For KCC Use: Effective Date: 8-26-07 District # X 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

| | | | • | (a) days prior to commencing well | |
|---|------------------|---|---|--|-----------------|
| Expected Spud Date | August | 28 | 2007 | Spot 140' N & 10' W of | East |
| | month | day | year | S/2 - SE - SE Sec. 25 Twp. 16 S. R. 25 | West |
| OPERATOR: License# 307 | 42 | | | 470 feet from N / VS Line of Section | ion |
| Name: Palomino Petroleum, | Inc. | | | 670feet from/ E /W Line of Section | on |
| Address: 4924 SE 84th St. | | | | Is SECTION _✓ RegularIrregular? | |
| City/State/Zip: Newton, Kans | sas 67114-882 | 7 | | (Note: Locate well on the Section Plat on reverse side) | |
| Contact Person: Klee R. Wa | tchous | | | County: Ness | |
| Phone: (316) 799-1000 | | | | Lease Name: Cinda Flax Well #.1 | |
| 2 | 2250 | | | Field Name: Dubbs Ext. | |
| CONTRACTOR: License# 3 | Inc | | | Is this a Prorated / Spaced Field? | √ No |
| Name: Southwind Drining, | iric. | | | Target Formation(s): Mississippian | |
| Well Drilled For: | Well Class | : Type | Equipment: | Nearest Lease or unit boundary: 470 | |
| ✓ Oil Enh Red | - | | Mud Rotary | | t MSL |
| Gas Storage | | ./ = | Air Rotary | Water well within one-quarter mile: | √Ng_ |
| OWWO Disposal | | | Cable | Public water supply well within one mile: | No |
| Seismic; # of H | | | Jable | Depth to bottom of fresh water: 180 | |
| Other | oles Offici | | | Depth to bottom of usable water: 1100 | |
| | | | | Surface Pipe by Alternate: 1 2 | |
| If OWWO: old well information | on as follows: | | | Length of Surface Pipe Planned to be set: 200+ | |
| Operator: | | | | Length of Conductor Pipe required: None | |
| Well Name: | | - · · · · · · · · · · · · · · · · · · · | | Projected Total Depth: 4500 | |
| Original Completion Date | e: | _Original Total | Depth: | Formation at Total Depth: Mississippian | |
| B: | | • | | Water Source for Drilling Operations: | |
| Directional, Deviated or Horiz | | | Yes ✓ No | Well 📝 Farm Pond Other | |
| If Yes, true vertical depth: | | | | DWR Permit #: | |
| Bottom Hole Location: | | | | (Note: Apply for Permit with DWR | |
| KCC DKT #: | | | | Will Cores be taken? | ✓ No |
| | | | | If Yes, proposed zone: | |
| | | | AFF | IDAVIT RECEIVE KANSAS CORPORATION | :D Commissic |
| • | | | • | lugging of this well will comply with K.S.A. 55 et. seq. | |
| It is agreed that the followin | g minimum re | quirements wi | Il be met: | AUG 2 0 20 |)07 |
| Notify the appropriate A copy of the approve The minimum amount | ed notice of int | tent to drill <i>sh</i> | all be posted on each | ch drilling rig; ch drilling rig; f by circulating cement to the top; in all cases surface pipe ∰∰ €€ | Vision |
| | | | | he underlying formation. | • |
| 4. If the well is dry hole, | , an agreemer | it between the | e operator and the d | district office on plug length and placement is necessary prior to plugg | ing; |
| | | | , , | gged or production casing is cemented in; | |
| | | | | ted from below any usable water to surface within 120 days of spud dat #133,891-C, which applies to the KCC District 3 area, alternate II cemi | |
| must be completed w | ithin 30 days o | of the soud da | unace casing order ate or the well shall I | be plugged. <i>In all cases_NOTIFY district office</i> prior to any cementin | anung n |
| I hereby certify that the stat | | | | 1 | g. |
| riology contry that the otal | omento made | norom are are | | \sqrt{a} | |
| Date: August 20, 2007 | _ Signature of | Operator or | Agent: | Title: President | |
| | | | | Remember to: | |
| For KCC Use ONLY | | | | - File Drill Pit Application (form CDP-1) with Intent to Drill; | |
| API # 15 - 135-2 | 41090-0 | α | | - File Completion Form ACO-1 within 120 days of spud date; | 0 |
| | | | | - File acreage attribution plat according to field proration orders; | للان |
| Conductor pipe required | None | | et | - Notify appropriate district office 48 hours prior to workover or re-entry | , M |
| Minimum surface pipe requ | | fe | et per Alt. // 2 | Submit plugging report (CP-4) after plugging is completed; | ı |
| Approved by: 1448-21 | | | | - Obtain written approval before disposing or injecting salt water. | |
| This authorization expires:_ | 22108 | | | - If this permit has expired (See: authorized expiration date) please | 2 |
| (This authorization void if dri | | within 6 months | of approval date.) | check the box below and return to the address below. | - |
| | | | | Well Not Drilled - Permit Expired | \ 0 |
| Spud date: | Agent: | | | Signature of Operator or Agent: | ۔ لکی |
| | | | | Date: | - <u>(Y</u>) |

