

For KCC Use: 5-8-07
Effective Date: _____
District # 3
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL

Must be approved by KCC five (5) days prior to commencing well

Form C-1
December 2002
Form must be Typed
Form must be Signed
All blanks must be Filled

Expected Spud Date May 8, 2007
month May day 8 year 2007

OPERATOR: License# 5723
Name: John M. Denman Oil Company, Inc.
Address: P.O. Box 36
City/State/Zip: Sedan, KS 67361
Contact Person: Wayne Bright
Phone: (620) 330-2891

CONTRACTOR: License# 33072
Name: Well Refined Drilling

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
SESE NE SE Sec. 21 Twp. 33 S. R. 11 East
1485 feet from N / S Line of Section
165 feet from E / W Line of Section
Is SECTION Regular Irregular?

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

County: Chautauqua
Lease Name: Gregg Well #: 1-A
Field Name: Sedan

Is this a Prorated / Spaced Field? Yes No
Target Formation(s): Peru

Nearest Lease or unit boundary: 165'

Ground Surface Elevation: n/a 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: 100+

Depth to bottom of usable water: 300

Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be set: 40'

Length of Conductor Pipe required: none

Projected Total Depth: 1,375'

Formation at Total Depth: Peru

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: May 3, 2007 Signature of Operator or Agent: Donna Shanda Title: Agent

For KCC Use ONLY	
<u>019-26802-0000</u>	
API # 15 -	<u>None</u> feet
Conductor pipe required	<u>40</u> feet per Alt. <u>2</u>
Minimum surface pipe required	<u>40</u> feet per Alt. <u>2</u>
Approved by:	<u>10-5-07</u>
This authorization expires:	<u>11-3-07</u>
(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

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 - 019-26802-0000

Operator: John M. Denman Oil Company, Inc.

Lease: Gregg

Well Number: 1-A

Field: Sedan

Number of Acres attributable to well:

QTR / QTR / QTR of acreage: SESE - NE - SE

Location of Well: County: Chautauqua

1485 feet from N / S Line of Section
 165 feet from E / W Line of Section
 Sec. 21 Twp. 33 S. R. 11 East West

Is Section: Regular or Irregular

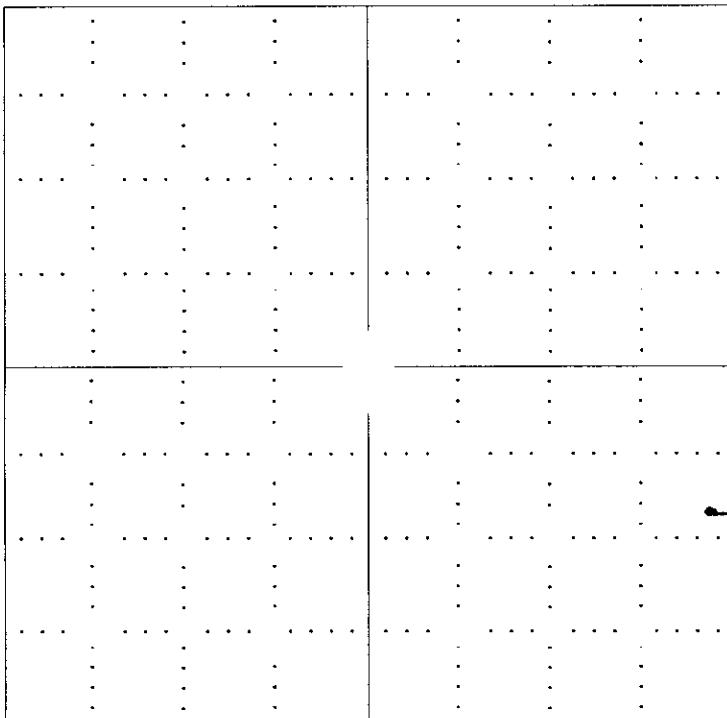
If Section Is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

