

OWWO

For KCC Use:
Effective Date: 5-27-07
District # 1
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

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

NOTICE OF INTENT TO DRILL

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

Expected Spud Date June 4, 2007
month day year

OPERATOR: License# 5363
Name: Berexco Inc.
Address: P.O. Box 20380
City/State/Zip: Wichita, KS 67208
Contact Person: Evan Mayhew
Phone: (316) 265-3311

CONTRACTOR: License# 5147
Name: Beredco Inc.

Well Drilled For: Oil Gas OAWO Seismic; # of Holes Other
Well Class: Enh Rec Storage Disposal Wildcat Other
Type Equipment: Mud Rotary Air Rotary Cable

If OWWO: old well information as follows:
Operator: Palmer Petroleum, Inc.
Well Name: Harden #1
Original Completion Date: 11/28/2004 Original Total Depth: 6800

Directional, Deviated or Horizontal wellbore? Yes No
If Yes, true vertical depth: _____
Bottom Hole Location: _____
KCC DKT #: _____

Spot East West
SE - NE - NE Sec. 20 Twp. 32 S. R. 21
1040 feet from N / S Line of Section
480 feet from E / W Line of Section
Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)
County: Clark
Lease Name: Harden Well #: 1 SWD
Field Name: Morrison
Is this a Prorated / Spaced Field? Yes No
Target Formation(s): Arbuckle
Nearest Lease or unit boundary: 480'
Ground Surface Elevation: 2085 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: 1100
Depth to bottom of usable water: 180
Surface Pipe by Alternate: 1 2
Length of Surface Pipe Planned to be set: 800' already set
Length of Conductor Pipe required: none
Projected Total Depth: 6800'
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: _____

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KANSAS CORPORATION COMMISSION

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:

CONSERVATION DIVISION
WICHITA, KS

MAY 18 2007

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 18, 2007 Signature of Operator or Agent: Richard R. Smith Title: Engineering Technician

For KCC Use ONLY
API # 15 - 025-21269-0001
Conductor pipe required NONE feet
Minimum surface pipe required 200' feet per Alt. X
Approved by: WHM 5-22-07
This authorization expires: 11-22-07
(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

20
325
21W

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 - 025-21269-00-01
 Operator: Berexco Inc.
 Lease: Harden
 Well Number: 1 SWD
 Field: Morrison

Location of Well: County: Clark
1040 feet from N / S Line of Section
480 feet from E / W Line of Section
 Sec. 20 Twp. 32 S. R. 21 East West

Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: SE - NE - NE

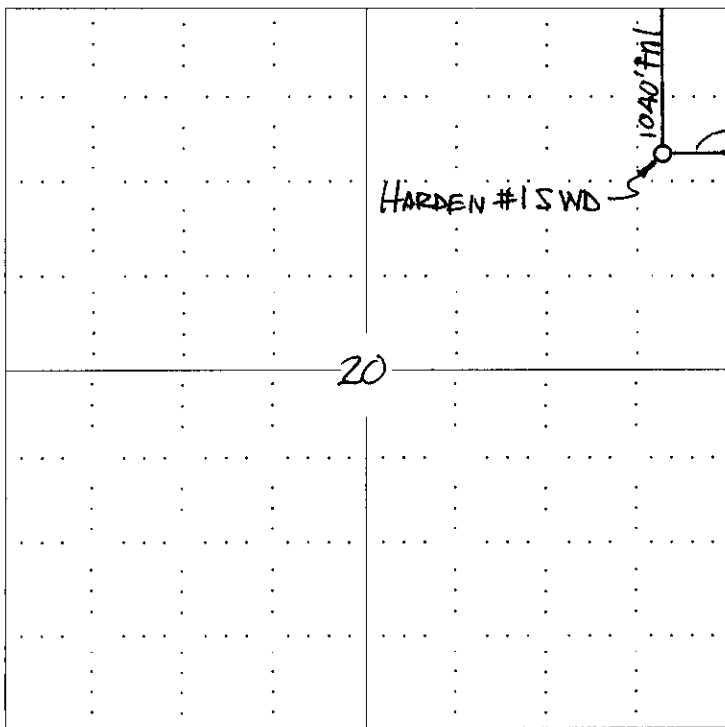
Is Section: Regular or Irregular

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

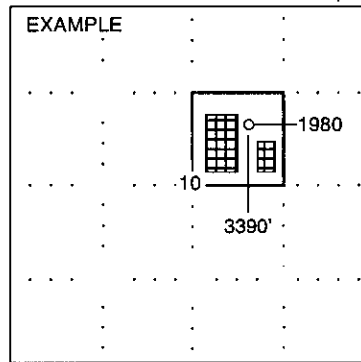
Section corner used: NE NW SE SW

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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 MAY 18 2007
 CONSERVATION DIVISION
 WICHITA, KS



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).

