

\* BLOWOUT PREVENTER REQUIRED.

For KCC Use: 9-22-07  
Effective Date: 4  
District # \_\_\_\_\_  
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 10/14/2007  
month day year

OPERATOR: License# 7076  
Name: Black Diamond Oil, Inc.  
Address: P.O. Box 641  
City/State/Zip: Hays, KS 67601  
Contact Person: Kenneth Vehige  
Phone: 785-625-5891

CONTRACTOR: License# 31548  
Name: Discovery Drilling Co., Inc.

Well Drilled For:  Oil  Gas  QWO  Seismic; # of Holes  Other  
 Enh Rec  Storage  Disposal  Other  
Well Class:  Infield  Pool Ext.  Wildcat  
Type Equipment:  Mud Rotary  Air Rotary  Cable

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 Appx  
NE SW NE Sec. 2 Twp. 8 S. R. 21  
1600 feet from  N /  S Line of Section  
1710 feet from  E /  W Line of Section  
Is SECTION  Regular  Irregular?

(Note: Locate well on the Section Plat on reverse side)  
County: Graham  
Lease Name: Atkisson Well #: 1  
Field Name: Wildcat

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

Nearest Lease or unit boundary: 930  
Ground Surface Elevation: 205 Est 1975 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: 250

Surface Pipe by Alternate:  1  2  
Length of Surface Pipe Planned to be set: 200+ Unconsolidated 200' min.

Length of Conductor Pipe required: None  
Projected Total Depth: 3550

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:

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CONSERVATION DIVISION  
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: 9/11/07 Signature of Operator or Agent: [Signature] Title: Pres.

For KCC Use ONLY **BLOWOUT PREVENTER REQUIRED**  
API # 15 - 065-23350-0000  
Conductor pipe required None feet  
Minimum surface pipe required 200 feet per Alt. 102  
Approved by: RMS 9-17-07  
This authorization expires: 3-17-08  
(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

2  
8  
21W

**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 - 065-23350-0000  
Operator: Black Diamond Oil, Inc.  
Lease: Atkisson  
Well Number: 1  
Field: Wildcat  
Number of Acres attributable to well: 10  
QTR / QTR / QTR of acreage: NE - SW - NE

Location of Well: County: Graham  
1600 feet from  N /  S Line of Section  
1710 feet from  E /  W Line of Section  
Sec. 2 Twp. 8 S. R. 21  East  West

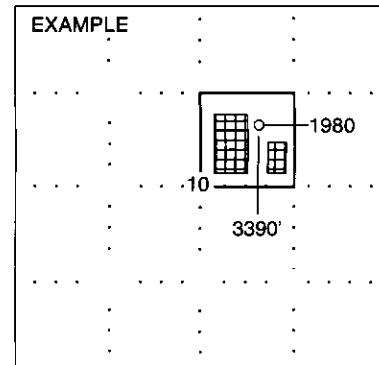
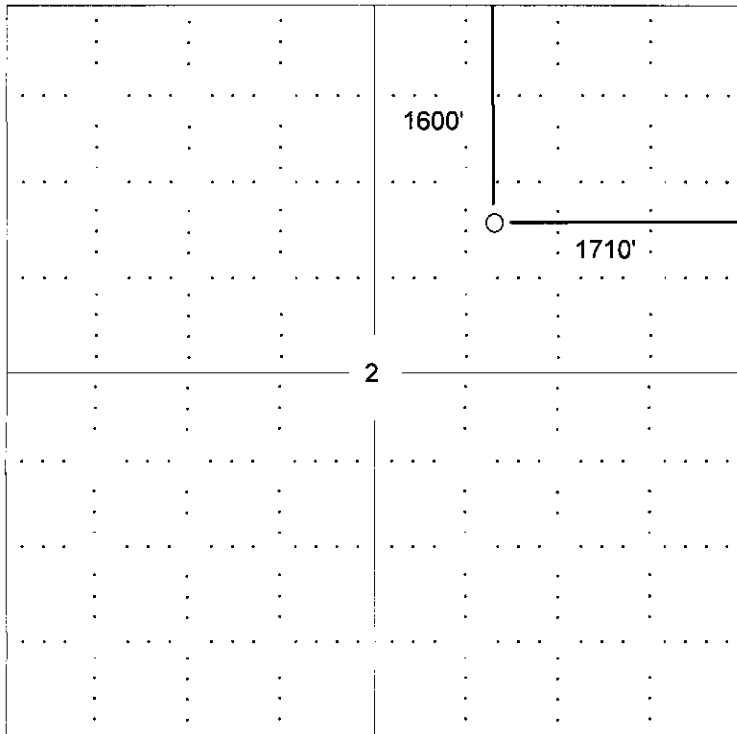
Is Section:  Regular or  Irregular

**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.)*



SEWARD CO.

