

For KCC Use: 8-2507
 Effective Date: 8-25-07
 District #: 9
 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 25, 2007
 month day year

OPERATOR: License# 3273
 Name: Herman L. Loeb
 Address: P O Box 524
 City/State/Zip: Lawrenceville, IL 62439
 Contact Person: George A. Payne
 Phone: (812) 853-3813

CONTRACTOR: License# 33493
 Name: American Eagle Drilling

<input checked="" type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input checked="" type="checkbox"/> Infield	<input checked="" type="checkbox"/> Mud Rotary
<input type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Pool Ext.	<input type="checkbox"/> Air Rotary
<input type="checkbox"/> CMO	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat	<input type="checkbox"/> Cable
<input type="checkbox"/> Seismic; # of Holes	<input type="checkbox"/> Other		
<input type="checkbox"/> 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 _____ East
 _____ NE SE Sec. 32 Twp. 10 S. R. 20 West
2290 feet from N / S Line of Section
620 feet from E / W Line of Section
 Is SECTION Regular Irregular?

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

County: Rooks
 Lease Name: McKenna D Well #: 3
 Field Name: Trico

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Arbuckle

Nearest Lease or unit boundary: 350 ft

Ground Surface Elevation: 2,170 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: 180 ft

Depth to bottom of usable water: 900

Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be set: 240

Length of Conductor Pipe required: _____

Projected Total Depth: 3,850 ft

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: August 14, 2007 Signature of Operator or Agent: George A. Payne Title: Petroleum Engineer

For KCC Use ONLY
 API # 15 - 163-23638-0000
 Conductor pipe required None feet
 Minimum surface pipe required 200 feet per Alt. **XO 2**
 Approved by: 163-20-07
 This authorization expires: 2-2008
 (This authorization void if drilling not started within 6 months of effective date.)
 Spud date: _____ Agent: _____

Remember to:

- File Drill Plat 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

AUG 17 2007

CONSERVATION DIVISION
 WICHITA, KS

32
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2007

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IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a prorated or spaced field

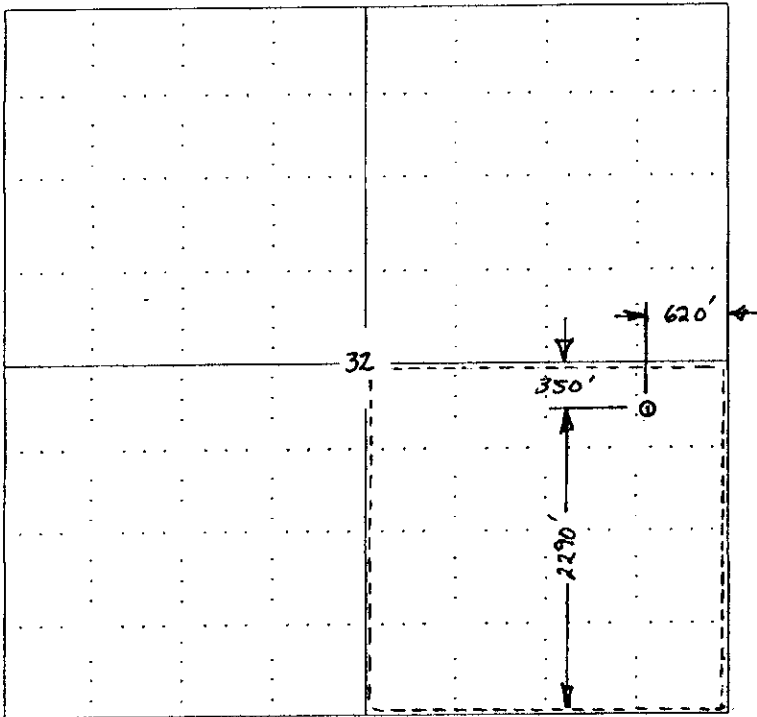
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please 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 - 163-23638-0000
 Operator: Herman L. Loeb
 Lease: McKenna D
 Well Number: 3
 Field: Trico
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: _____ - NE - SE

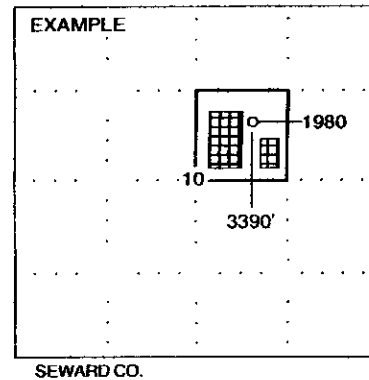
Location of Well: County: Rooks
2290 feet from N / S Line of Section
620 feet from E / W Line of Section
 Sec. 32 Twp. 10 S. R. 20 East West
 Is Section: Regular or Irregular
If Section is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

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

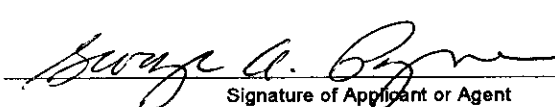
In plotting the proposed location of the well, you must show:

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).

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

Form GDP-1
January 2001
Form must be Typed

Submit in Duplicate

Operator Name: Herman L. Loeb		License Number: 3273
Operator Address: P O Box 524 Lawrenceville, IL 62439		
Contact Person: George A. Payne		Phone Number: (812) 853 - 3813
Lease Name: McKenna D		Pit Location:
Type of Pond: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Treatment Pit <input type="checkbox"/> Workover Pit <input checked="" type="checkbox"/> Drilling Pit <input type="checkbox"/> Burn 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: 6,000 (bbls)	SE Qtr. Sec. 32 Twp. 10S R. 20 <input type="checkbox"/> E <input checked="" type="checkbox"/> W 2290 Feet from N / S (circle one) Line of Section 620 Feet from E / W (circle one) Line of Section Rooks 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 Treatment 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? Clay
Pit dimensions (all but working pits): 100 Length (feet) 100 Width (feet) Depth from ground level to deepest point: 5 (feet)		RECEIVED KANSAS CORPORATION COMMISSION
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. AUG 17 2007 CONSERVATION DIVISION WICHITA KS	
Distance to nearest water well within one-mile of pit 5280 feet Depth of water well 24 feet	Depth to shallowest fresh water 24 feet. Source of information: _____ measured _____ well owner _____ electric log <input checked="" type="checkbox"/> KDWR	
Emergency, Treatment 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 pond? <input type="checkbox"/> Yes <input type="checkbox"/> No	Drilling and Workover Pits ONLY: Type of material utilized in drilling/workover: Fresh water mud Number of working pits to be utilized: 1 Abandonment procedure: Vent sides, allow water to evaporate, backfill & smooth. 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>8/14/07</u> Date	 Signature of Applicant or Agent	

15-163-23638-0000

KCC OFFICE USE ONLY		RFAC
Date Received: <u>8/17/07</u>	Permit Number: _____	Permit Date: <u>8/20/07</u> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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



Kathleen Sebelius, Governor
Thomas E. Wright, Chairman
Michael C. Moffet, Commissioner
Joseph F. Harkins, Commissioner

August 20, 2007

Mr. George A. Payne
Herman L. Loeb
PO Box 524
Lawrenceville, IL 62439

RE: Drilling Pit Application
McKenna D Lease Well No. 3
SE/4 Sec. 32-10S-20W
Rooks County, Kansas

Dear Mr. Payne:

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 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 (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