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

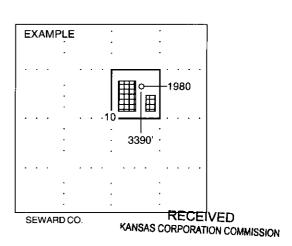
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please 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 - 135-24690-0000 | Location of Well: County: Ness |
|---|--|
| Operator: Palomino Petroleum, Inc. | 470 feet from N / V S Line of Section |
| Lease: Cinda Flax | 670 feet from F E / W Line of Section |
| Well Number: 1 Field: Dubbs Ext. | Sec. 25 Twp. 16 S. R. 25 ☐ East ✓ West |
| Number of Acres attributable to well: | Is Section: ✓ Regular or Irregular |
| QTR / QTR / QTR of acreage: S/2 - SE - SE | 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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| · | | 4 <u>7</u> 0 | 670- 0 |



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

NESS CO.

AUG 2 0 2007

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

CONSERVATION DIVISION 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).

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

Form CDP-1 April 2004 Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

| Operator Name: Palomino Petrole | eum, Inc. | License Number: 30742 | | | |
|---|--------------------------|---|---|--|--|
| Operator Address: 4924 SE 84th St., Newton, Kansas 67114-8827 | | | | | |
| Contact Person: Klee R. Watchous | <u> </u> | Phone Number: (316) 799 - 1000 | | | |
| Lease Name & Well No.: Cinda Flax | | | Pit Location (QQQQ): | | |
| Type of Pit: | | N & 10 W | of S/2 SE SE _ | | |
| Emergency Pit Burn Pit | ✓ Proposed | Existing | Sec. 25 _{Twp.} 16S _{R.} 25 | | |
| Settling Pit | If Existing, date c | onstructed: | 470 Feet from North / ✓ South Line of Section | | |
| Workover Pit Haul-Off Pit | Pit capacity: | | 670 Feet from ✓ East / West Line of Section | | |
| (If WP Supply API No. or Year Drilled) | 6800 | (bbls) | Ness County | | |
| Is the pit located in a Sensitive Ground Water | Area? Yes ✓ | No | Chloride concentration: mg/l | | |
| | | | (For Emergency Pits and Settling Pits only) | | |
| Is the bottom below ground level? | Artificial Liner? Yes ✓ | No | How is the pit lined if a plastic liner is not used? Drlg. mud and shale from well bore. | | |
| | | | L | | |
| Pit dimensions (all but working pits): | | | Width (feet) N/A: Steel Pits | | |
| | om ground level to de | | | | |
| If the pit is lined give a brief description of the material, thickness and installation procedure | | Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. | | | |
| | | | | | |
| | | | | | |
| | · | | | | |
| Distance to nearest water well within one-mile | of pit | Depth to shallowest fresh water | | | |
| | <u>43</u> feet | | iredwell owner electric logKDWR | | |
| Emergency, Settling and Burn Pits ONLY: | | Drilling, Workover and Haul-Off Pits ONLY: | | | |
| Producing Formation: | | Type of material utilized in drilling/workover: fresh | | | |
| Number of producing wells on lease: | | Number of working pits to be utilized: 2 | | | |
| Barrels of fluid produced daily: | | Abandonment | procedure: evaporate and backfill | | |
| Does the slope from the tank battery allow all flow into the pit? Yes No | spilled fluids to | Drill nite must h | oe closed within 365 days of soud date | | |
| | | Drill pits must be closed within 365 days of spud date. RECEIVED **ANSAS CORPORATION COMMISSION | | | |
| I hereby certify that the above statements are true and correct to the best of my knowledge and belief. AUG 2 0 2007 | | | | | |
| August 20, 2007 | | \langle Q_2 \sqrt{0} | $A \cap V \cup A$ | | |
| Date | | Si | ignature of Applicant or Agent WICHITA, KS | | |
| KCC OFFICE USE ONLY | | | | | |
| | | | | | |
| Date Received: 8/20/c 7 Permit Number | her· | Permi | t Date: 8/20/c7 Lease Inspection: Tyes 19 No | | |