

For KCC Use:
 Effective Date: 3-2007
 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 March 26 2007
month day year

OPERATOR: License# 31739 ✓
 Name: luka/Carmi Development LLC
 Address: P O Box 907
 City/State/Zip: Pratt, Kansas 67124
 Contact Person: Kenneth C Gates
 Phone: (620) 672-9571 Ext 5

CONTRACTOR: License# 33843 ✓
 Name: Terra Drilling LLC

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

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 #: _____

Spot
 W/2 NW NE Sec. 15 Twp. 27s S. R. 12 East West
890' feet from N / S Line of Section
1655' feet from E / W Line of Section
 Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)
 County: Pratt
 Lease Name: John Hamm Well #: 1-15
 Field Name:
 Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Arbuckle
 Nearest Lease or unit boundary: _____
 Ground Surface Elevation: 1844' 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: 200-180
 Depth to bottom of usable water: 220
 Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 250'
 Length of Conductor Pipe required: -0-
 Projected Total Depth: 4800' ±
 Formation at Total Depth: Arbuckle
 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: March 12, 2007 Signature of Operator or Agent: Kenneth C Gates Title: President

For KCC Use ONLY
 API # 15 - 151-22259-0000
 Conductor pipe required None feet
 Minimum surface pipe required 240 feet per Alt 1 **OX**
 Approved by: 3-15-07
 This authorization expires: 9-15-07
 (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: _____
RECEIVED
 KANSAS CORPORATION COMMISSION
 Date: _____

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

CONSERVATION DIVISION
 WICHITA, KS

15 27 18W

MAR 13 2007

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a prorated or spaced field

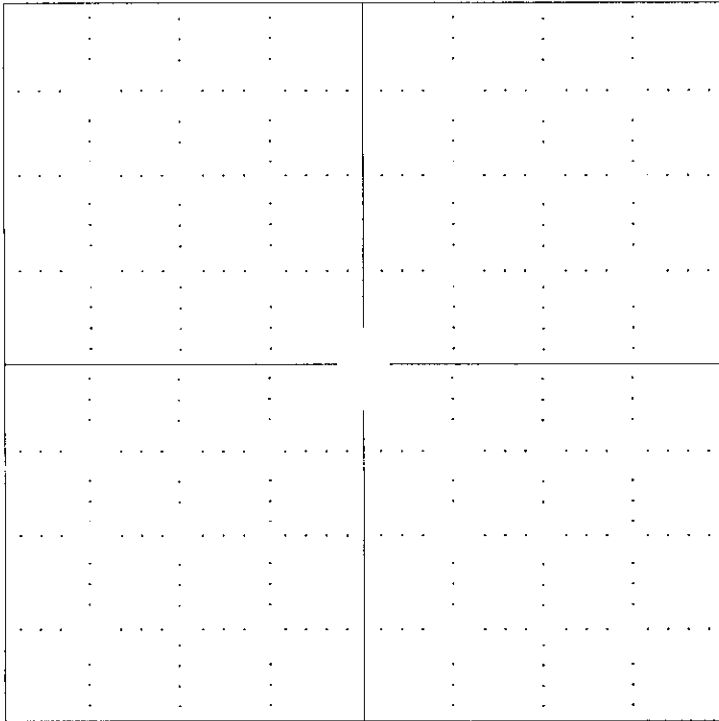
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please 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 - 151-22259-0000
Operator: Iuka/Carmi Development LLC
Lease: John Hamm
Well Number: 1-15
Field: _____
Number of Acres attributable to well: _____
QTR / QTR / QTR of acreage: W/2 - NW - NE

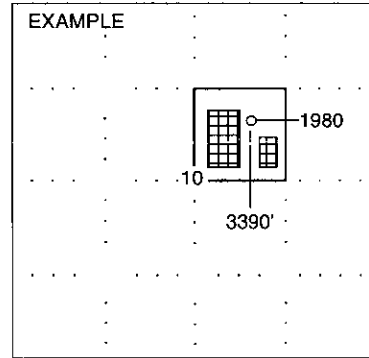
Location of Well: County: Pratt
890' _____ feet from N / S Line of Section
1655' _____ feet from E / W Line of Section
Sec. 15 Twp. 27s S. R. 12 East West
Is Section: Regular or Irregular
If Section is Irregular, locate well from nearest corner boundary.
Section corner used: NE NW SE SW

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.)*



*See Attached
plat map.*



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 (CG-8 for gas wells).

RECEIVED
KANSAS CORPORATION COMMISSION

MAR 13 2007

CONSERVATION DIVISION
WICHITA, KS

ADVANTAGE ELEVATIONS

OIL FIELD SURVEYORS

BOX 8604 - PRATT, KS 67124
(620) 672-6491

15-151-22259-000

216071

INVOICE NO.

IUKA/CARMI DEVELOPMENT, LLC
OPERATOR

1
NO

Hamm

FARM

Pratt

COUNTY

15

S

27s

T

12w

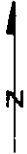
R

890' FNL & 1655' FEL of Sec.

