

For KCC Use:
Effective Date: 9-24-07
District #
SGA? [X] Yes [] No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form C-1
December 2002
Form must be Typed
Form must be Signed
All blanks must be Filled

NOTICE OF INTENT TO DRILL

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

Expected Spud Date 10 15 2007
month day year

OPERATOR: License# 5822
Name: VAL Energy, Inc.
Address: 200 W. Douglas Suite 520
City/State/Zip: Wichita, KS 67202
Contact Person: K. Todd Allam
Phone: 316-263-6688

CONTRACTOR: License# 5822
Name: VAL Energy, Inc.

Well Drilled For: Oil, Gas, OWWO, Seismic, Other
Well Class: Enh Rec, Storage, Disposal, Other
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?
Bottom Hole Location:
KCC DKT #:

Spot NW SE SE NW Sec. 9 Twp. 34 S. R. 11
2145 feet from N / S Line of Section
2145 feet from E / W Line of Section
Is SECTION Regular Irregular?

County: Barber
Lease Name: Platt Well #: 1-9
Field Name:

Is this a Prorated / Spaced Field?
Target Formation(s): Mississippi
Nearest Lease or unit bou 495
Ground Surface Elevation: 1367 feet MSL
Water well within one-quarter mile:
Public water supply well within one mile:
Depth to bottom of fresh water: 180
Depth to bottom of usable water: 180
Surface Pipe by Alternate: 1 2
Length of Surface Pipe Planned to be set: 250
Length of Conductor Pipe required: N/A
Projected Total Depth: 4700'
Formation at Total Depth: Mississippi
Water Source for Drilling Operations: Well Farm Pond Other
DWR Permit #:
Will Cores be taken?
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. 60-601. 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: 5/9/07 Signature of Operator or Agent Title: Agent

For KCC Use ONLY
API # 15 - 007-23202-0000
Conductor pipe required None feet
Minimum surface pipe required 200 feet per Alt.
Approved by:
This authorization expires: 3-19-08
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

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CONSERVATION DIVISION
WICHITA, KS

9
34
11W

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 - 007-23202-0000
 Operator: VAL Energy, Inc.
 Leas PLATT
 Well Number: 1-9
 Field: _____
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: NW SE - SE - NW

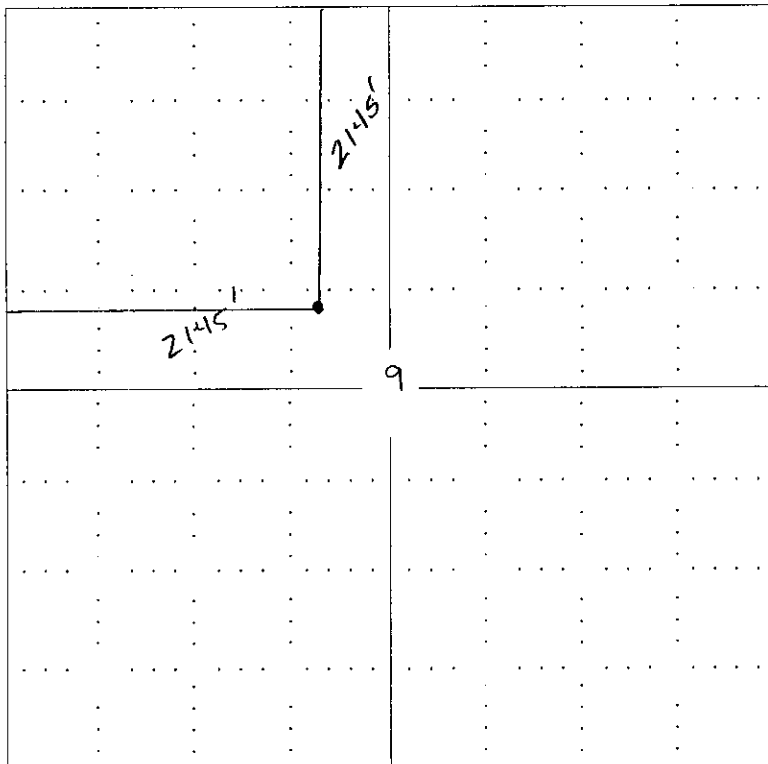
Location of Well: County: Barber
 2145 _____ feet from N / S Line of Section
 2145 _____ feet from E / W Line of Section
 Sec. 9 Twp. 34 S. R. 11 East West

Is Section: Regular or Irregular

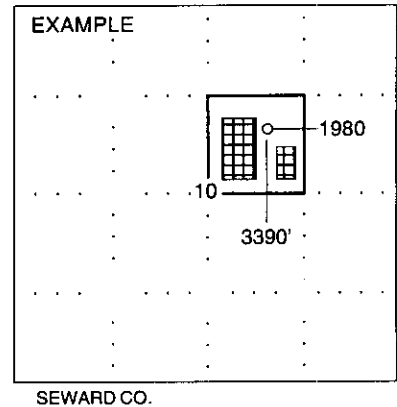
If Section is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

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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 CONSERVATION DIVISION
 WICHITA, KS



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

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

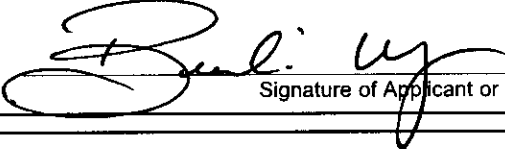
1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the section's south / north and east / west.
3. The distance to the nearest lease or unit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

Form CDP-1
April 2004
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: VAL Energy, Inc.		License Number: 5822	
Operator Address: 200 W. Douglas, Suite 520 Wichita, KS 67202			
Contact Person: K. Todd Allam		Phone Number: (316) 263 - 6688	
Lease Name & Well No.: <u>PLATT 1-9</u>		Pit Location (QQQQ): <u>NW SE SE NW</u>	
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 (If WP Supply API No. or Year Drilled)		Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 3000 (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: _____ mg/l (For Emergency Pits and Settling Pits only)	
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 Bottom			
Pit dimensions (all but working pits): <u>125</u> Length (feet) <u>125</u> Width (feet) <u>1 Set</u> N/A: Steel Pits Depth from ground level to deepest point: <u>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 18 2007 CONSERVATION DIVISION WICHITA, KS	
Distance to nearest water well within one-mile of pit <u>3654</u> feet Depth of water well <u>32</u> feet		Depth to shallowest fresh water <u>2</u> feet. Source of information: _____ measured _____ well owner _____ electric log <input checked="" type="checkbox"/> 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>Fresh Mud</u> Number of working pits to be utilized: <u>1 Steel</u> Abandonment procedure: <u>Remove free fluids, let dry & cover</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>5/9/07</u> Date		 Signature of Applicant or Agent	
KCC OFFICE USE ONLY			
(2 FAS)			
Date Received: <u>9/18/07</u> Permit Number: _____ Permit Date: <u>9/19/07</u> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			

15-001-22202-0000



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

September 19, 2007

Mr. K. Todd Allam
Val Energy, Inc.
200 W. Douglas, Ste 520
Wichita, KS 67202

RE: Drilling Pit Application
Platt Lease Well No. 1-9
NW/4 Sec. 09-34S-11W
Barber County, Kansas

Dear Mr. Allam:

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 the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred. The fluids should be removed again as soon as practical after drilling operations have ceased.

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 (620) 225-8888 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,

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

Kathy Haynes
Department of Environmental Protection and Remediation

cc: File