

For KCC Use: 9-18-07
 Effective Date: 4
 District # _____
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL

Must be approved by KCC five (5) days prior to commencing well

Form C-1
 → September 1999
 Form must be Typed
 Form must be Signed
 All blanks must be Filled

Expected Spud Date 10-8-07
 month day year

OPERATOR: License# 31428
 Name: Lonestar Oil Co dba
 Address: Box 417
 City/State/Zip: Victoria, Ks. 67671
 Contact Person: Jeff Crawford
 Phone: 785 735 2725

CONTRACTOR: License# 33905
 Name: Royal Drilling

Spot East
SE - NW - NE Sec. 32 Twp. 13 S. R. 15 West
4290 feet from S / N (circle one) Line of Section
1650 feet from E / W (circle one) Line of Section
 Is SECTION Regular Irregular?

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

County: Russell
 Lease Name: Mermis C swd Well #: 1
 Field Name: Gorham

Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Granite wash

Nearest Lease or unit boundary: 990
 Ground Surface Elevation: 1910 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: 35

Depth to bottom of usable water: 555 440

Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be set: 965

Length of Conductor Pipe required: 0

Projected Total Depth: 3450

Formation at Total Depth: Granite Wash

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: _____

Well Drilled For:	Well Class:	Type Equipment:
<input type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input checked="" type="checkbox"/> Infield
<input type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input checked="" type="checkbox"/> Mud Rotary
<input type="checkbox"/> OAWO	<input checked="" type="checkbox"/> Disposal	<input type="checkbox"/> Air Rotary
<input type="checkbox"/> Seismic; # of Holes _____	<input type="checkbox"/> Pool Ext.	<input type="checkbox"/> Cable
<input type="checkbox"/> Other _____	<input type="checkbox"/> Wildcat	
	<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 #: _____

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-101, 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. 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: 9-7-07 Signature of Operator or Agent: [Signature] Title: OWNER

RECEIVED
 SEP 12 2007

KCC WICHITA

For KCC Use ONLY
 API # 15 - 167-23455-0000
 Conductor pipe required None feet
 Minimum surface pipe required 460 feet per Alt. 1
 Approved by: [Signature] 9-13-07
 This authorization expires: 3-13-08
 (This authorization void if drilling not started within 6 months of effective 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.

32
 13
 15W

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 - 167-23455-0000
 Operator: _____
 Lease: _____
 Well Number: _____
 Field: _____
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: _____

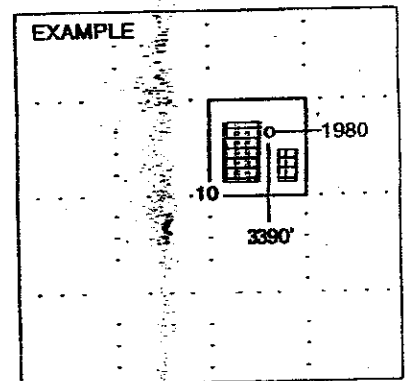
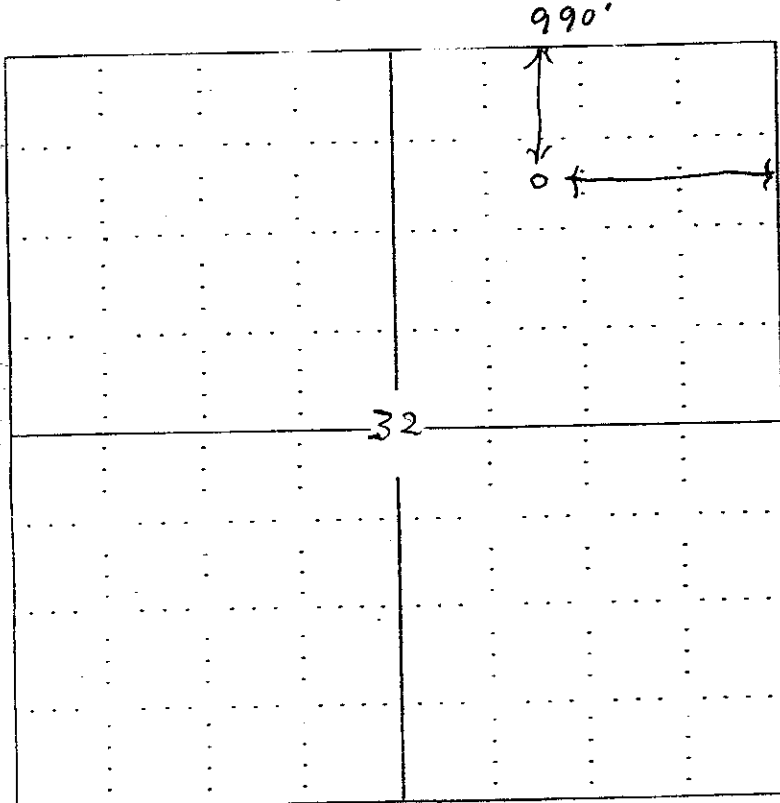
Location of Well: County: Russell
 _____ feet from S / N (circle one) Line of S
 _____ feet from E / W (circle one) Line of S
 Sec. _____ Twp. _____ S. R. _____ East

