

For KCC Use: 5-1-07
 Effective Date: _____
 District #: 4
 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 MAY 7 2007
 month day year

OPERATOR: License# 6039
 Name: L. D. DRILLING, INC.
 Address: 7 SW 26 AVE
 City/State/Zip: GREAT BEND, KS 67530
 Contact Person: L. D. DAVIS
 Phone: 620-793-3051

CONTRACTOR: License# 6039
 Name: L. D. DRILLING, INC.

| | | |
|--|--------------------------------------|---|
| Well Drilled For: | Well Class: | Type Equipment: |
| <input checked="" type="checkbox"/> Oil | <input type="checkbox"/> Enh Rec | <input checked="" type="checkbox"/> Infield |
| <input type="checkbox"/> Gas | <input type="checkbox"/> Storage | <input type="checkbox"/> Pool Ext. |
| <input type="checkbox"/> OWWO | <input type="checkbox"/> Disposal | <input type="checkbox"/> Wildcat |
| <input type="checkbox"/> Seismic; # of Holes _____ | <input type="checkbox"/> Other _____ | <input type="checkbox"/> Cable _____ |
| <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 _____ East
 S/2 NE SE Sec. 4 Twp. 19 S. R. 12 West
1650 feet from N / S Line of Section
660 feet from E / W Line of Section

Is SECTION Regular Irregular?

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

County: BARTON

Lease Name: MILLER Well #: 1

→ Field Name: Cheyenne

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): ARBUCKLE

Nearest Lease or unit boundary: 660'

Ground Surface Elevation: APX 1806' 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: 180

Depth to bottom of usable water: 240

Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be set: 670'

Length of Conductor Pipe required: NONE

Projected Total Depth: 3500'

Formation at Total Depth: ARBUCKLE

Water Source for Drilling Operations:

Well Farm Pond or Other HAUL

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 **shall be set** 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 25, 2007 Signature of Operator or Agent: [Signature] Title: SEC/TREAS

RECEIVED
 KANSAS CORPORATION COMMISSION
 APR 26 2007
 CONSERVATION DIVISION
 WICHITA, KS

For KCC Use ONLY
 API # 15 - 009-25051-0000
 Conductor pipe required None feet
 Minimum surface pipe required 200 feet per Alt 1
 Approved by: [Signature]
 This authorization expires: 10-26-07
 (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

4
19
12/17

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 - 009-25051-0000
 Operator: L. D. DRILLING, INC.
 Lease: MILLER
 Well Number: 1
 Field: _____
 Number of Acres attributable to well: 10
 QTR / QTR / QTR of acreage: S/2 - NE - SE

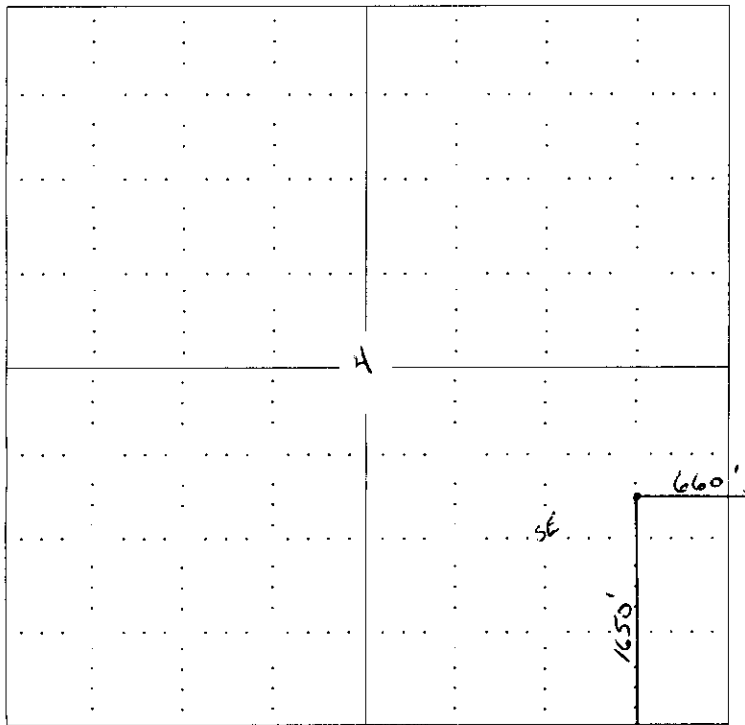
Location of Well: County: BARTON
 1650 _____ feet from N / S Line of Section
 660 _____ feet from E / W Line of Section
 Sec. 4 Twp. 19 S. R. 12 East West

