

For KCC Use:
Effective Date: 5-15-07
District # _____
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 05-08-2007
month day year

OPERATOR: License# 31739
Name: Iuka/Carmi Development LLC
Address: PO 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: ☒ Oil ☐ Enh Rec ☐ Infield ☒ Mud Rotary
☒ Gas ☐ Storage ☐ Pool Ext. ☐ Air Rotary
☐ QWO ☐ 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
NE 1007' SW 1680' SE _____ Sec. 15 Twp. 27s S. R. 12
feet from ☐ N / ☒ S Line of Section
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 #: 2-15

Field Name: _____

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

Target Formation(s): Arbuckle

→ Nearest Lease or unit boundary: 960' per operator

Ground Surface Elevation: 1824' 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: 220' 200'

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: May 4, 2007 Signature of Operator or Agent: Kenneth C. Gates Title: President

For KCC Use ONLY

API # 15 - 151-22269-0000

Conductor pipe required None feet

Minimum surface pipe required 220 feet per Alt. 1

Approved by: 5-1007

This authorization expires: 11-10-07

(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: MAY 07 2007

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

CONSERVATION DIVISION
WICHITA, KS

15 27 2007

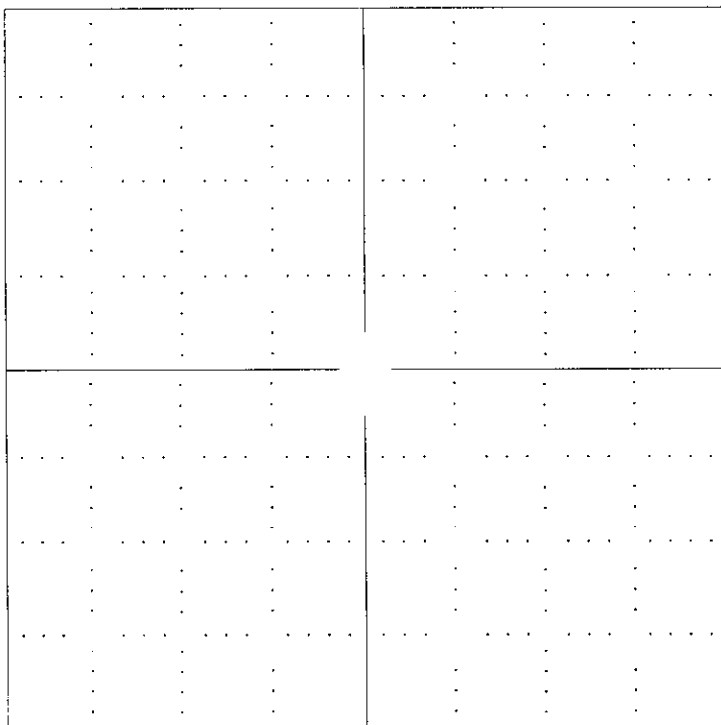
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW*Plat of acreage attributable to a well in a prorated or spaced field*

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.

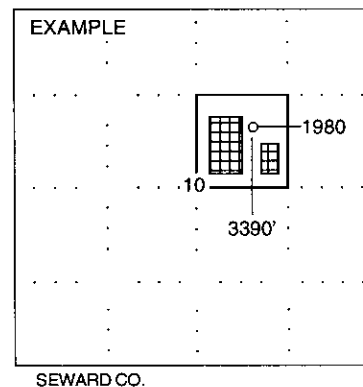
API No. 15 - 151-22269-0000Operator: Iuka/Carmi Development LLCLease: John HammWell Number: 2-15

Field: _____

Number of Acres attributable to well: _____

QTR / QTR / QTR of acreage: NE - SW - SELocation of Well: County: Pratt1007' _____ feet from ☐ N / ☒ S Line of Section1680' _____ feet from ☒ E / ☐ W Line of SectionSec. 15 Twp. 27s S. R. 12 ☐ East ☒ WestIs 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 plat must be attached: (CG-7 for oil wells; CG-8 for gas wells).

RECEIVED
KANSAS CORPORATION COMMISSION

MAY 07 2007

CONSERVATION DIVISION
WICHITA, KS

ADVANTAGE ELEVATIONS

OIL FIELD SURVEYORS

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

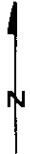
216072
INVOICE NO.

