

For KCC Use: 8-13-07
 Effective Date: 4
 District #: 4
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION

Form C-1
 December 2002
 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 August 13 2007
month day year

Spot N 1/4 NE 1/4 SE SW Sec. 33 Twp. 15 S. R. 17 East West
1090' feet from N / S Line of Section
1335' feet from E / W Line of Section

OPERATOR: License# 8754 ✓
 Name: Pyle Petroleum
 Address: 212 Old Grande Blvd. C-100, Tyler, Texas 75703
 City/State/Zip: Tyler, Texas 75703
 Contact Person: John L. Schmeidler
 Phone: (785) 259-4314

Is SECTION Regular Irregular?

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

County: Ellis
 Lease Name: Schlegel Well #: 1
 Field Name: South of the River

CONTRACTOR: License# 33493 ✓
 Name: American Eagle

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): L/KC, Arbuckle ✓

Nearest Lease or unit boundary: 1090' ✓

Ground Surface Elevation: 1875 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: 56'

Depth to bottom of usable water: 500-340 ✓

Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be set: 1060' ✓

Length of Conductor Pipe required: 80'

Projected Total Depth: 3650' ✓

Formation at Total Depth: Arbuckle

Water Source for Drilling Operations:

Well Farm Pond Other Spring or Smoky Hill River

DWR Permit #: Application Filed & Attached

(Note: Apply for Permit with DWR)

Will Cores be taken? Yes No

If Yes, proposed zone: _____

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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: 8/5/07 Signature of Operator or Agent: John L. Schmeidler Title: Reg. Manager

AUG 08 2007

CONSERVATION DIVISION
 WICHITA, KS

For KCC Use ONLY
 API # 15 - 051-25672-0000
 Conductor pipe required None feet
 Minimum surface pipe required 300 feet per Alt. 1 ✓
 Approved by: Pat 8-8-07
 This authorization expires: 2-8-08
 (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

33
 15
 17W

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 - 051-25672-0000
 Operator: Pyle Petroleum
 Lease: Schlegel
 Well Number: 1
 Field: South of the River
 Number of Acres attributable to well: 10
 QTR / QTR / QTR of acreage: NE - SE - SW

Location of Well: County: Ellis
 1090' feet from N / S Line of Section
 1335' feet from E / W Line of Section
 Sec. 33 Twp. 15 S. R. 17 East West

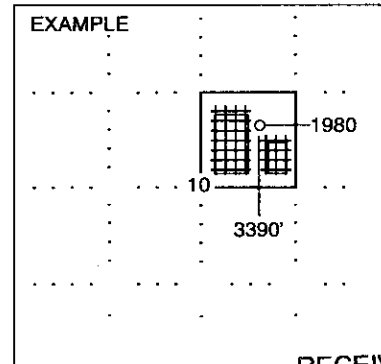
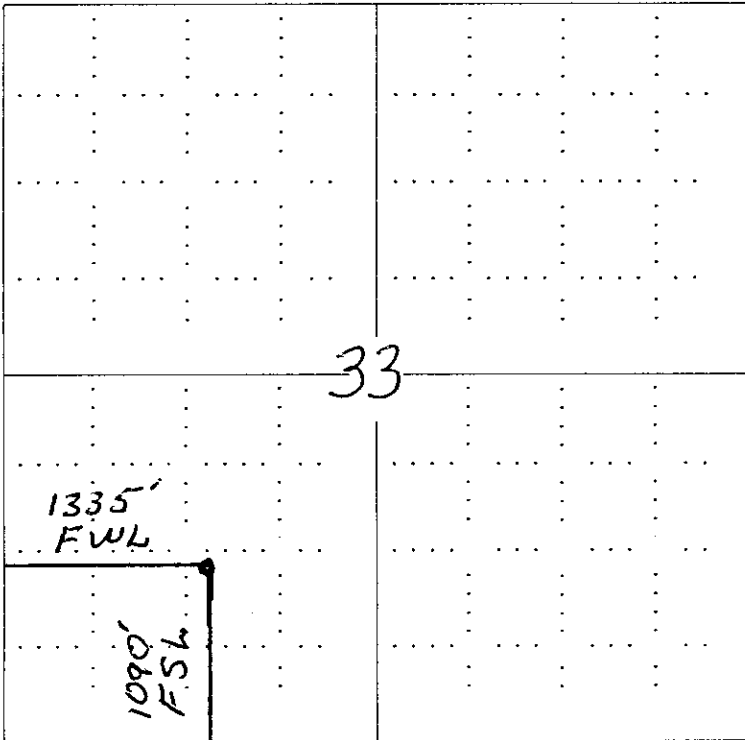
Is Section: Regular or Irregular

