

For KCC Use: 7-14-07
Effective Date: 7-14-07
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 AUGUST 8, 2007
month day year

OPERATOR: License# 33405
Name: ANSTINE & MUSGROVE INC
Address: P O BOX 391
City/State/Zip: PONCA CITY, OK 74602-0391
Contact Person: GARY ANSTINE
Phone: (620) 441-8165
CONTRACTOR: License# 6039
Name: L. D. DRILLING, INC.

Spot East
NW - NW - SW Sec. 26 Twp. 22 S S. R. 12 West
2080 feet from N / S Line of Section
580 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: SPANGENBERG Well #: 4
Field Name: PLEASANT GROVE
Is this a Prorated / Spaced Field? Yes No
Target Formation(s): LANSING
Nearest Lease or unit boundary: 330
Ground Surface Elevation: 1839 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: 120'
Depth to bottom of usable water: 180'
Surface Pipe by Alternate: 1 2
Length of Surface Pipe Planned to be set: 220'
Length of Conductor Pipe required: NA
Projected Total Depth: 3700'
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: _____

Well Drilled For: Oil Gas OWWO Seismic; # of Holes Other
 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 #: _____

AFFIDAVIT

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KANSAS CORPORATION COMMISSION

JUL 05 2007

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: 7-3-07 Signature of Operator or Agent: Gregory Mangum Title: TREASURER

For KCC Use ONLY
API # 15 - 185-23452-0000
Conductor pipe required None feet
Minimum surface pipe required 200 feet per Alt. 1
Approved by: KA 7-9-07
This authorization expires: 1-9-08
(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

26
22
12W

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 - 185-23452 0000

Operator: ANSTINE & MUSGROVE INC

Lease: SPANGENBERG

Well Number: 4

Field: PLEASANT GROVE SOUTH

Number of Acres attributable to well: 120

QTR / QTR / QTR of acreage: NW - NW - SW

Location of Well: County: STAFFORD

2080 feet from N / S Line of Section

580 feet from E / W Line of Section

Sec. 26 Twp. 22 S. R. 12 East West

Is Section: Regular or Irregular

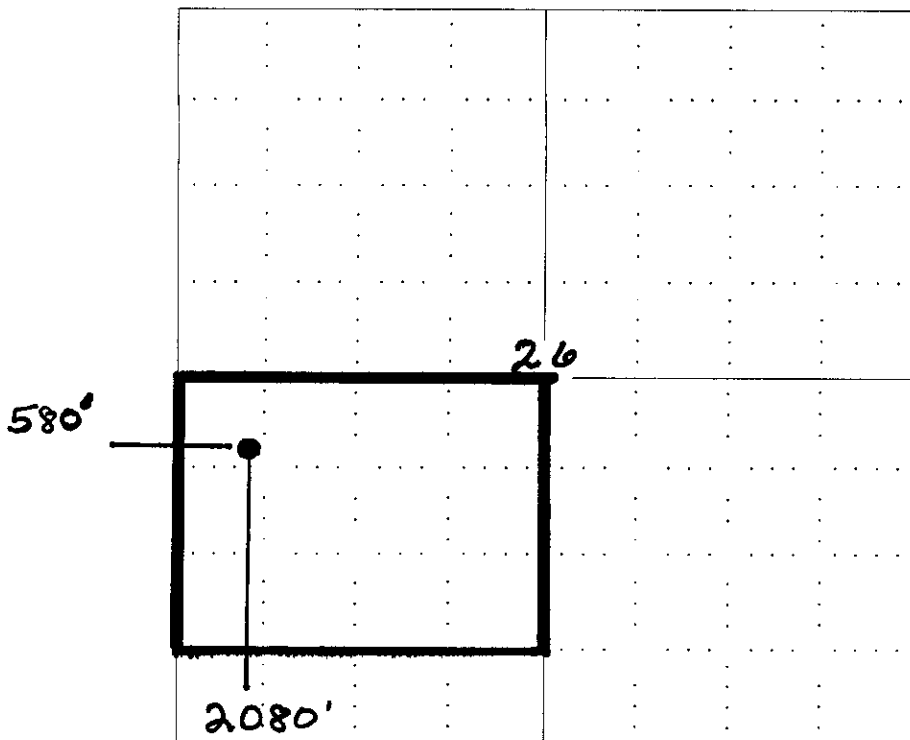
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

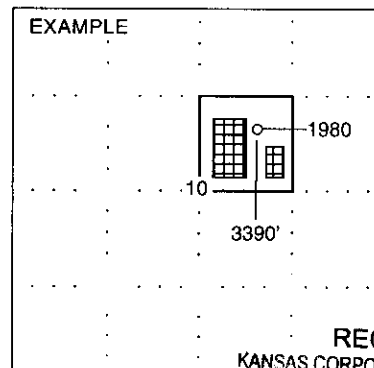
PLAT

(Show location of the well and shade attributable acreage for prorated or spaced wells.)

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



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



SEWARD CO.

