

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

JUN 19 2007

NOTICE OF INTENT TO DRILL

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

CONSERVATION DIVISION
WICHITA, KS

For KCC Use: 6-25-07
Effective Date: _____
District # _____
SGA? Yes No

Expected Spud Date June 20 2007
month day year

OPERATOR: License# 32042
Name: Nacogdoches Oil & Gas, LLC
Address: PO Box 632418
City/State/Zip: Nacogdoches, Texas 75963-2418
Contact Person: Mike Finley
Phone: 936-560-4747

CONTRACTOR: License# 33724
Name: Warren Drilling, LLC

Well Drilled For: Oil Gas OWWO Seismic; # of Holes _____
 Enh Rec Storage Disposal Other _____
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 SW SW SW Sec. 2 Twp. 24 S. R. 14 East West
330 feet from N / S Line of Section
330 feet from E / W Line of Section
Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)
County: Stafford
Lease Name: Heyen Well #: 1-2
Field Name: Rattlesnake West

Is this a Prorated / Spaced Field? Yes No
Target Formation(s): Mississippi
Nearest Lease or unit boundary: 330'

Ground Surface Elevation: 1954 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: 150'
Depth to bottom of usable water: 230'
Surface Pipe by Alternate: 1 2
Length of Surface Pipe Planned to be set: 250 feet
Length of Conductor Pipe required: None
Projected Total Depth: 4250'
Formation at Total Depth: Mississippi

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: June 18, 2007 Signature of Operator or Agent: [Signature] Title: Agent

For KCC Use ONLY
API # 15 - 185-23449-0000
Conductor pipe required None feet
Minimum surface pipe required 250 feet per Alt. 1
Approved by: [Signature]
This authorization expires: 12-20-07
(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: _____

2
24
144

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 - 185-23449-0000
 Operator: Nacogdoches Oil & Gas, LLC
 Lease: Heyen
 Well Number: 1-2
 Field: Rattlesnake West
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: SW - SW - SW

Location of Well: County: Stafford
330 feet from N / S Line of Section
330 feet from E / W Line of Section
 Sec. 2 Twp. 24 S. R. 14 East West

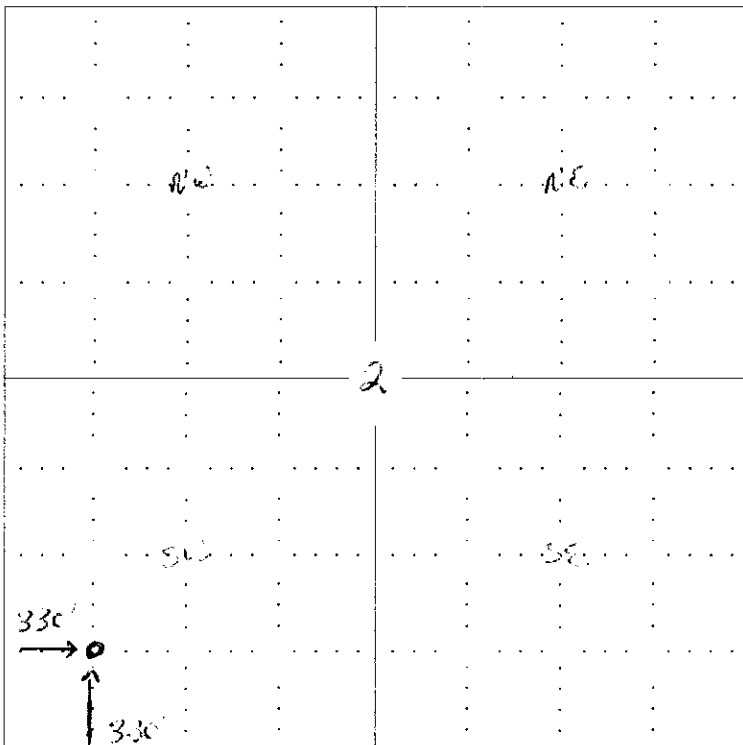
Is Section: Regular or Irregular

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.)

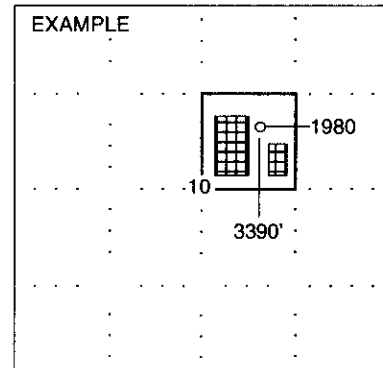
(Show footage to the nearest lease or unit boundary line.)



RECEIVED
 KANSAS CORPORATION COMMISSION

JUN 19 2007

CONSERVATION DIVISION
 WICHITA, KS



SEWARD CO.

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

Stafford County

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 CDP-1
April 2004
Form must be Typed
CONSERVATION DIVISION
WICHITA, KS

Submit in Duplicate

Operator Name: Nacogdoches Oil & Gas, LLC		License Number: 32042
Operator Address: P.O. Box 632418 Nacogdoches, Texas 75963-2418		
Contact Person: Mike Finley		Phone Number: (936) 560 - 4747
Lease Name & Well No.: Heyen #1-2		Pit Location (QQQQ): SW SW SW
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: 5,000 (bbls)	Sec. 2 Twp. 24 R. 14 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 330 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 330 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Stafford County
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input 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): 80 Length (feet) 80 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 1473 feet Depth of water well 65 feet	Depth to shallowest fresh water 35 feet. Source of information: _____ measured _____ well owner _____ electric log <input checked="" type="checkbox"/> KDWR	15-185-23449-0000
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: Bentonite Gel Number of working pits to be utilized: 3 Abandonment procedure: Air Dry & Backfill _____ 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.		
June 18, 2007 Date		<i>Fred J. Ambrose</i> Signature of Applicant or Agent

KCC OFFICE USE ONLY		RFAS+C
Date Received: 6/19/07	Permit Number: _____	Permit Date: 6/20/07 Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No



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

June 20, 2007

Mr. Mike Finley
Nacogdoches Oil & Gas, LLC
PO Box 632418
Nacogdoches, TX 75963-2418

RE: Drilling Pit Application
Heyen Lease Well No. 1-2
SW/4 Sec. 02-24S-14W
Stafford County, Kansas

Dear Mr. Finley:

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
Department of Environmental Protection and Remediation

cc: File