LOCATION

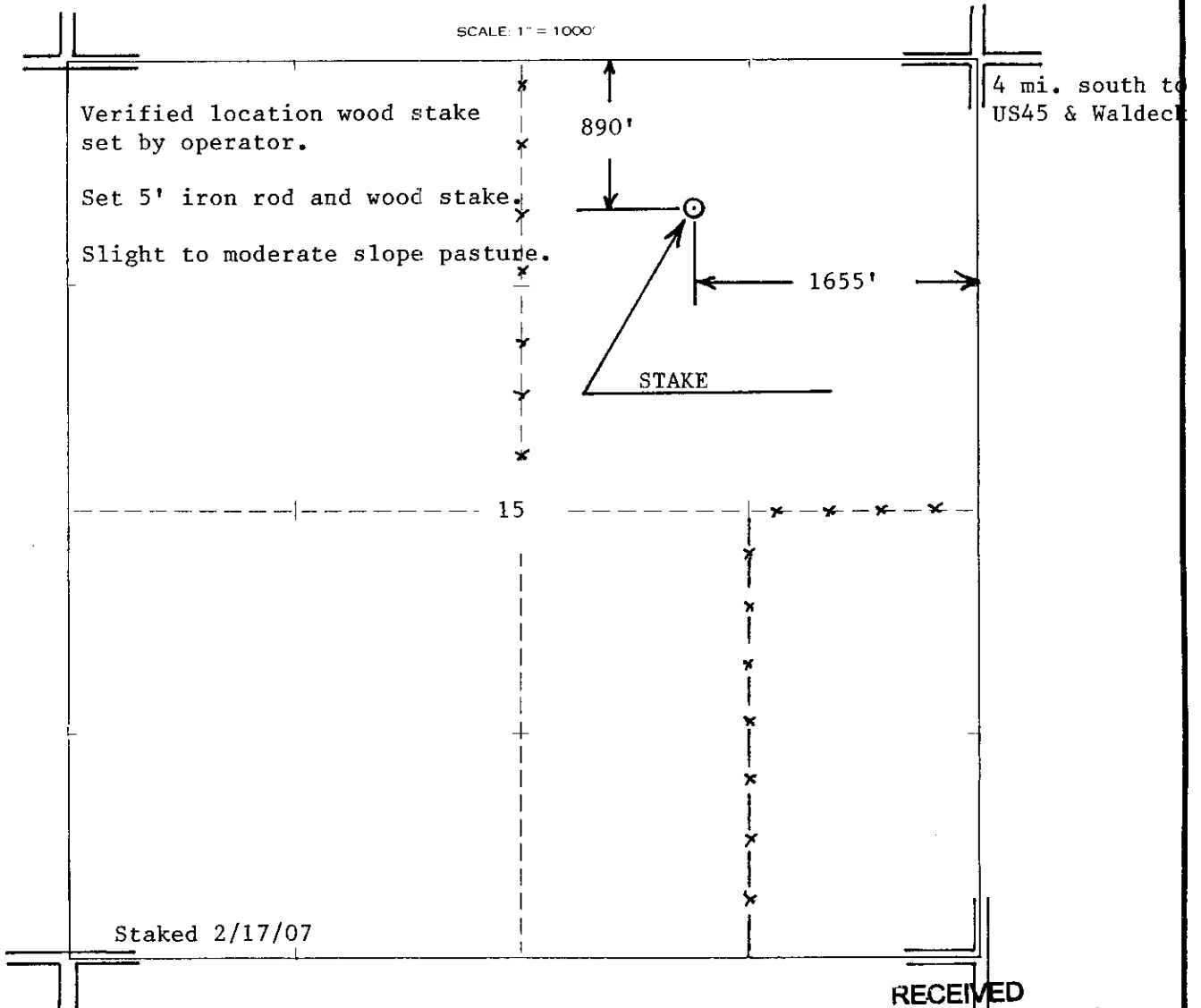
1844 GR

ELEVATION:



IUKA/CARMI DEVELOPMENT, LLC
Box 907
Pratt, KS 67124

AUTHORIZED BY: Kenny Gates



RECEIVED
KANSAS CORPORATION COMMISSION

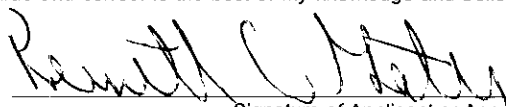
MAR 13 2007

CONSERVATION DIVISION
WICHITA, KS

**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: Iuka/Carmi Development LLC		License Number: 31739
Operator Address: PO Box 907 Pratt, Kansas 67124		
Contact Person: Kenneth C Gates		Phone Number: (620) 672 - 9571
Lease Name & Well No.: John Hamm 1-15		Pit Location (QQQQ): W/2 - NW - NE -
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: _____ (bbls)	Sec. 15 Twp. 27s R. 12 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 890' Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 1655' Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Pratt _____ County
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: 90,000-100,000 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? Haul free water off pit immediately.
Pit dimensions (all but working pits): Est. 75' Length (feet) Est. 75' 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.
Distance to nearest water well within one-mile of pit 1823 feet Depth of water well 120 feet		Depth to shallowest fresh water 60 feet. Source of information: _____ measured _____ well owner (b) 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: Drilling Mud Number of working pits to be utilized: 1 Abandonment procedure: Haul off contents, natural evaporation. _____ 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.		
_____ March 12, 2007 _____ Date		 Signature of Applicant or Agent

15-151-22259-0222

KCC OFFICE USE ONLY			Line clay or bent RFAS+L
Date Received: 3/13/07	Permit Number: _____	Permit Date: 3/15/07	Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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

MAR 13 2007

CONSERVATION DIVISION
WICHITA, KS

KANSAS

CORPORATION COMMISSION

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

March 15, 2007

Mr. Kenneth Gates
Iuka/Carmi Development, LLC
PO Box 907
Pratt, KS 67124

RE: Drilling Pit Application
John Hamm Lease Well No. 1-15
NE/4 Sec. 15-27S-12W
Pratt County, Kansas

Dear Mr. Gates:

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 **lined with bentonite or native clay**. 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, 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