

SK10 R16

For KCC Use: Effective Date: 7-3-07 District # _____ 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 May 1, 2007

OPERATOR: License# 32811 Name: Osage Resources, L.L.C. Address: 6209 N K61 Hwy City/State/Zip: Hutchinson, Kansas 67502 Contact Person: Brooke C. Maxfield Phone: 620-664-9622

CONTRACTOR: License# 33724 Name: Warren Drilling, LLC

Well Drilled For: Oil Gas OWWO Seismic: _____ # of Holes _____ Other _____ Well Class: Enh Rec Storage Disposal Other _____ Type Equipment: Mud Rotary Air Rotary Cable Infield Pool Ext. Wildcat 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 S/2 - SW - NW Sec. 36 Twp. 33 S. R. 15 East West 2167 2167 feet from N / S Line of Section 661 661 feet from E / W Line of Section Is SECTION _____ Regular _____ Irregular?

(Note: Locate well on the Section Plat on reverse side) County: Barber Lease Name: Osage Well #: 106R Field Name: Aetna Gas Area Is this a Prorated / Spaced Field? Yes No Target Information(s): Mississippian Nearest Lease or unit boundary: 430' Ground Surface Elevation: 1757' 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: 100 Feet Depth to bottom of usable water: 180 Feet Surface Pipe by Alternate: 1 2 Length of Surface Pipe Planned to be set: 850' Length of Conductor Pipe required: None Projected Total Depth: 5550 Feet Formation at Total Depth: Ordovician 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: _____

SKid Rig from 15-007-23145-0000 (last hole) AFFIDAVIT

RECEIVED KANSAS CORPORATION COMMISSION CONSERVATION DIVISION WICHITA, KS JUN 28 2007

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 35-54, 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 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 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: 6/27/2007 Signature of Operator or Agent: [Signature] Title: Geological Technician II

For KCC Use ONLY API # 15 - 007-23166-0000 Conductor pipe required None feet Minimum surface pipe required 200 feet per Alt. 1 Approved by: [Signature] This authorization expires: 12-28-07 (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: _____

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

36 33 15W

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 - _____
Operator: Osage Resources, L.L.C.
Lease: Osage
Well Number: 106R
Field: Aetna Gas Area

Number of Acres attributable to well: _____
QTR / QTR / QTR of acreage: S/2 - SW - NW

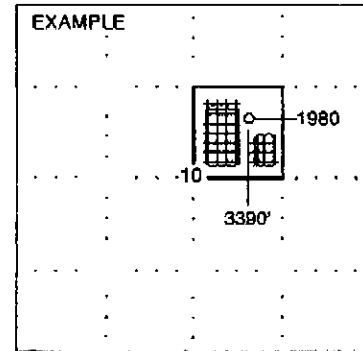
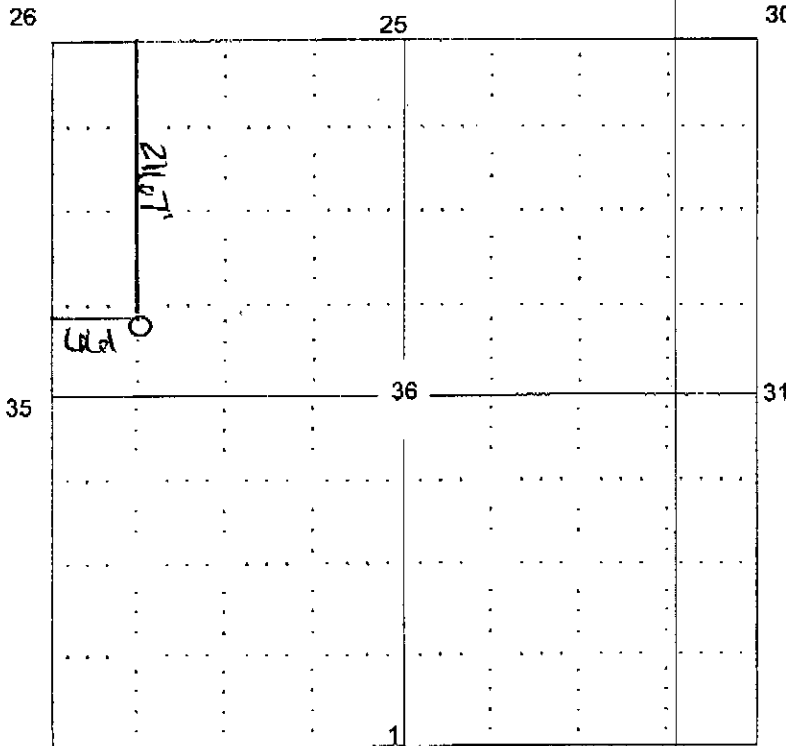
Location of Well: County: Barber
2167 feet from N / S Line of Section
66' feet from E / W Line of Section
Sec. 36 Twp. 33 S. R. 15 East West

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.)*



SEWARD CO.