IUKA/CARMI DEVELOPMENT, LLC
OPERATOR

2-15 John Hamm
NO FARM

Pratt COUNTY 15 S 27s 12w 1007' FSL & 1680' FEL of Sec. LOCATION

ELEVATION: 1824 GR



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

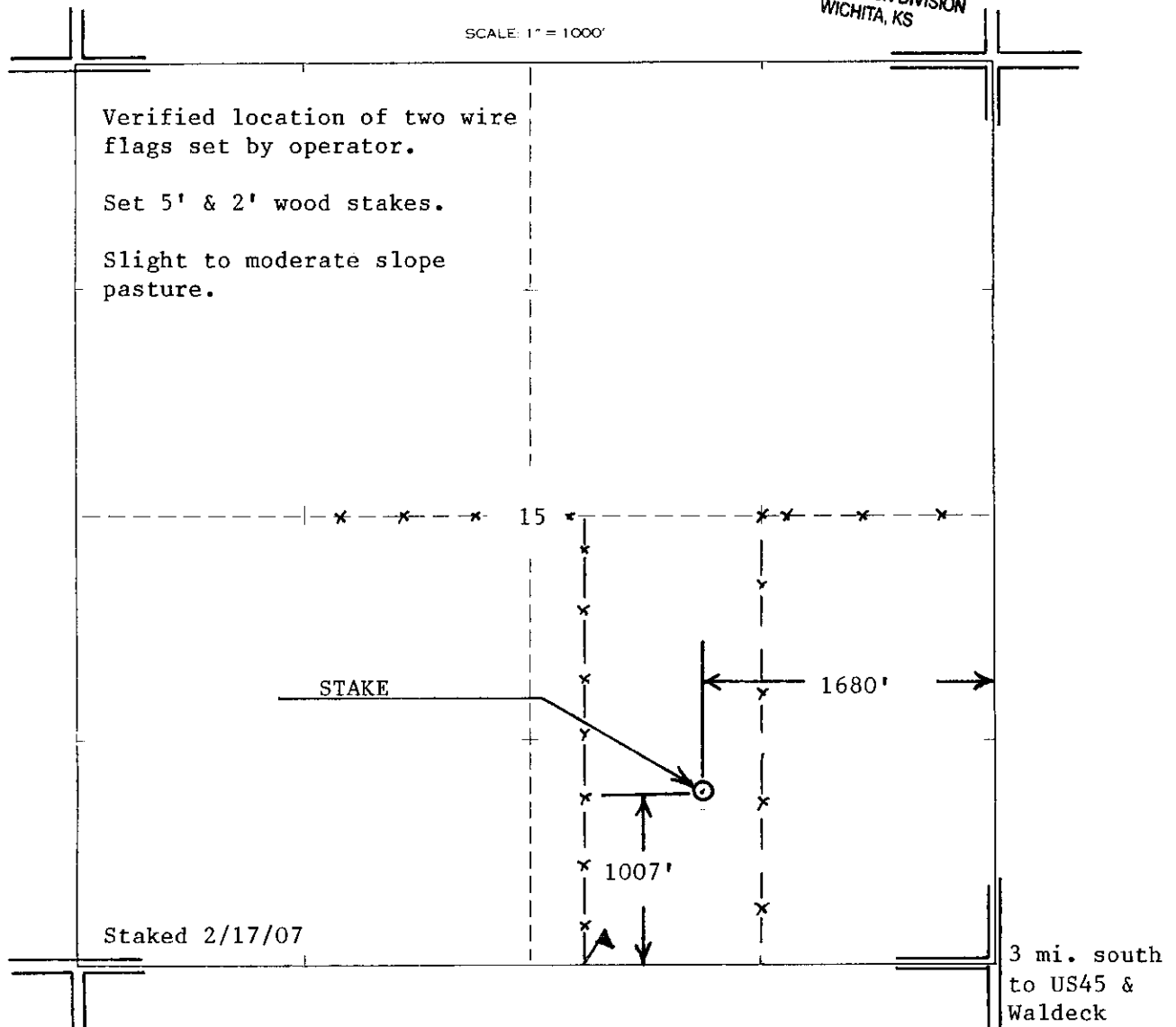
RECEIVED
KANSAS CORPORATION COMMISSION

MAY 07 2007

AUTHORIZED BY Kenny Gates

CONSERVATION DIVISION
WICHITA, KS

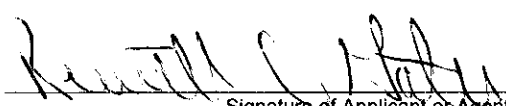
SCALE: 1" = 1000'



**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 Ext 5
Lease Name & Well No.: John Hamm 2-15		Pit Location (QQQQ): _____ NE _____ SW _____ SE Sec. 15 Twp. 27S R. 12 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1007' Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 1680' Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section PRATT County
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)	
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 1472 feet Depth of water well 143 feet		Depth to shallowest fresh water 30 feet. Source of information: 6 _____ 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: 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. <div style="display: flex; justify-content: space-between;"><div>May 4, 2007 Date</div><div> Signature of Applicant or Agent</div></div>		

KCC OFFICE USE ONLY

Pit away draw RTASC

Date Received: **5/7/07** Permit Number: _____ Permit Date: **5/8/07** Lease Inspection: ☒ Yes ☐ No

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

15-151-22269-0002



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

May 8, 2007

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

RE: Drilling Pit Application
John Hamm Lease Well No. 2-15
SE/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 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.
Please keep the pits away from the draw.

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 (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,

Kathy Haynes
Environmental Protection and Remediation Department

cc: File