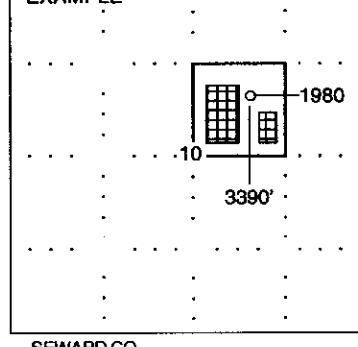
PLAT

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

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



EXAMPLE

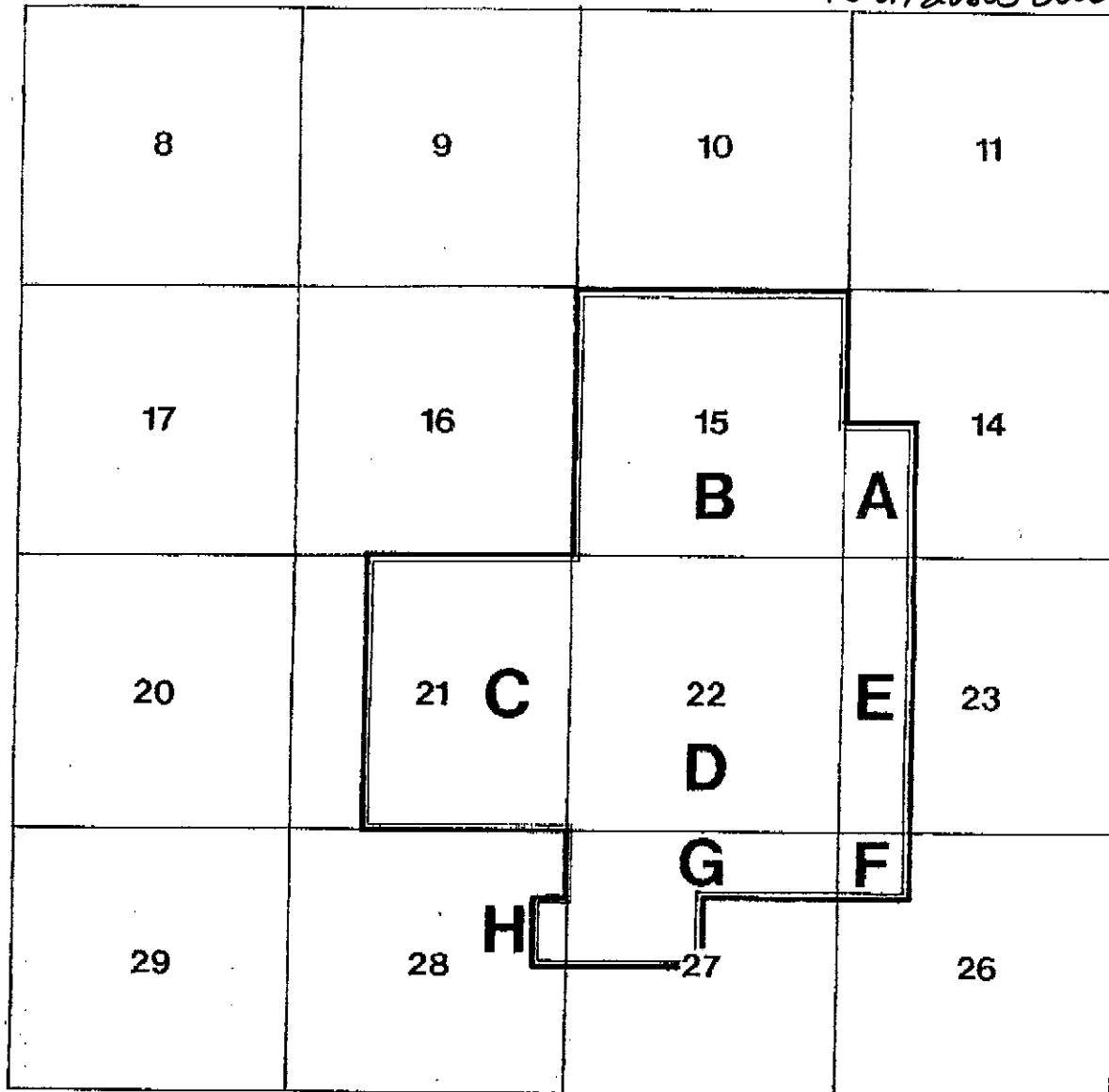


NOTE: In all cases locate the spot of the proposed drilling location.

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

15019-26803-0000



Scale: 1" = 2640'

GREGG

W2SW4 14-33S-11E AND 15-33S-11E AND NE4 & E2NW4 & SE4 & E2SW4
 21-33S-11E AND 22-33S-11E AND W2NW4 & W2SW4 23-33S-11E AND NW4NW4
 26-33S-11E AND N2NE4 & NW4 27-33S-11E AND E2SE4NE4 28-33S-11E
 2300 ACRES

15-019-26803-0000

EXHIBIT A
GREGG LEASE

THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 14; ALL OF SECTION 15; THE NORTHEAST QUARTER, THE EAST HALF OF THE NORTHWEST QUARTER, THE SOUTHEAST QUARTER AND THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 21, LESS AND EXCEPT THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER, THE SOUTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER, THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER, THE WEST HALF OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER, THE EAST HALF OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER, THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER, AND THE SOUTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 21; ALL OF SECTION 22; THE WEST HALF OF THE NORTHWEST QUARTER AND THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 23; THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 26; THE NORTH HALF OF THE NORTHEAST QUARTER AND THE NORTHWEST QUARTER OF SECTION 27; AND THE EAST HALF OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 28, ALL IN TOWNSHIP 33 SOUTH, RANGE 11, EAST OF THE 6TH P.M., CHAUTAUQUA COUNTY, KANSAS, commonly known and referred to as the Gregg Lease.

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: John M. Denman Oil Company, Inc.		License Number: 5723	
Operator Address: P.O. Box 36, Sedan, KS 67361			
Contact Person: Wayne Bright		Phone Number: (620) 330 - 2891	
Lease Name & Well No.: Gregg 1-A		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: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing <small>If Existing, date constructed:</small> <hr/>	SE . SE . NE . SE Sec. 21 Twp. 33 R. 11 <input checked="" type="checkbox"/> East <input type="checkbox"/> West 1485 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 165 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Chautauqua 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? drilling mud	
Pit dimensions (all but working pits): 15 Length (feet) 15 Width (feet) _____ N/A: Steel Pits			
Depth from ground level to deepest point: 10 (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 N/A 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 water Number of working pits to be utilized: 1 Abandonment procedure: Remove fluids. Allow to air dry. Level to surface. 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.			
May 3, 2007 Date		 Signature of Applicant or Agent	

KCC OFFICE USE ONLY

Date Received: 5/3/07 Permit Number: _____ Permit Date: 5/3/07 Lease Inspection: Yes No

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