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

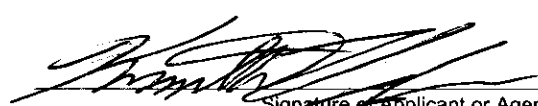
1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the section's south / north and east / west.
3. The distance to the nearest lease or unit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

**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: <b>Black Diamond Oil, Inc.</b>		License Number: <b>7076</b>
Operator Address: <b>P.O. Box 641 Hays, KS 67601</b>		
Contact Person: <b>Kenneth Vehige</b>		Phone Number: ( <b>785</b> ) <b>625 - 5891</b>
Lease Name & Well No.: <b>Atkisson #1</b>		Pit Location (QQQQ): <b>Appx</b> <b>C NE SW NE</b>
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: <b>1000</b> (bbls)	Sec. <b>2</b> Twp. <b>8</b> R. <b>21</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <b>1600</b> Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section <b>1710</b> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section <b>Graham</b> 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 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? <b>Native Mud</b>
Pit dimensions (all but working pits): <b>65</b> Length (feet) <b>65</b> Width (feet) <b>N/A: Steel Pits</b> Depth from ground level to deepest point: <b>3</b> (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.
Distance to nearest water well within one-mile of pit <b>4211</b> feet    Depth of water well <b>82</b> feet		Depth to shallowest fresh water <b>51</b> feet. Source of information: _____ measured    _____ well owner    _____ electric log <b>①</b> KDWR
<b>Emergency, Settling and Burn Pits ONLY:</b> 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		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> Type of material utilized in drilling/workover: <b>Drilling Mud</b> Number of working pits to be utilized: <b>3</b> Abandonment procedure: <b>Haul Free Fluids, Air dry, Back fill</b> 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.		<b>RECEIVED</b> KANSAS CORPORATION COMMISSION
9/11/2007 Date	 Signature of Applicant or Agent	<b>SEP 14 2007</b>
<b>KCC OFFICE USE ONLY</b>		
CONSERVATION DIVISION WICHITA, KS <b>R FAC</b>		
Date Received: <b>9/14/07</b>	Permit Number: _____	Permit Date: <b>9/17/07</b> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

15-005-23350-0000

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

September 17, 2007

Mr. Kenneth Vehige  
Black Diamond Oil, Inc.  
PO Box 641  
Hays, KS 67601

RE: Drilling Pit Application  
Atkisson Lease Well No. 1  
NE/4 Sec. 02-08S-21W  
Graham County, Kansas

Dear Mr. Vehige:

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](http://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,

A handwritten signature in black ink that reads "Kathy Haynes".

Kathy Haynes  
Environmental Protection and Remediation Department

cc: File

## Minimum Surface Casing Requirements

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Minimum surface casing requirements for protecting fresh and usable water and to meet alternate #1 on Intent to Drill cards, Form C-1

S=Section, T=Township, R=Range

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### Graham County

In all except the special area identified below, cement surface pipe through the Dakota formation plus 50 feet into the underlying formation. The following options are open:

- (a) cement surface pipe through the Dakota plus 50 feet into the underlying formation or
- (b) cement surface pipe through all unconsolidated material plus 50 feet below the base of the Dakota to the surface.

If (b) is used and the hole is dry, refer to K.A.R. 82-3-114.

Within those areas of Township 7 South and 8 South of Range 21 West below surface elevation 2000 feet, the following large surface pipe or 8 5/8 inch surface pipe systems may be used. If the large surface pipe is used, surface pipe of at least 13 3/8 inches in diameter shall be cemented through all unconsolidated material plus a minimum of 20 feet into the underlying formation with a minimum of 40 feet being used. Then the options are:

- (a) set intermediate pipe to the Stone Corral (Anhydrite) and cement from the Stone Corral to surface or
- (b) cement the production string from the Anhydrite to surface immediately after it has been set.

If (b) is used and the hole is dry, plug per K.A.R. 82-3-114.

→ If the 8 5/8 inch surface pipe system is used, it will be set and cemented through all unconsolidated material plus a minimum of 20 feet into the underlying formation. A blowout preventor will be installed on the surface pipe. If serious flow problems occur, the hole will be plugged per K.A.R. 82-3-114. If the hole is completed and production pipe installed, cement the production string from the Stone Corral to surface immediately after it has been set. If the hole is dry, plug immediately per K.A.R. 82-3-114.

If Alternate II is used in the above listed special area, follow the procedure outlined in K.A.R. 82-3-106. The option for 120 days to complete cementing is not available and the operator should cement production casing from the Stone Corral to surface immediately.