

For KCC Use: 8-807
Effective Date: _____
District # 4
SGA? Yes No

KANSAS CORPORATION COMMISSION 1010861
OIL & GAS CONSERVATION DIVISION

Form C-1
November 2005
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: 07/31/2007
month day year

OPERATOR: License# 30717
Name: Downing-Nelson Oil Co Inc
Address 1: PO BOX 372
Address 2: _____
City: HAYS State: KS Zip: 67601 + 0372
Contact Person: Ron Nelson
Phone: 785-621-2610

CONTRACTOR: License# 31548
Name: Discovery Drilling

Well Drilled For: Oil Gas 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 #: _____

REQUESTED LEASE OR UNIT INFO BE SUBMITTED WITH SIGNED INTENT. *REC'D 8-1-07*

Spot Description: 140'S & 200'W of
SW - NW - SW Sec. 35 Twp. 12 S. R. 22 E W
(Q/Q/Q) 1,510 feet from N / S Line of Section
130 feet from E / W Line of Section

Is SECTION: Regular Irregular?
(Note: Locate well on the Section Plat on reverse side)
County: Trego

Lease Name: SWS Unit Well #: 1-35
Field Name: OGALLAH

Is this a Prorated / Spaced Field? Yes No
Target Formation(s): LKC & Arbuckle

Nearest Lease or unit boundary line (in footage): 130
Ground Surface Elevation: 2326 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: 950

Surface Pipe by Alternate: I II
Length of Surface Pipe Planned to be set: 200

Length of Conductor Pipe (if any): 0
Projected Total Depth: 4100

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: _____

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: July 28, 2007 Signature of Operator or Agent: [Signature] Title: Agent

RECEIVED KANSAS CORPORATION COMMISSION
AUG 03 2007
RECEIVED KANSAS CORPORATION COMMISSION
JUL 31 2007
CONSERVATION DIVISION
KANSAS

For KCC Use ONLY
API # 15 - 195-22480-0000
Conductor pipe required 0 feet
Minimum surface pipe required 200 feet per ALT. I II
Approved by: [Signature]
This authorization expires: 2-3-08
(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 (within 60 days);
- 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 Date: _____
Signature of Operator or Agent: _____

35
12
22
 E
 W



1010861

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 - 195-22480000
Operator: Downing-Nelson Oil Co Inc
Lease: SWS Unit
Well Number: 1-35
Field: OGALLAH

Location of Well: County: Trego
1,510 feet from N / S Line of Section
130 feet from E / W Line of Section
Sec. 35 Twp. 12 S. R. 22 E W

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

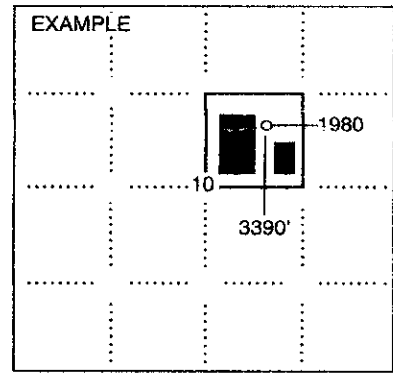
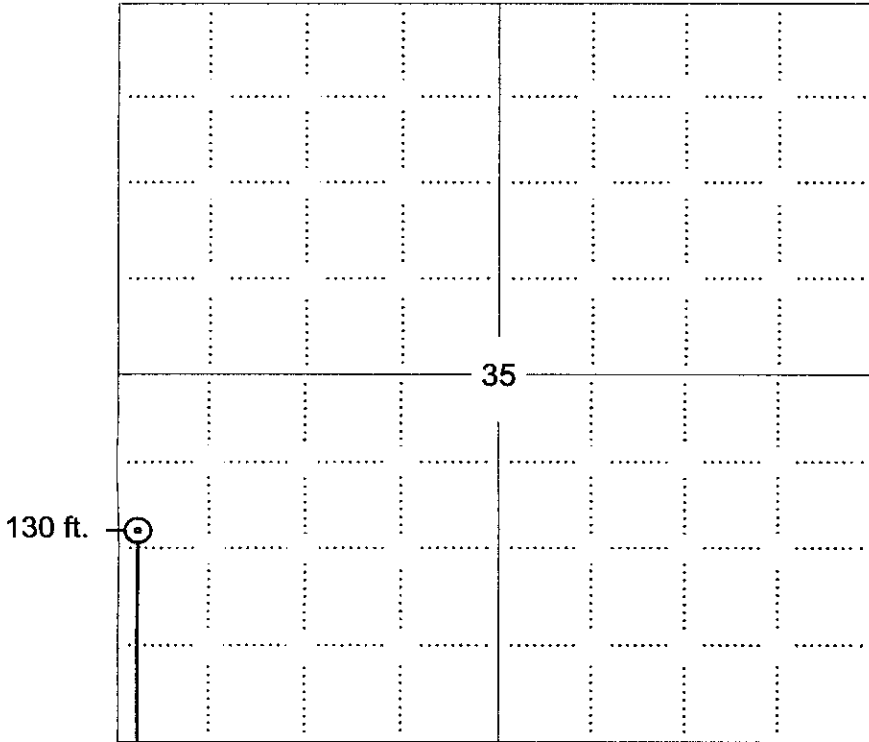
Is Section: Regular or Irregular

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.

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

1510 ft.

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 south / north and east / west outside section lines.
3. The distance to the nearest lease or unit boundary line (in footage).
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 1010861
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT

Form CDP-1
 April 2004
 Form must be Typed

Submit in Duplicate

Operator Name: Downing-Nelson Oil Co Inc		License Number: 30717	
Operator Address: PO BOX 372		HAYS KS 67601	
Contact Person: Ron Nelson		Phone Number: 785-621-2610	
Lease Name & Well No.: SWS Unit 1-35		Pit Location (QQQQ): _____ SW _____ NW _____ SW Sec. 35 Twp. 12 R. 22 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1,510 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 130 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Trego 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 (If WP Supply API No. or Year Drilled)		Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 3,000 (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ mg/l (For Emergency Pits and Settling Pits only)	
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? Lined with clay soil, native and fresh mud.	
Pit dimensions (all but working pits): <u>70</u> Length (feet) <u>70</u> Width (feet) <input type="checkbox"/> N/A: Steel Pits		Depth from ground level to deepest point: <u>5</u> (feet) <input type="checkbox"/> No Pit	
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.	
		RECEIVED KANSAS CORPORATION COMMISSION AUG 03 2007 CONSERVATION DIVISION WICHITA, KS	
Distance to nearest water well within one-mile of pit <u>4499</u> feet Depth of water well <u>35</u> feet		Depth to shallowest fresh water <u>20</u> feet. WICHITA, KS Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> 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: <u>Fresh Mud</u> Number of working pits to be utilized: <u>3</u> Abandonment procedure: <u>Allow liquid contents to evaporate, let cuttings dry and 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 JUL 31 2007 CONSERVATION DIVISION WICHITA, KS	
<u>July 28, 2007</u> Date		_____ Signature of Applicant or Agent	
KCC OFFICE USE ONLY			
Date Received: <u>7/31/07</u> Permit Number: _____		Steel Pit <input type="checkbox"/> RFAC <input type="checkbox"/> RFAS <input type="checkbox"/>	
Permit Date: <u>7/31/07</u> Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

15-195-22492-0022