

For KCC Use:
Effective Date: 5-9-07
District # 2
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 5 9 07
month day year

OPERATOR: License# 33708
Name: Palm Oil & Gas Company
Address: 2660 S Birmingham Place
City/State/Zip: Tulsa, OK 74114
Contact Person: David Palm
Phone: 918-747-8640

CONTRACTOR: License# 33944
Name: Mendenhall Drilling

Well Drilled For: ☐ Oil ☐ Gas ☐ OWWO ☐ Seismic: ☐ Other
Enh Rec ☐ Storage ☒ Disposal ☐ # of Holes
Well Class: ☐ infield ☐ Pool Ext. ☒ Wildcat ☐ Other
Type Equipment: ☒ Mud Rotary ☐ Air Rotary ☐ Cable

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 SE/4 - NE/4 NW/4 Sec. 4 Twp. 35 S. R. 1
4,290 feet from ☐ N / ☒ S Line of Section
2,970 feet from ☒ E / ☐ W Line of Section
Is SECTION ☒ Regular ☐ Irregular?

(Note: Locate well on the Section Plat on reverse side)
County: Sumner
Lease Name: Hess "C" Well #: 1
Field Name: _____

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

Target Formation(s): Layton, Mississippi

Nearest Lease or unit boundary: 990

Ground Surface Elevation: 1,151 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: 120'

Depth to bottom of usable water: 180' 230'

Surface Pipe by Alternate: ☒ 1 ☐ 2

Length of Surface Pipe Planned to be set: 276'

Length of Conductor Pipe required: None

Projected Total Depth: 4200 per OGC

Formation at Total Depth: Mississippi

Water Source for Drilling Operations:

☐ Well ☐ Farm Pond ☒ Other Stream

DWR Permit #: _____

(Note: Apply for Permit with DWR ☒)

Will Cores be taken? ☐ Yes ☒ No

If Yes, proposed zone: _____

AFFIDAVIT

RECEIVED
KANSAS CORPORATION COMMISSION

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: 5/2/07 Signature of Operator or Agent: [Signature] Title: President

For KCC Use ONLY

API # 15 - 191-22509-0000

Conductor pipe required None feet

Minimum surface pipe required 250 feet per Alt. 1

Approved by: PH 5-407

This authorization expires: 11-4-07

(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: _____

4
35
1W

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 - 191-22509-0000
 Operator: Palm Oil & Gas Company
 Lease: 1 Hess "C"
 Well Number: _____
 Field: _____
 Number of Acres attributable to well: 160
 QTR / QTR / QTR of acreage: _____ - _____ - NW/4

Location of Well: County: Sumner
 _____ 4,290 feet from ☐ N / ☒ S Line of Section
 _____ 2,970 feet from ☒ E / ☐ W Line of Section
 Sec. 4 Twp. 35 S. R. 1 ☐ East ☒ West

Is Section: ☒ Regular or ☐ Irregular

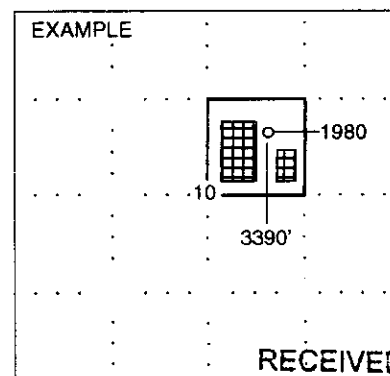
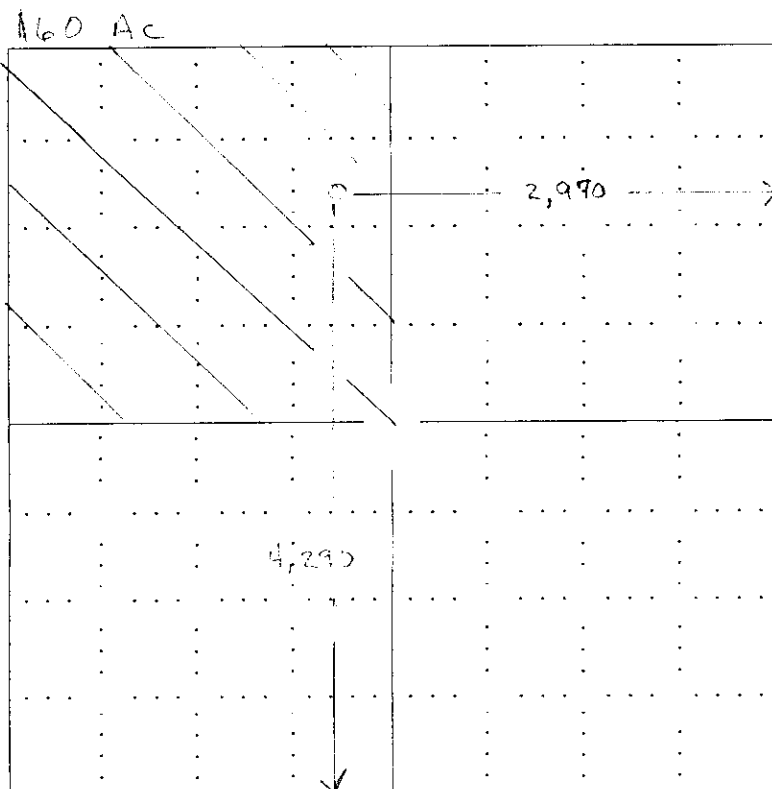
If Section is Irregular, locate well from nearest corner boundary.