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.

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;

**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: <u>Lonestar Oil</u>		License Number: <u>31428</u>
Operator Address: <u>Box 417 Victoria Ks 67671</u>		
Contact Person: <u>Jeff Crawford</u>		Phone Number: <u>(785) 735 2725</u>
Lease Name & Well No.: <u>Mermis C swd #1</u>		Pit Location (QQQQ): <u>SE - NW - NE -</u> Sec. <u>32</u> Twp. <u>13</u> R. <u>15</u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <u>990</u> Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section <u>1650</u> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section <u>Russell</u> 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: _____ (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input 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>100</u> Length (feet) <u>100</u> Width (feet) _____ N/A: Steel Pits Depth from ground level to deepest point: <u>7' 5"</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 SEP 12 2007 KCC WICHITA
Distance to nearest water well within one-mile of pit <u>1000</u> feet Depth of water well <u>35'</u> feet		Depth to shallowest fresh water <u>35'</u> feet. Source of information: _____ measured <input checked="" type="checkbox"/> well owner _____ electric log _____ 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>mud</u> Number of working pits to be utilized: <u>3</u> Abandonment procedure: <u>allow to dry and FILL</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.		
<u>9-8-07</u> Date		<u>[Signature]</u> Signature of Applicant or Agent
KCC OFFICE USE ONLY		
Date Received: <u>9/12/07</u> Permit Number: _____ Permit Date: <u>9/12/07</u> Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

15-167-23455-000

**NOTICE TO OPERATORS FILING INTENT TO DRILL
FOR DISPOSAL OR ENHANCED RECOVERY
INJECTION WELLS, (CLASS II INJECTION WELL)**

The attached approved Notice of Intent to Drill indicates the proposed well is to be used for injection. An approved "Intent to Drill" does not approve injection authority as a Class II Injection Well in Kansas.

Before any well is used for injection purposes, the operator must file an application for injection authority in accordance with K.A.R. 82-3-401 and provide notice in accordance with K.A.R. 82-3-402. The Conservation Division must issue a written permit granting the application before commencement of injection.

The Conservation Division requirements and restrictions associated with Class II Injection are identified in **K.A.R. 82-3-400 et seq** of our regulations. Associated regulations governing drilling, completion and injection applications may be found in K.A.R. 82-3-135, Table I, Table II, in the Cedar Hills Sandstone Moratorium, (Docket #156,397-C), and the Eastern Kansas Surface Casing Order, (Docket #133,891-C).

If you have questions regarding the approval of injection authority, an injection application may be filed as a "Design Approval" before actual drilling and completion of the well occurs. If you have any questions or concerns regarding Class II injection wells or regulations, call the Underground Injection Control Department at 316-337-6200.

Failure to obtain commission approval before beginning injection is punishable by a penalty, shut-in of the well or both.