

For KCC Use: 9-9-07
 Effective Date: 9-9-07
 District #: 4
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION

Form C-1
 December 2002

NOTICE OF INTENT TO DRILL

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 September 5 2007
month day year

Spot East
 West
-NE-NE SE NW Sec. 3 Twp. 8 S. R. 21
1630 feet from N / S Line of Section
2540 feet from E / W Line of Section
 Is SECTION Regular Irregular?

OPERATOR: License# 32657
 Name: Gateway Resources, LLC
 Address: 224 S. Crestway
 City/State/Zip: Wichita, KS 67218
 Contact Person: Gary F. Gensch
 Phone: 316-684-0199

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

County: Graham
 Lease Name: Alexander-Thomas Unit Well #: 1-3
 Field Name: Wildcat

CONTRACTOR: License# 33575
 Name: W.W. Drilling, LLC

Is this a Prorated / Spaced Field? Yes No

<input checked="" type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input 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"/> OWWO	<input type="checkbox"/> Disposal	<input checked="" type="checkbox"/> Wildcat	<input type="checkbox"/> Cable
<input type="checkbox"/> Seismic; # of Holes	<input type="checkbox"/> Other		
<input type="checkbox"/> Other			

Target Formation(s): LKC & Arbuckle

Nearest Lease or unit boundary: 100 ft

Ground Surface Elevation: 2020' 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'

Depth to bottom of usable water: 800-750'

Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be set: 200 ft

Length of Conductor Pipe required: None

Projected Total Depth: 3,550'

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: _____

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 #: _____

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Declaration of Unitization Attached

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:

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CONSERVATION DIVISION
 WICHITA, KS

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 23, 2007 Signature of Operator or Agent: Gary F. Gensch Title: President

For KCC Use ONLY
 API # 15 - 065-23345-0000
 Conductor pipe required None feet
 Minimum surface pipe required 200 feet per Alt. 2
 Approved by: PHH 9-4-07
 This authorization expires: 3-4-08
 (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: _____

3
8
21/07

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 - 065-23345-0000
 Operator: Gateway Resources, LLC
 Lease: Alexander-Thomas Unit
 Well Number: 1-3
 Field: Wildcat

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

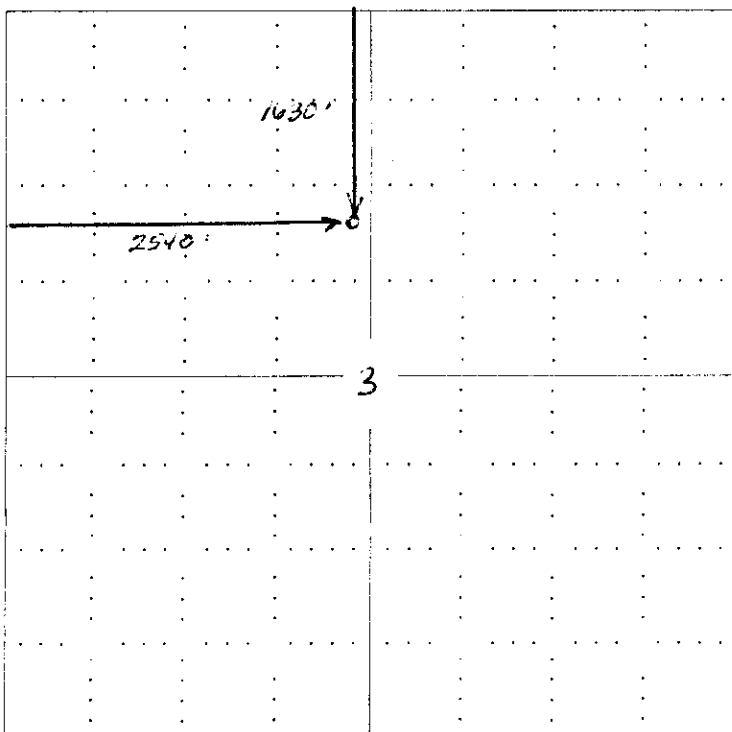
Location of Well: County: Graham
 1630 _____ feet from N / S Line of Section
 2540 _____ feet from E / W Line of Section
 Sec. 3 Twp. 8 S. R. 21 East West

Is Section: Regular or Irregular

If Section Is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

PLAT

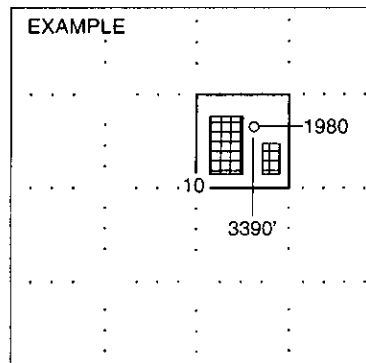
*(Show location of the well and shade attributable acreage for prorated or spaced wells.)
 (Show footage to the nearest lease or unit boundary line.)*



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

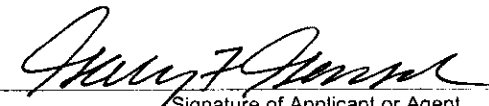
In plotting the proposed location of the well, you must show:

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 PIT**

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: Gateway Resources, LLC		License Number: 32657
Operator Address: 224 S. Crestway, Wichita, KS 67218		
Contact Person: Gary F. Gensch		Phone Number: (316) 684 - 0199
Lease Name & Well No.: Alexander-Thomas Unit #1-3		Pit Location (QQQQ): NE NE SE NW
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: _____ (bbis)	Sec. 3 Twp. 8S R. 21 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1630 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 2540 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Graham _____ County
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?
Pit dimensions (all but working pits): <u>60</u> Length (feet) <u>40</u> Width (feet) <u>N/A</u> : 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.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.
		RECEIVED KANSAS CORPORATION COMMISSION AUG 30 2007 CONSERVATION DIVISION WICHITA, KS
Distance to nearest water well within one-mile of pit <u>5000</u> ^{<u>2289</u>} feet Depth of water well <u>80</u> ^{<u>25</u>} feet	Depth to shallowest fresh water <u>30</u> ^{<u>5</u>} feet. Source of information: _____ measured <input checked="" type="checkbox"/> well owner _____ electric log <u>①</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 Mud</u> Number of working pits to be utilized: <u>4</u> Abandonment procedure: <u>Allow contents to evaporate and dry. Then backfill and restore to original state</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.		
August 23, 2007 Date	 _____ Signature of Applicant or Agent	
KCC OFFICE USE ONLY		
Date Received: <u>8/30/07</u> Permit Number: _____ Permit Date: <u>8/30/07</u> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	RFAC	

15-065-23345-0022



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

August 30, 2007

Mr. Gary F. Gensch
Gateway Resources, LLC
224 S Crestway
Wichita, KS 67218

RE: Drilling Pit Application
Alexander-Thomas Unit Lease Well No. 1-3
NW/4 Sec. 03-08S-21W
Graham County, Kansas

Dear Mr. Gensch:

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