For KCC Use:	5-26-07
Effective Date: _	5 26-07
District #	
SGA? Xes	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

	luna	1	2007		
Expected Spud Date			2007	Spot	East
	month	day	year	W/2 - W/2 - W/2 Sec. 20 Twp. 30 S. R. 23	V West
OPERATOR: License# 307	42 🖊			2540feet from N / ✓ S Lin	e of Section
Name: Palomino Petroleum.	Inc.			390 feet from E / W Lin	e of Section
Address: 4924 SE 84th St.			-	Is SECTION ✓ RegularIrregular?	
Address: 4924 SE 84th St. City/State/Zip: Newton, Kans	sas 67114-8827			(Note: Locate well on the Section Plat on reverse sic	de)
Contact Person: Klee R. Wa	tchous		.	County: Clark	16)
Phone: (316) 799-1000				Lease Name: Taylor - Well i	_# .1 –
				Field Name: Unnamed	π
CONTRACTOR: License#_3	3350 -			Is this a Prorated / Spaced Field?	Yes VNo
Name: Southwind Drilling,	inc.			Target Formation(s): Morrow	
Maria Maria de Maria				Nearest Lease or unit boundary: 100	
Well Drilled For:	Well Class:		quipment:	Ground Surface Elevation: 2410 (estimated)	feet MSL
Oil Enh Red			d Rotary	Water well within one-quarter mile:	Yes ✓ No
✓ Gas Storage	-	₩	Rotary	Public water supply well within one mile:	Yes No ~
OWWO Disposa		Ca	ble	Depth to bottom of fresh water: 120	
Seismic;# of H	oles Other			Depth to bottom of usable water: 180	
Other		 		Surface Pipe by Alternate: ✓ 1 2	
If OWWO: old well informati	on on follows:			Length of Surface Pipe Planned to be set: 700	
Operator:				Length of Conductor Pipe required: None	
Well Name:				Projected Total Depth: 5400	
Original Completion Date				Formation at Total Depth: Mississippian	
Original Completion Date	٠ر	Jilgiliar Iotal L		Water Source for Drilling Operations:	
Directional, Deviated or Hori	zontal wellbore?		Yes 🗸 No -	Well ✓ Farm Pond Other	
If Yes, true vertical depth:				DWR Permit #:	
Bottom Hole Location:				(Note: Apply for Permit with DWR	
Annual Control Control	· · · · · ·			(*** *** *** * *** * * * * * * * * *	
KCC DKT #:	12.1 11.C	wee		Will Cores be taken?	Yes ✓ No
KCC DKT #: 0.1-CE1	12.1 11.C	wee.		Will Cores be taken? If Yes, proposed zone:	Yes ✓ No
RCC DKT #: <u>0.1~CES</u>)2.1 ((<u>.</u> C	wee		If Yes, proposed zone:	
			AFF	If Yes, proposed zone:	DEIVED
The undersigned hereby aff	irms that the dril	ling, completi	AFF on and eventual p	If Yes, proposed zone:	DEIVED
The undersigned hereby aff	irms that the dril g minimum requ	ling, completi irements will	AFF on and eventual p be met:	If Yes, proposed zone: IDAVIT REC lugging of this well will comply with K.S.A. 55 ecases CORPO	CEIVED RATION COMMISSION
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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.

APINO. 15 - 025 - 21414 - 00-00	Location of Well: County: Clark
Operator: Palomino Petroleum, Inc.	2540 feet from N / S Line of Section
Lease: Taylor	390 feet from E / ✓ W Line of Section
Well Number: 1	Sec. 20 Twp. 30 S. R. 23 East ✓ Wes
Field: Unnamed	
Number of Acres attributable to well:	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.)

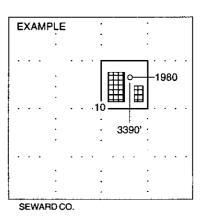
(Show footage to the nearest lease or unit boundary line.)

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RECEIVED KANSAS CORPORATION COMMISSION

MAR 8 2 2007

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.
- 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).

Kansas Corporation Commission Oil & Gas Conservation Division

Form CDP-1 April 2004 Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: Palomino Petrole	eum, Inc.	License Number: 30742						
Operator Address: 4924 SE 84th St., Newton, Kansas 67114-8827								
Contact Person: Klee R. Watchous	S	Phone Number: (316) 799 - 1000						
Lease Name & Well No.: Taylor #1		Pit Location (QQQQ): Nພ Nພ ຮີພ						
Type of Pit:	Pit is:		<u>W/2</u> - <u>W/2</u> - <u>W/2</u>					
Emergency Pit Burn Pit	✓ Proposed	Existing	Sec. 20 Twp. 30S R. 23 East West					
Settling Pit	If Existing, date co	onstructed:	Feet from North / 🗸 South Line of Section					
☐ Workover Pit ☐ Haul-Off Pit	Pit capacity:		390 Feet from East / V West Line of Section					
(If WP Supply API No. or Year Drilled)	6800	(bbls)	ClarkCounty					
Is the pit located in a Sensitive Ground Water	Area? VYes ✓	Ne∽	Chloride concentration:mg/l					
			(For Emergency Pits and Settling Pits only)					
Is the bottom below ground level? Ves No	Artificial Liner? ✓ Yes	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):	Length (fe	eet) 80	Width (feet) N/A: Steel Pits					
Depth fr	om ground level to de	epest point:	3 (feet)					
If the pit is lined give a brief description of the material, thickness and installation procedure			edures for periodic maintenance and determining ncluding any special monitoring.					
		,,	KANSAS CORPORATION COMMISSIO					
			MAR 6 2 2007					
			CONSERVATION DIVISION					
Distance to nearest water well within one-mile	e of pit	Depth to shallo	west fresh water Feet.					
500		Source of information.						
S&D feet Depth of water well _		measured well owner electric log KDWR						
Emergency, Settling and Burn Pits ONLY:		briking, Workover and Hadi-On Fits ONET.						
Producing Formation:		Type of material utilized in drilling/workover: fresh						
Number of producing wells on lease:	 		Number of working pits to be utilized: 2 Abandonment procedure: evaporate and backfill					
Barrels of fluid produced daily:		Abandonment	procedure: evaporate and backini					
Does the slope from the tank battery allow all flow into the pit? Yes No	spilled fluids to	Drill pits must I	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.								
			t of my knowledge and belief.					
March 2, 2007			WEST AGENT					
Date			ignature of Applicant or Agent					
	KCC	OFFICE USE O	NLY RFASa C					
Date Received: $3/2/07$ Permit Num	ber:	it Date: 5/21/67 Lease Inspection: 🗶 Yes 🗌 No						



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

May 21, 2007

Mr. Klee R. Watchous Palomino Petroleum, Inc. 4924 SE 84th St. Newton, KS 67114-8827

RE: Drilling Pit Application Taylor Lease Well No. 1 SW/4 Sec. 20-30S-23W Clark County, Kansas

Dear Mr. Watchous:

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.

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

-Kalty Haynes

Department of Environmental Protection and Remediation

cc: File