

For KCC Use: 6-24-07
 Effective Date: _____
 District # 1
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL

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

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

Expected Spud Date 08 20 2007
month day year

Spot _____ East
SW NE Sec. 26 Twp. 19 S. R. 33 West

OPERATOR: License# 31714
 Name: Novy Oil & Gas, Inc.
 Address: 125 N. Market, Suite 1230
 City/State/Zip: Wichita, KS 67202
 Contact Person: Michael Novy
 Phone: 316-265-4651

2100 feet from N / S Line of Section
1800 feet from E / W Line of Section
 Is SECTION _____ Regular _____ Irregular?

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

CONTRACTOR: License# 33724
 Name: Warren Drilling LLC

County: SCOTT
 Lease Name: SMITH Well #: 16
 Field Name: HUGOTON NORTH

<input checked="" type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input checked="" type="checkbox"/> Infield	<input checked="" type="checkbox"/> Mud Rotary
<input type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Pool Ext.	<input type="checkbox"/> Air Rotary
<input type="checkbox"/> OWWO	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat	<input type="checkbox"/> Cable
<input type="checkbox"/> Seismic; # of Holes _____	<input type="checkbox"/> Other _____		

Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): BKC
 Nearest Lease or unit boundary: 1800
 Ground Surface Elevation: 2957 est _____ feet MSL

If OWWO: old well information as follows:
 Operator: _____
 Well Name: _____
 Original Completion Date: _____ Original Total Depth: _____

Water well within one-quarter mile: Yes No
 Public water supply well within one mile: Yes No

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

Depth to bottom of fresh water: 220
 Depth to bottom of usable water: 1250
 Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be set: 250' OF 8 5/8
 Length of Conductor Pipe required: none
 Projected Total Depth: 4300
 Formation at Total Depth: BKC

Water Source for Drilling Operations: Well Farm Pond Other Truck
 DWR Permit #: _____
 (Note: Apply for Permit with DWR)

Will Cores be taken? Yes No
 If Yes, proposed zone: _____

AFFIDAVIT

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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:

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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: 06/12/07 Signature of Operator or Agent: Michael E. Novy Title: Vice President

For KCC Use ONLY
 API # 15 - 171-20664-0000
 Conductor pipe required None feet
 Minimum surface pipe required 240 feet per All. **X2**
 Approved by: 12-19-07
This authorization expires: 12-19-07
 (This authorization void if drilling not started within 6 months of effective 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: _____

216 19 33X

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a prorated or spaced field

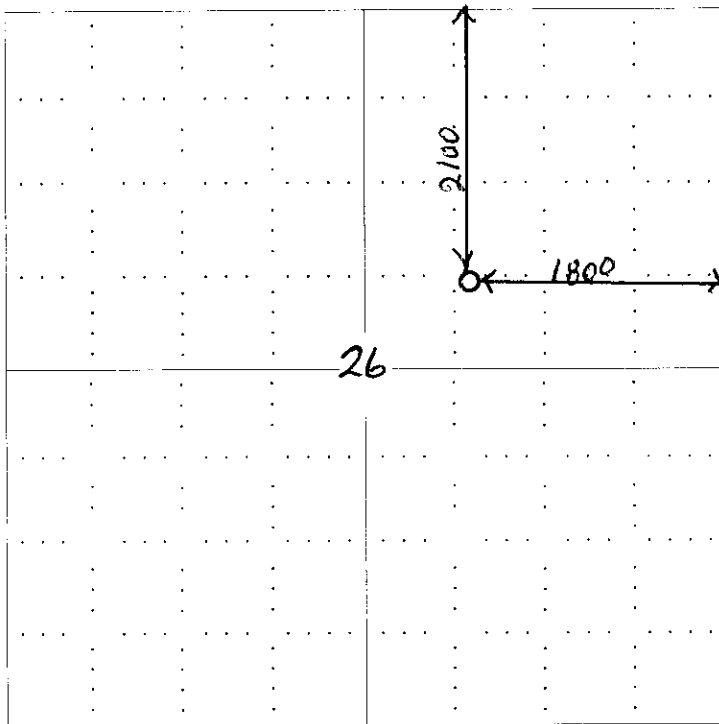
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please 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 - NEW 171-20664-0000
 Operator: Novy Oil & Gas, Inc.
 Lease: SMITH
 Well Number: 16
 Field: HUGOTON NORTH
 Number of Acres attributable to well: 10
 QTR / QTR / QTR of acreage: SW - NE

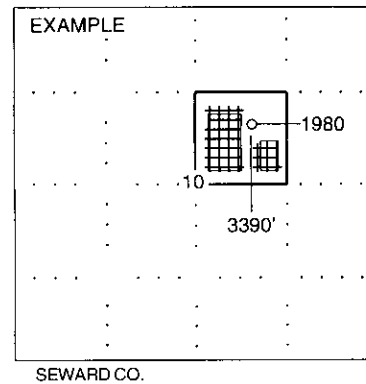
Location of Well: County: SCOTT
 2100 _____ feet from N / S Line of Section
 1800 _____ feet from E / W Line of Section
 Sec. 26 Twp. 19 S. R. 33 East West
 Is Section: Regular or Irregular
If Section is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

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.)*



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

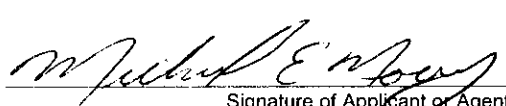
In plotting the proposed location of the well, you must show:

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.
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; CG-8 for gas wells).

**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: Novy Oil & Gas, Inc.		License Number: 31714
Operator Address: 125 N. Market, Suite 1230 Wichita, KS 67202		
Contact Person: Michael E. Novy		Phone Number: (316) 265 - 4651
Lease Name & Well No.: Smith 16		Pit Location (QQQQ): NE - SE - SW - 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 <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: 500 (bbls)	Sec. 26 Twp. 19s R. 33 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 2100 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 1800 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section SCOTT 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?
Pit dimensions (all but working pits): 100 Length (feet) 100 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 2640 ^{2352} feet Depth of water well 185 ^{162} feet		Depth to shallowest fresh water 85 feet. Source of information: _____ measured _____ well owner _____ electric log <input checked="" type="checkbox"/> 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, mud gel Number of working pits to be utilized: 2 Abandonment procedure: dewater- fill when dry 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.		
Date: 06/13/07		 Signature of Applicant or Agent

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15-171-20664-0000

KCC OFFICE USE ONLY

Date Received: **6/15/07** Permit Number: _____ Permit Date: **6/18/07** Lease Inspection: Yes No

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