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: Berexco Inc.		License Number: 5363	
Operator Address: P.O. Box 20380, Wichita, KS, 67208			
Contact Person: Evan Mayhew		Phone Number: (316) 265 - 3311	
Lease Name & Well No.: Harden #1 SWD		Pit Location (QQQQ): SW SE NE NE	
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 <i>(If WP Supply API No. or Year Drilled)</i>		Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 10.250 (bbbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ mg/l <i>(For Emergency Pits and Settling Pits only)</i>	
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? Pit is self-sealing with Bentonite drilling mud.			
Pit dimensions (all but working pits): <u>120</u> Length (feet) <u>120</u> Width (feet) N/A: Steel Pits 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>1236</u> feet Depth of water well <u>200</u> feet		Depth to shallowest fresh water <u>152</u> feet. Source of information: <u>(1)</u> _____ 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: <u>Bentonite Mud</u> Number of working pits to be utilized: <u>4</u> Abandonment procedure: <u>Allow liquid to evaporate until bottom of pit is dry, then fill and level to contour of ground.</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.			
May 18, 2007 Date		RECEIVED KANSAS CORPORATION COMMISSION MAY 18 2007 Signature of Applicant or Agent CONSERVATION DIVISION WICHITA, KS	
KCC OFFICE USE ONLY			
RFAK			
Date Received: <u>5/18/07</u> Permit Number: _____ Permit Date: <u>5/22/07</u> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			

15-025-21269-0001

TO:
STATE CORPORATION COMMISSION
CONSERVATION DIVISION - PLUGGING
130 SOUTH MARKET, SUITE 2078
WICHITA, KANSAS 67202

API Well Number: 15-025-21269-00-00
Spot: SENENE Sec/Twnshp/Rge: 20-32S-21W
1040 feet from N Section Line, 480 feet from E Section Line
Lease Name: HARDEN Well #: 1
County: CLARK Total Vertical Depth: 6800 feet

Operator License No.: 33044
Op Name: PALMER PETROLEUM, INC.
Address: 401 EDWARDS STREET - SUITE 1400
SHREVEPORT, LA 71101

SURF Size: 8.625 feet: 800

#221⁰⁰

Well Type: DH UIC Docket No: _____ Date/Time to Plug: 11/27/2004 6:00 AM
Plug Co. License No.: 5822 Plug Co. Name: VAL ENERGY, INC.
Proposal Revd. from: SKIP Company: VAL ENERGY, INC. Phone: (316) 263-6688

Proposed Plugging Method: 1ST PLUG AT 6770' WITH 50 SX CMT. 2ND PLUG AT 1400' WITH 50 SX CMT. 3RD PLUG AT 830' WITH 50 SX CMT. 4TH PLUG AT 40' WITH 10 SX CMT. 5TH PLUG TO CIRCULATE RAT HOLE WITH 15 SX CMT. 6TH PLUG TO CIRCULATE MOUSE HOLE WITH 10 SX CMT.

Plugging Proposal Received By: STEVE DURRANT Witness Type: PARTIAL
Date/Time Plugging Completed: 01/26/2005 10:40 AM KCC Agent: STEVE DURRANT

Actual Plugging Report:

Perfs:

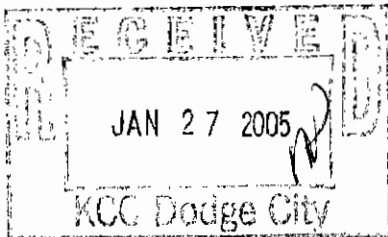
1ST PLUG AT 6770' WITH 50 SX CMT. 2ND PLUG AT 1400' WITH 50 SX CMT. 3RD PLUG AT 830' WITH 50 SX CMT. 4TH PLUG AT 40' WITH 10 SX CMT. 5TH PLUG TO CIRCULATE RAT HOLE WITH 15 SX CMT. 6TH PLUG TO CIRCULATE MOUSE HOLE WITH 10 SX CMT. COMPANY FAILED TO PUMP SURFACE PIPE PLUG AT 830'. COMPANY DRILLED OUT BOTTOM PLUG AND PUMPED 50 SX CMT AT 830'. PUMPED 15 SX CMT AT 30'.

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FEB 01 2005
KCC WICHITA

Remarks: USED 60/40 POZMIX 6% GEL BY HALLIBURTON.

Plugged through: DP

District: 01



Signed

[Signature]
(TECHNICIAN)

INVOICED

DATE 2-1-05
WEL. NO. 2005061144

Form CP-2/3

15-025-212690000



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

May 22, 2007

Mr. Evan Mayhew
Berexco, Inc.
PO Box 20380
Wichita, KS 67208

RE: Drilling Pit Application
Harden Lease Well No. 1 SWD
NE/4 Sec. 20-32S-21W
Clark County, Kansas

Dear Mr. Mayhew:

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.

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

15-025-21269-0201