



For KCC Use: 2-28-07
 Effective Date: _____
 District # 4
 SGA? Yes No

KANSAS CORPORATION COMMISSION 1007941
 OIL & GAS CONSERVATION DIVISION

Form C-1
 November 2005
 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: 03/05/2007
 month day year

Spot Description: 10' S of
 NE NE NE Sec. 8 Twp. 13 S. R. 22 E W
 (0000) 340 feet from N / S Line of Section
330 feet from E / W Line of Section

OPERATOR: License# 30717
 Name: Downing-Nelson Oil Co Inc
 Address 1: PO Box 372
 Address 2: _____
 City: Hays State: KS Zip: 67601 + 0372
 Contact Person: Ronald Nelson
 Phone: 785-621-2610

Is SECTION: Regular Irregular?
 (Note: Locate well on the Section Plat on reverse side)

CONTRACTOR: License# 31548
 Name: Discovery Drilling

County: Trago
 Lease Name: Dietz Well #: 1-8
 Field Name: Wildcat
 Is this a Prorate/ Spaced Field? Yes No
 Target Formation(s): LKC

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

If OWWO: old well information as follows:

Nearest Lease or unit boundary line (in footage): 330
 Ground Surface Elevation: 2284 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: 150
 Depth to bottom of usable water: 800
 Surface Pipe by Alternate: I II
 Length of Surface Pipe Planned to be set: 200
 Length of Conductor Pipe (if any): _____
 Projected Total Depth: 4150
 Formation at Total Depth: Arbuckle

Operator: _____
 Well Name: _____
 Original Completion Date: _____ Original Total Depth: _____

Water Source for Drilling Operations:
 Well Farm Pond Other: _____
 DWR Permit #: _____

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

(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: 21 FEB 2007 Signature of Operator or Agent: [Signature] Title: Agent

KCC Use ONLY
 API # 15 - 195-22437-0000
 Conductor pipe required _____ feet
 Minimum surface pipe required 200 feet per ALT. I II
 Approved by: 842-23-07
 This authorization expires: 8-23-07
 (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 (within 60 days);
 - 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 Date: _____
 Signature of Operator or Agent: _____

8
13
22
 E
 W

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

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 KCC WICHITA



1007941

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 - 195 22437-0000
Operator: Downing-Nelson Oil Co Inc
Lease: Dietz
Well Number: 1-8
Field: Wildcat

Location of Well: County: Trego
340 feet from N / S Line of Section
330 feet from E / W Line of Section
Sec. 8 Twp. 13 S. R. 22 E W

Number of Acres attributable to well: _____
QTR/QTR/QTR/QTR of acreage: _____ - NE - NE - NE