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.)



SEWARD CO. KANSAS CORPORATION COMMISSION

MAY 04 2007

CONSERVATION DIVISION
WICHITA, KS

In plotting the proposed location of the well, you must show:

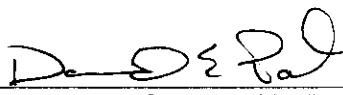
1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the section's south / north and east / west.
3. The distance to the nearest lease or unit 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;

**KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION**

Form CDI
April 20
Form must be Typ

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: <u>Palm Oil & Gas Company</u>		License Number: <u>33708</u>
Operator Address: <u>2660 S Birmingham Place, Tulsa, OK 74114</u>		
Contact Person: <u>David Palm</u>		Phone Number: (<u>918</u>) <u>747</u> - <u>8640</u>
Lease Name & Well No.: <u>1 Hess "C"</u>		Pit Location (QQQQ): <u>SE/4 NE/4 NW/4</u> Sec. <u>4</u> Twp. <u>35S</u> R. <u>1</u> ☐ East ☒ West <u>4,290</u> Feet from ☐ North / ☒ South Line of Section <u>3,000</u> Feet from ☒ East / ☐ West Line of Section <u>Sumner</u> County
Type of Pit: ☐ Emergency Pit ☐ Burn Pit ☐ Settling Pit ☒ Drilling Pit ☐ Workover Pit ☐ Haul-Off Pit (If WP Supply API No. or Year Drilled)	Pit is: ☒ Proposed ☐ Existing If Existing, date constructed: _____ Pit capacity: <u>500</u> (bbls)	
Is the pit located in a Sensitive Ground Water Area? ☐ Yes ☒ No		Chloride concentration: _____ mg/l (For Emergency Pits and Settling Pits only)
Is the bottom below ground level? ☒ Yes ☐ No	Artificial Liner? ☐ Yes ☒ No	How is the pit lined if a plastic liner is not used? <u>Soil</u>
Pit dimensions (all but working pits): <u>100</u> Length (feet) <u>100</u> Width (feet) <u>NA: Steel Pits</u> Depth from ground level to deepest point: <u>4</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>None</u> feet Depth of water well _____ feet		Depth to shallowest fresh water <u>43</u> 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? ☐ Yes ☐ No		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: <u>Soil</u> Number of working pits to be utilized: <u>Three</u> Abandonment procedure: <u>Evaporate fluids & backfill</u> 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. <u>5/2/07</u> Date  Signature of Applicant or Agent RECEIVED KANSAS CORPORATION COMMISSION MAY 04 2007 CONSERVATION DIVISION WICHITA, KS		

KCC OFFICE USE ONLY

Date Received: 5/4/07 Permit Number: _____ Permit Date: 5/4/07 Lease Inspection: ☐ Yes ☒ No

15-191-22509-0000



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

**NOTICE TO OPERATORS FILING INTENT TO DRILL
FOR DISPOSAL OR ENHANCED RECOVERY
INJECTION WELLS, (CLASS II INJECTION WELL)**

The attached approved Notice of Intent to Drill indicates the proposed well is to be used for injection. An approved "Intent to Drill" does not approve injection authority as a Class II Injection Well in Kansas.

Before any well is used for injection purposes, the operator must file an application for injection authority in accordance with K.A.R. 82-3-401 and provide notice in accordance with K.A.R. 82-3-402. The Conservation Division must issue a written permit granting the application before commencement of injection.

The Conservation Division requirements and restrictions associated with Class II Injection are identified in **K.A.R. 82-3-400 et seq** of our regulations. Associated regulations governing drilling, completion and injection applications may be found in K.A.R. 82-3-135, Table I, Table II, in the Cedar Hills Sandstone Moratorium, (Docket #156,397-C), and the Eastern Kansas Surface Casing Order, (Docket #133,891-C).

If you have questions regarding the approval of injection authority, an injection application may be filed as a "Design Approval" before actual drilling and completion of the well occurs. If you have any questions or concerns regarding Class II injection wells or regulations, call the Underground Injection Control Department at 316-337-6200.

Failure to obtain commission approval before beginning injection is punishable by a penalty, shut-in of the well or both.