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JUL 05 2007

CONSERVATION DIVISION
WICHITA, KS

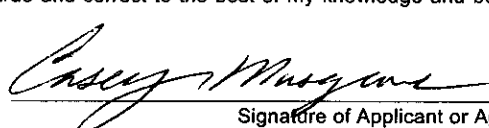
In plotting the proposed location of the well, you must show:

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: ANSTINE & MUSGROVE INC		License Number: 33405
Operator Address: P O BOX 391, PONCA CITY, OK 74602-0391		
Contact Person: GARY ANSTINE		Phone Number: (620) 441 - 8165
Lease Name & Well No.: SPANGENBERG # 4		Pit Location (QQQQ): NW - NW - SW - Sec. 26 Twp. 22 S R. 12 <input checked="" type="checkbox"/> East <input type="checkbox"/> West 2080 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 580 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section STAFFORD County
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: 2490 (bbbls)	
Is the pit located in a Sensitive Ground Water Area? <input checked="" 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? BENTENITE & SOLDIS /DRILLING
Pit dimensions (all but working pits): <u>70</u> Length (feet) <u>70</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. 10 MIL PLASTIC LINER IF REQUIRED		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. VISUAL CHECK
Distance to nearest water well within one-mile of pit <u>3000</u> ⁵⁹⁸ feet Depth of water well <u>60</u> ²⁴ feet		Depth to shallowest fresh water <u>14</u> feet. Source of information: <input checked="" type="checkbox"/> measured _____ well owner _____ electric log <u>(6)</u> 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>DRILLING FLUID CUTTINGS</u> Number of working pits to be utilized: <u>3-SUCTION, SHALE, RESERVE</u> Abandonment procedure: <u>PITS ALLOWED TO EVAPORATE AND DRY BACK FILLED WHEN DRY.</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.		
<u>7/3/07</u> Date	 Signature of Applicant or Agent	RECEIVED KANSAS CORPORATION COMMISSION JUL 05 2007 CONSERVATION DIVISION WICHITA, KS
KCC OFFICE USE ONLY		
Date Received: <u>7/5/07</u>	Permit Number: _____	Permit Date: <u>7/9/07</u> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

15-185-23452-0020



Kathleen Sebelius, Governor
Thomas E. Wright, Chairman
Robert E. Krehbiel, Commissioner
Michael C. Moffet, Commissioner

July 9, 2007

Mr. Gary Anstine
Anstine & Musgrove, Inc.
PO Box 391
Ponca City, OK 74602-0391

Re: Drilling Pit Application
Spangenberg Lease Well No. 4
SW/4 Sec. 26-22S-12W
Stafford County, Kansas

Dear Mr. Anstine:

District staff has inspected the location and has determined that an unsealed condition will present a pollution threat to water resources.

District staff has instructed that no earthen pits are to be used at the location. Steel pits are to be used. Please inform the Commission in writing as to which disposal well you will utilize to dispose of the contents in the steel pits and the amount of fluid that will be disposed. **If a haul-off pit is necessary please file, form CDP-1, Application for Surface Pit.** This location will have to be inspected prior to approval of the haul-off pit application.

If fluids are taken to an authorized disposal well, please call the District Office at (620) 225-8888. Please file form CDP-5, 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.

Sincerely,

Kathy Haynes
Environmental Protection and Remediation Department

Cc: File

**HAUL-OFF PIT APPLICATION
FILING REQUIREMENTS**

82-3-607. DISPOSAL OF DIKE AND PIT CONTENTS.

- (a) Each operator shall perform one of the following when disposing of dike or pit contents:
- (1) Remove the liquid contents to a disposal well or other oil and gas operation approved by the commission or to road maintenance or construction locations approved by the department;
 - (2) dispose of reserve pit waste down the annular space of a well completed according to the alternate I requirements of K.A.R. 82-3-106, if the waste to be disposed of was generated during the drilling and completion of the well; or
 - (3) dispose of the remaining solid contents in any manner required by the commission. The requirements may include any of the following:
 - (A) Burial in place, in accordance with the grading and restoration requirements in K.A.R. 82-3-602 (f);
 - (B) removal and placement of the contents in an on-site disposal area approved by the commission;
 - (C) removal and placement of the contents in an off-site disposal area on acreage owned by the same landowner or to another producing lease or unit operated by the same operator, if prior written permission from the landowner has been obtained; or
 - (D) removal of the contents to a permitted off-site disposal area approved by the department.
- (b) Each violation of this regulation shall be punishable by the following:
- (1) A \$1,000 penalty for the first violation;
 - (2) a \$2,500 penalty for the second violation; and
 - (3) a \$5,000 penalty and an operator license review for the third violation.

Complete and return with Haul-Off Pit Application, Form CDP1(2004)

Haul-off pit will be located in an on-site disposal area: Yes No

Haul-off pit is located in an off-site disposal area on acreage owned by the same landowner:
Yes No If yes, written permission from the land owner must be obtained. Attach written permission to haul-off pit application.

Haul-off pit is located in an off-site disposal area on another **producing** lease or unit operated by the same operator: Yes No If yes, written permission from the land owner must be obtained. Attach permission and a copy of the lease assignment that covers the acreage where the haul-off pit is to be located, to the haul-off pit application.