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

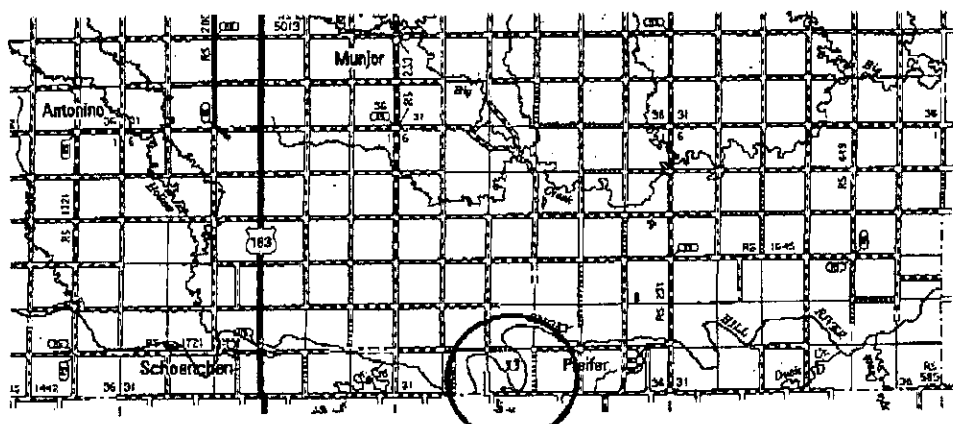
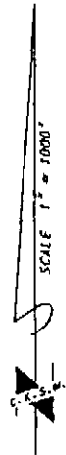
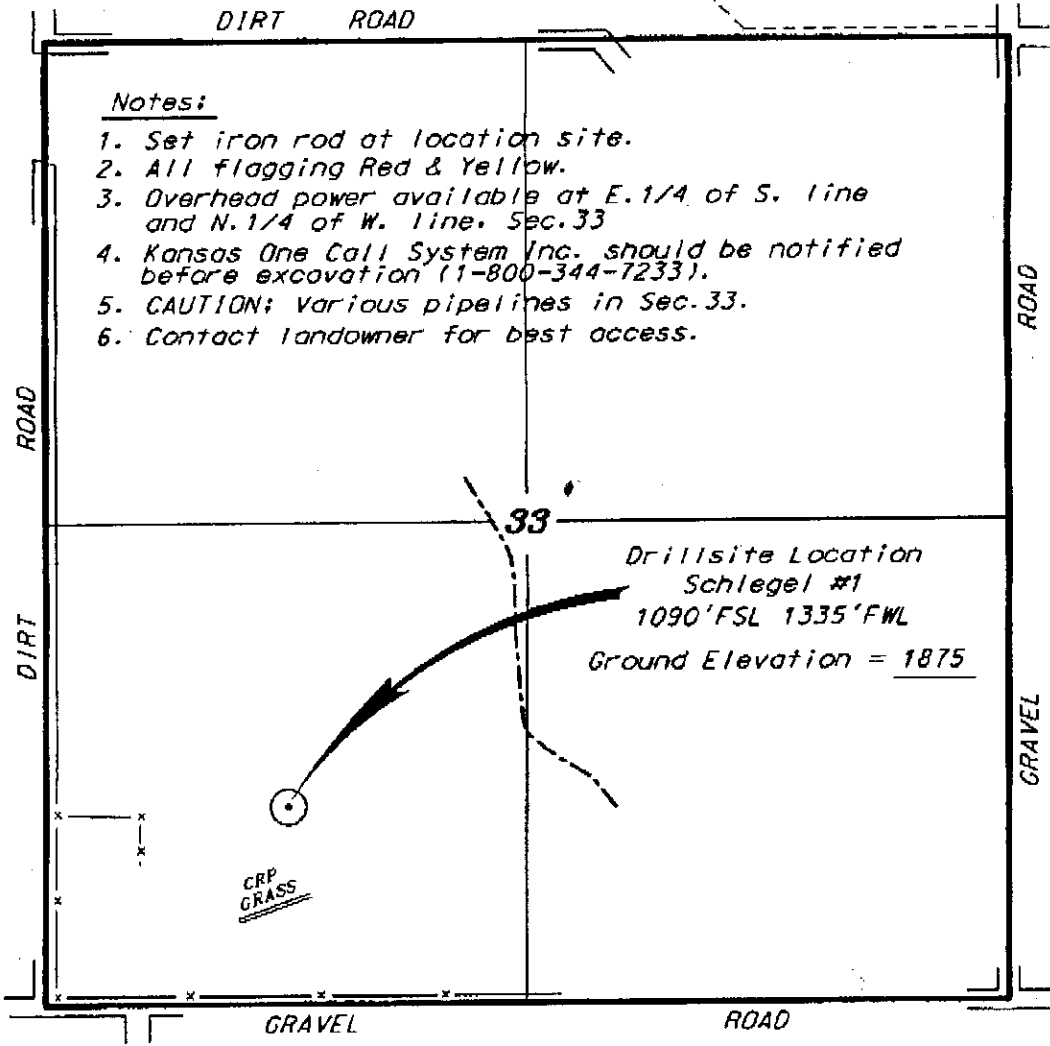
1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the section's south / north and east / west.
3. The distance to the nearest lease or unit 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).