Is Section: Regular or Irregular

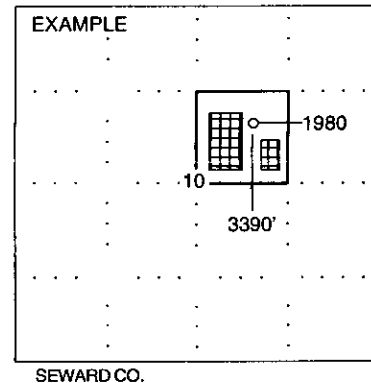
If Section is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

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.)



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 CONSERVATION DIVISION
 WICHITA, KS



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

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 GDP-1
April 2004
Form must be Typed

Submit in Duplicate

| | | |
|--|---|--|
| Operator Name: L. D. DRILLING, INC. | | License Number: 6039 |
| Operator Address: 7 SW 26 AVE, GREAT BEND, KS 67530 | | |
| Contact Person: L.D. DAVIS | | Phone Number: (620) 793 - 3051 |
| Lease Name & Well No.: MILLER #1 | | Pit Location (QQQQ): S/2 - NE - SE - |
| 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: 3490 (bbls) | Sec. 4 Twp. 19 R. 12 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1650 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 660 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section BARTON County |
| 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 type="checkbox"/> No | How is the pit lined if a plastic liner is not used? Bentonite & Solids From Drlg Operations |
| Pit dimensions (all but working pits): 70 Length (feet) 70 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. IF REQUIRED 10 MIL PLASTIC LINER EDGE COVERED WITH DIRT | | Describe procedures for periodic maintenance and liner integrity, including any special monitoring. VISUAL CHECK <div style="text-align: right;">RECEIVED KANSAS CORPORATION COMMISSION APR 26 2007 CONSERVATION DIVISION WICHITA, KS</div> |
| Distance to nearest water well within one-mile of pit 721 feet Depth of water well 28 feet | | Depth to shallowest fresh water 11 feet. Source of information: _____ measured _____ well owner (10) 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 FLUID CUTTINGS Number of working pits to be utilized: (3) SUCTION, SHALE, RESERVE Abandonment procedure: PITS ALLOWED TO EVAPORATE UNTIL DRY THEN BACKFILL WHEN CONDITIONS ALLOW 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 style="width: 30%;"> <p>APRIL 25, 2007 Date</p> </div> <div style="width: 60%; text-align: center;"> <p><i>Bessie Deworth</i> Signature of Applicant or Agent</p> </div> </div> | | |
| KCC OFFICE USE ONLY RFAC | | |
| Date Received: 4/26/07 Permit Number: _____ Permit Date: 4/26/07 Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | |

15-009-25051-0020

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



*Kathleen Sebelius, Governor
Brian J. Moline, Chair
Robert E. Krehbiel, Commissioner
Michael C. Moffet, Commissioner*

April 26, 2007

Mr. L.D. Davis
L.D. Drilling, Inc.
7 SW 26 Ave.
Great Bend, KS 67530

RE: Drilling Pit Application
Miller Lease Well No. 1
SE/4 Sec. 04-19S-12W
Barton County, Kansas

Dear Mr. Davis:

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,

A handwritten signature in black ink that reads "Kathy Haynes".

Kathy Haynes
Environmental Protection and Remediation Department

cc: File