

For KCC Use: 4-21-07
Effective Date: _____
District # 1
SGA? ☐ Yes ☒ No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

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APR 13 2007

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 work
CONSERVATION DIVISION
WICHITA, KS

Expected Spud Date May 1 2007
month day year

OPERATOR: License# 30742
Name: Palomino Petroleum, Inc.
Address: 4924 SE 84th St.
City/State/Zip: Newton, Kansas 67114-8827
Contact Person: Klee R. Watchous
Phone: (316) 799-1000

CONTRACTOR: License# 33350
Name: Southwind Drilling, Inc.

Well Drilled For: Well Class: Type Equipment:
☒ Oil ☐ Enh Rec ☐ Infield ☒ Mud Rotary
☐ Gas ☐ Storage ☒ Pool Ext. ☐ Air Rotary
☐ OWWO ☐ Disposal ☐ Wildcat ☐ Cable
☐ Seismic; # of Holes ☐ Other
☐ 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 50' S & 90' W of ☐ East
NW NE NW Sec. 11 Twp. 17 S. R. 26 ☒ West
380 feet from ☒ N / ☐ S Line of Section
1560 feet from ☐ E / ☒ W Line of Section
Is SECTION ☒ Regular ☐ Irregular?

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

County: Ness
Lease Name: Davidson-Johnson Well #: 1
Field Name: Dumler

Is this a Prorated / Spaced Field? ☐ Yes ☒ No

Target Formation(s): Mississippian

Nearest Lease or unit boundary: 380

Ground Surface Elevation: 2525 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: 50

Depth to bottom of usable water: 1140

Surface Pipe by Alternate: ☐ 1 ☒ 2

Length of Surface Pipe Planned to be set: 200+

Length of Conductor Pipe required: None

Projected Total Depth: 4500

Formation at Total Depth: Mississippian

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: April 13, 2007 Signature of Operator or Agent: Klee R. Watchous Title: President

For KCC Use ONLY

API # 15 - 135-24635-0000

Conductor pipe required None feet

Minimum surface pipe required 200 feet per Alt. 2

Approved by: 4-10-07

This authorization expires: 10-16-07

(This authorization void if drilling not started within 6 months of effective 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

11
17
26W

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 - 135-24635-0000
 Operator: Palomino Petroleum, Inc.
 Lease: Davidson-Johnson
 Well Number: 1
 Field: Dumler

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

Location of Well: County: Ness
380 feet from ☒ N / ☐ S Line of Section
1560 feet from ☐ E / ☒ W Line of Section
 Sec. 11 Twp. 17 S. R. 26 ☐ 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

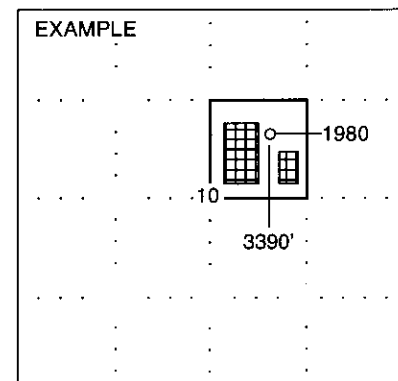
(Show location of the well and shade attributable acreage for prorated or spaced wells.)

(Show footage to the nearest lease or unit boundary line.)

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CONSERVATION DIVISION
WICHITA, KS



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

NESS CO.

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: (C0-7 for oil wells; CG-8 for gas wells).

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OIL & GAS CONSERVATION DIVISION**

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APR 13 2007

Form CDP-1

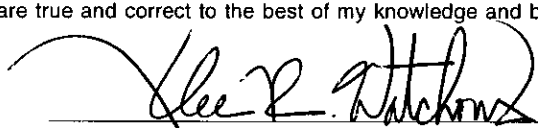
April 2004

Form must be Typed

APPLICATION FOR SURFACE PIT

CONSERVATION DIVISION
WICHITA, KS

Submit in Duplicate

| | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Operator Name: Palomino Petroleum, Inc. | | License Number: 30742 |
| Operator Address: 4924 SE 84th St., Newton, Kansas 67114-8827 | | |
| Contact Person: Klee R. Watchous | | Phone Number: (316) 799 - 1000 |
| Lease Name & Well No.: Davidson-Johnson #1 | | Pit Location (QQQQ): |
| 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: 50' S & 90' W of <u>NW</u> - <u>NE</u> - <u>NW</u> - <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: _____ 6800 (bbls) | Sec. <u>11</u> Twp. <u>17S</u> R. <u>26</u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West _____ Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 380 _____ Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section 1560 Ness _____ County |
| 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? Drlg. mud and shale from well bore. |
| Pit dimensions (all but working pits): <u>80</u> Length (feet) <u>80</u> Width (feet) _____ N/A: Steel Pits Depth from ground level to deepest point: <u>3</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. |
| Distance to nearest water well within one-mile of pit <u>N/A</u> feet Depth of water well _____ feet | | Depth to shallowest fresh water _____ feet. Source of information: _____ measured _____ 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: _____ fresh Number of working pits to be utilized: _____ 2 Abandonment procedure: _____ evaporate 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. <div style="display: flex; justify-content: space-between;"> <div> April 13, 2007 Date </div> <div>  _____ Signature of Applicant or Agent </div> </div> | | |

KCC OFFICE USE ONLY

Date Received: 4/13/07 Permit Number: _____ Permit Date: 4/13/07 Lease Inspection: ☐ Yes ☒ No

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

15-135-241635-0000