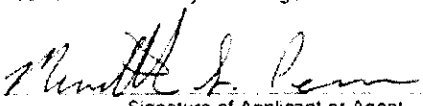
In plotting the proposed location of the well, you must show:

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**

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: OSBORN ENERGY, LLC		License Number 32294
Operator Address 24850 FARLEY, BUCYRUS, KS 66013		
Contact Person MEREDITH PEARCE		Phone Number: (913) 533 - 9900
Lease Name & Well No MORSCH 1-22		Pit Location (OQQQ) SE SE NW
Type of Pit: Emergency Pit Burn Pit Settling Pit <input checked="" type="checkbox"/> Drilling Pit Workover Pit Haul-Off Pit <small>(If WP Supply API No. or Year Drilled)</small>	Pit is: <input checked="" type="checkbox"/> Proposed Existing If Existing, date constructed Pit capacity: 500 +/- (bbls)	Sec 22 Twp 15 R 24 <input checked="" type="checkbox"/> East West 2310 Feet from <input checked="" type="checkbox"/> North / South Line of Section 2310 Feet from East / <input checked="" type="checkbox"/> West Line of Section MIAMI County
Is the pit located in a Sensitive Ground Water Area? Yes <input checked="" type="checkbox"/> No		Chloride concentration: N/A mg/l <small>(For Emergency Pits and Settling Pits only)</small>
Is the bottom below ground level? <input checked="" type="checkbox"/> Yes No	Artificial Liner? Yes <input checked="" type="checkbox"/> No	How is the pit lined if a plastic liner is not used?
Pit dimensions (all but working pits): 8 Length (feet) 20' 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. 24 HOUR ON SITE MAINTAINANCE WHILE DRILLING
Distance to nearest water well within one-mile of pit N/A feet Depth of water well _____ feet		Depth to shallowest fresh water N/A feet Source of information: KCC WICHITA measured _____ well owner _____ electric log _____ KDWR
Emergency, Settling and Burn Pits ONLY: Producing Formation: N/A 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: BENTONITE Number of working pits to be utilized: 1 Abandonment procedure: LET WATER EVAPORATE THEN USE BULLDOZER TO BACKFILL PIT 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.		
Jan 3, 2007 Date		 Signature of Applicant or Agent

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15-01-28351-000

KCC OFFICE USE ONLY			
Date Received 1/16/07	Permit Number:	Permit Date: 1/17/07	Lease Inspection: Yes <input checked="" type="checkbox"/> No

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