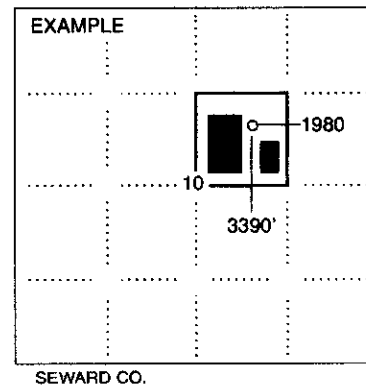
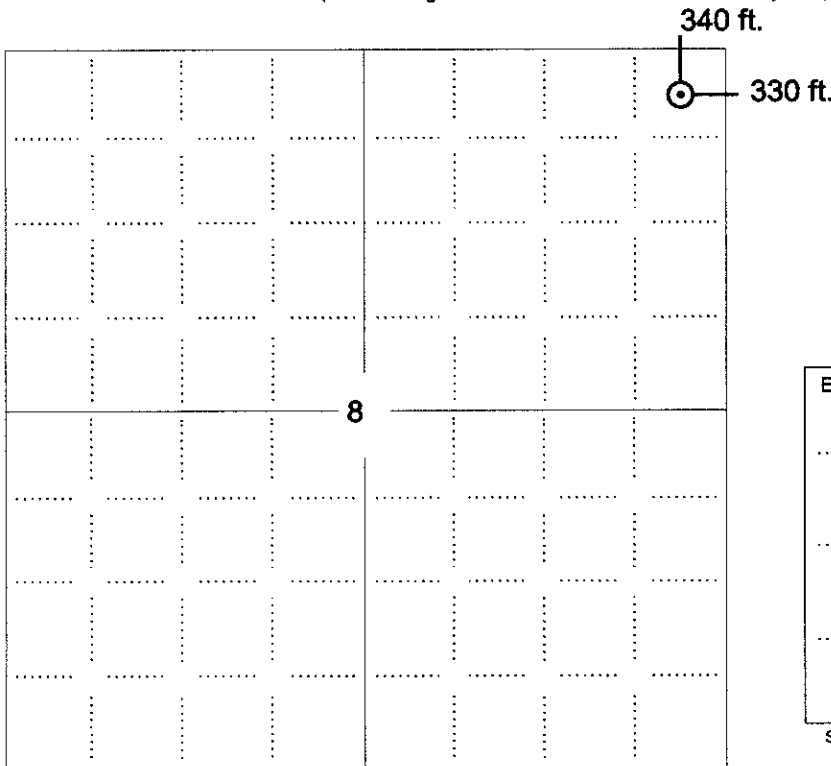
Is Section: Regular or Irregular

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.)*



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 south / north and east / west outside section lines.
3. The distance to the nearest lease or unit boundary line (in footage).
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).

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KANSAS CORPORATION COMMISSION 1007941
OIL & GAS CONSERVATION DIVISION

Form CDP-1
April 2004
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

| | | | |
|--|--|---|--|
| Operator Name: Downing-Nelson Oil Co Inc | | License Number: 30717 | |
| Operator Address: PO Box 372 | | Hays KS 67601 | |
| Contact Person: Ronald Nelson | | Phone Number: 785-621-2610 | |
| Lease Name & Well No.: Dietz 1-8 | | Pit Location (QQQQ): NE NE NE Sec. 8 Twp. 13 R. 22 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 340 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 330 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Trego 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: 3,000 (bbls) | |
| 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 checked="" type="checkbox"/> No | |
| | | How is the pit lined if a plastic liner is not used? Lined with clay soil, native and fresh mud. | |
| Pit dimensions (all but working pits): 70 Length (feet) 70 Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: 5 (feet) <input type="checkbox"/> No Pit | | | |
| 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 2923 feet Depth of water well 46 feet | | Depth to shallowest fresh water 30 feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input checked="" type="checkbox"/> 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: Fresh Mud Number of working pits to be utilized: 3 Abandonment procedure: Allow liquid contents to evaporate, let cuttings dry and backfill. 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. | | | |
| February 21, 2007 Date | | Signature of Applicant or Agent | |
| KCC OFFICE USE ONLY | | | |
| RFAC <input checked="" type="checkbox"/> RFAS <input type="checkbox"/> | | | |
| Date Received: 2/23/07 Permit Number: _____ Permit Date: 2/23/07 Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | | |

15-195-22437-0000

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

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CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR
BRIAN J. MOLINE, CHAIR
ROBERT E. KREHBIEL, COMMISSIONER
MICHAEL C. MOFFET, COMMISSIONER

February 23, 2007

Mr. Ron Nelson
Downing-Nelson Oil Co., Inc.
PO Box 372
Hays, KS 67601-0372

RE: Drilling Pit Application
Dietz Lease Well No. 1-8
NE/4 Sec. 08-13S-22W
Trego County, Kansas

Dear Mr. Nelson:

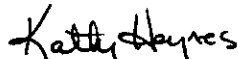
District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as practical after drilling operations have ceased. **Please keep all pits away from any draws.**

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 (785) 625-0550 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.

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
Environmental Protection and Remediation Department

cc: File