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2 **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: (CO-7 for oil wells; CG-8 for gas wells).

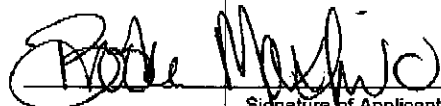
JUN 28 2007

CONSERVATION DIVISION
WICHITA KS

**KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE POND**

Form CDP-1
January 2001
Form must be Typed

Submit in Duplicate

Operator Name: Osage Resources, L.L.C.		License Number: 32811
Operator Address: 6209 N K61 Hwy		
Contact Person: Brooke C. Maxfield		Phone Number: (620) 664 - 9622
Lease Name: Osage No. 106R		Pit Location:
Type of Pond: Emergency Pit <input type="checkbox"/> Treatment Pit <input type="checkbox"/> <input type="checkbox"/> Workover Pit <input checked="" type="checkbox"/> Drilling Pit <input type="checkbox"/> Burn Pit (If W/P Supply API No. or Year Drilled)	Pit is: <input checked="" type="checkbox"/> Proposed Existing If Existing, date constructed: <u>NA</u> Pit capacity: <u>4500</u> (bbls)	NW Qtr. Sec. <u>36</u> Twp. <u>33</u> R. <u>15</u> <input type="checkbox"/> E <input checked="" type="checkbox"/> W <u>2167</u> Feet from (N) S (circle one) Line of Section <u>661</u> Feet from E (W) (circle one) Line of Section Barber County
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: <u>NA</u> mg/l <i>(For Emergency Pits and Treatment 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? Surface clay/shale fill
Pit dimensions (all but working pits): <u>60</u> Length (feet) <u>40</u> Width (feet) Depth from ground level to deepest point: <u>5</u> (feet)		
If the pit is lined give a brief description of the liner material, thickness and installation procedure. <u>NA</u>		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. <u>NA</u>
Distance to nearest water well within one-mile of pit <u>NONE</u> <input checked="" type="checkbox"/> feet Depth of water well <u>NA</u> feet		Depth to shallowest fresh water <u>100'</u> feet. Source of information: <input type="checkbox"/> measured <input checked="" type="checkbox"/> well owner <input type="checkbox"/> electric log <input type="checkbox"/> KBWR
Emergency, Treatment and Burn Pits ONLY: Producing Formation: <u>NA</u> Number of producing wells on lease: <u>NA</u> Barrels of fluid produced daily: <u>NA</u> Does the slope from the tank battery allow all spilled fluids to flow into the pond? <input type="checkbox"/> Yes <input type="checkbox"/> No		Drilling and Workover Pits ONLY: Type of material utilized in drilling/workover: <u>Bentonite Drilling Mud</u> Number of working pits to be utilized: <u>3</u> Abandonment procedure: <u>Pits allowed to evaporate until dry then backfill.</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. RECEIVED KANSAS CORPORATION COMMISSION		
<u>6/27/2007</u> Date	 Signature of Applicant or Agent	<u>JUN 28 2007</u> CONSERVATION DIVISION WICHITA, KS
KCC OFFICE USE ONLY		
Date Received: <u>6/28/07</u> Permit Number: _____	Permit Date: <u>6/28/07</u> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<u>SKID RIG RFAS/C</u>

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



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

May 2, 2007

Ms. Brooke Maxfield
Osage Resources, LLC
6209 N K61 Hwy
Hutchinson, KS 67502

RE: Drilling Pit Application
Osage Lease Well No. 106
NW/4 Sec. 36-33S-15W
Barber County, Kansas

Dear Ms. Maxfield:

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.

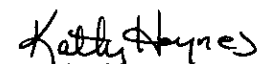
If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

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