CONSERVATION DIVISION
 REGISTRATION

PYLE PETROLEUM
SCHLEGEL LEASE
SW.1/4, SECTION 33, T15S, R17W
ELLIS COUNTY, KANSAS

15051-25672-0000

Ingress and egress to location as shown on this plat is for usage only and may not be legally opened for public use. Contact landowner, tenant and county road department for access.



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CONSERVATION DIVISION
WICHITA, KS

• Controlling data is based upon the best maps and photographs available to us and upon a regular section of land containing 640 acres.
 • Approximate section lines were determined using the normal standards of care of oilfield surveyors practicing in the state of Kansas. The section corners, which establish the precise section lines, were not necessarily located, and the exact location of the drillsite location in the section is not guaranteed. Therefore, the operator assuming this service and operating this plat and all other parties relying thereon agree to hold Central Kansas Oilfield Services, Inc., its officers and employees harmless from all losses, costs and expenses and hold entities released from any liability from incidental or consequential damages.
 • Elevations derived from National Geodetic Vertical datum.

Date January 18, 2007

**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: Pyle Petroleum		License Number: 8754
Operator Address: 212 Old Grande Blvd. C-100, Tyler, Texas 75703		
Contact Person: John L. Schmeidler		Phone Number: (785) 259 - 4314
Lease Name & Well No.: Schlegel #1		Pit Location (QQQQ): SW NE SE SW Sec. 33 Twp. 15 R. 17 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1090' Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 1335' Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Ellis 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: 8,900 (bbls)	
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No	How is the pit lined if a plastic liner is not used? Native Clay
Pit dimensions (all but working pits): 100 Length (feet) 600' Width (feet) N/A: Steel Pits Depth from ground level to deepest point: 5 (feet)		
If the pit is lined give a brief description of the liner material, thickness and installation procedure. N.A.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. Monitoring of fluid level during drilling & completion operations
Distance to nearest water well within one-mile of pit 2491' feet Depth of water well 56' feet		Depth to shallowest fresh water 58' 22 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, Chemical Mud Number of working pits to be utilized: 3 Abandonment procedure: Evaporation of fluids and then trench and bury any remaining drill fluids and cuttings. 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		
8/6/07 Date	<i>John L. Schmeidler</i> Signature of Applicant or Agent	AUG 08 2007 CONSERVATION DIVISION WICHITA, KS
KCC OFFICE USE ONLY		
Date Received: 8/8/07 Permit Number: _____ Permit Date: 8/8/07 Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	REAS4C	

15-051-25672-0220



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

August 8, 2007

Mr. John L. Schmeidler
Pyle Petroleum
212 Old Grande Blvd. C-100
Tyler, TX 75703

RE: Drilling Pit Application
Schlegel Lease Well No. 1
SW/4 Sec. 33-15S-17W
Ellis County, Kansas

Dear Mr. Schmeidler:

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 **if sand is encountered during the construction of the reserve pit or working pits, please call the District Office at (785) 625-0550**. The 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 all pits away from any draws.**

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 (785) 625-0550 when the fluids have been removed. 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.

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