

For KCC Use: 10-2-07  
 Effective Date: 4  
 District # 4  
 SGA?  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 October 2, 2007  
 month day year

Spot  East  
 N2 N2 N2 N2 Sec. 5 Twp. 10 S. R. 23  West  
330 feet from  N /  S Line of Section  
2640 feet from  E /  W Line of Section  
 Is SECTION  Regular  Irregular?

OPERATOR: License# 30717  
 Name: Downing - Nelson Oil Company, Inc.  
 Address: P.O. Box 372  
Hays, KS 67601  
 City/State/Zip:  
 Contact Person: Ron Nelson  
 Phone: (785) 621-2810

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

County: Graham  
 Lease Name: Steelsmith - Davignon Unit Well #: 1-5  
 Field Name: wildcat

CONTRACTOR: License# 33237  
 Name: Anderson Drilling

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

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

Nearest Lease or unit boundary: 330'  
 Ground Surface Elevation: 2443.9 feet MSL

Water well within one-quarter mile:  Yes  No  
 Public water supply well within one mile:  Yes  No

If OWWO: old well information as follows:  
 Operator: \_\_\_\_\_  
 Well Name: \_\_\_\_\_  
 Original Completion Date: \_\_\_\_\_ Original Total Depth: \_\_\_\_\_

Depth to bottom of fresh water: 180'  
 Depth to bottom of usable water: 1,200'

Surface Pipe by Alternate:  1  2  
 Length of Surface Pipe Planned to be set: 200+

Directional, Deviated or Horizontal wellbore?  Yes  No

Length of Conductor Pipe required: none  
 Projected Total Depth: 4,000'

If Yes, true vertical depth: \_\_\_\_\_

Formation at Total Depth: Kansas City - Arbuckle

Bottom Hole Location: \_\_\_\_\_

Water Source for Drilling Operations:  Well  Farm Pond  Other \_\_\_\_\_

KCC DKT #: \_\_\_\_\_

DWR Permit #: \_\_\_\_\_

(Note: Apply for Permit with DWR )

Will Cores be taken?  Yes  No

If Yes, proposed zone: \_\_\_\_\_

RECEIVED  
 KANSAS CORPORATION COMMISSION

*Oil & Gas Leases w/ pooling clauses 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.

SEP 27 2007

It is agreed that the following minimum requirements will be met:

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: September 27, 2007 Signature of Operator or Agent: Donna Standa Title: Agent

For KCC Use ONLY  
 API # 15 - DL05-23356-0000  
 Conductor pipe required None feet  
 Minimum surface pipe required 200 feet per Alt. X2  
 Approved by: Ruth 9-27-07  
 This authorization expires: 3-27-08  
 (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

5  
 10  
 23W

**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 - 065-23356-0000  
 Operator: Downing - Nelson Oil Company, Inc.  
 Lease: Steelsmith - Davignon Unit  
 Well Number: 1-5  
 Field: wildcat  
 Number of Acres attributable to well: \_\_\_\_\_  
 QTR / QTR / QTR of acreage: N2 - N2 - N2

Location of Well: County: Graham  
 330 \_\_\_\_\_ feet from  N /  S Line of Section  
 2640 \_\_\_\_\_ feet from  E /  W Line of Section  
 Sec. 5 Twp. 10 S. R. 23  East  West

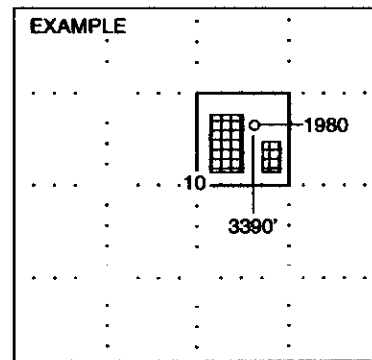
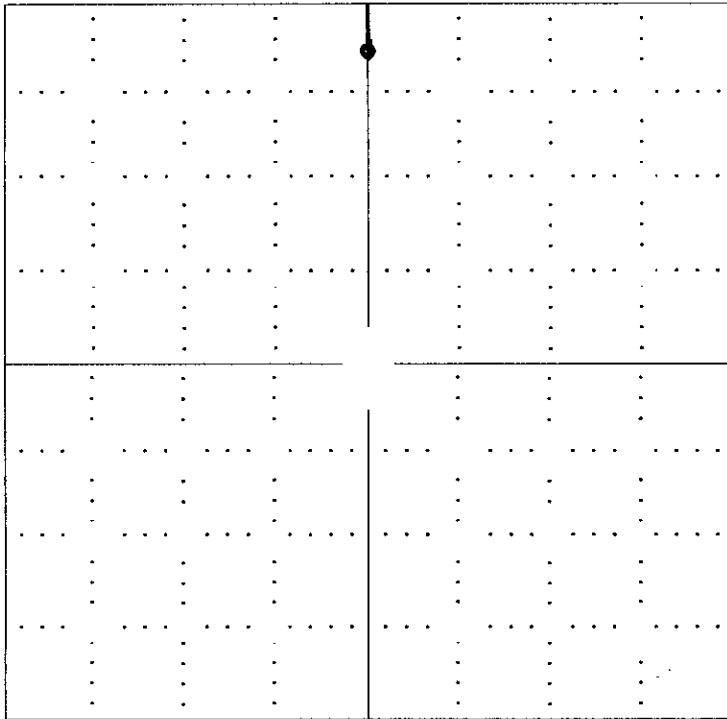
Is Section:  Regular or  Irregular

**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.)*



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

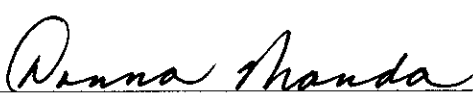
**In plotting the proposed location of the well, you must show:**

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: (C0-7 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: <b>Downing - Nelson Oil Company, Inc.</b>   |  | License Number: <b>30717</b>  |
| Operator Address: <b>P.O. Box 372, Hays, KS 67601</b>  |  |   |
| Contact Person: <b>Ron Nelson</b>  |  | Phone Number: ( <b>785</b> ) <b>621 - 2810</b>  |
| Lease Name & Well No.: <b>Steelsmith-Davignon Unit 1-5</b>   |  | Pit Location (QQQQ):<br><b>N2 - N2 - N2 -</b>   |
| Type of Pit:<br><input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit<br><input type="checkbox"/> Settling Pit <input checked="" type="checkbox"/> Drilling Pit<br><input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit<br><small>(If WP Supply API No. or Year Drilled)</small> | Pit is:<br><input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing<br>If Existing, date constructed:<br>_____<br>Pit capacity:<br><b>3,600</b> (bbls)   | Sec. <b>5</b> Twp. <b>10</b> R. <b>23</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West<br><b>330</b> Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section<br><b>2640</b> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section<br><b>Graham</b> County |
| Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No   |  | Chloride concentration: _____ mg/l<br><small>(For Emergency Pits and Settling Pits only)</small>  |
| Is the bottom below ground level?<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No   | Artificial Liner?<br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No   | How is the pit lined if a plastic liner is not used?<br><b>Clay type soil</b>   |
| Pit dimensions (all but working pits): <b>60</b> Length (feet) <b>60</b> Width (feet)    _____ N/A: Steel Pits<br>Depth from ground level to deepest point: <b>5</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 liner integrity, including any special monitoring.<br><br><b>RECEIVED</b><br><b>SEP 27 2007</b><br>KANSAS CORPORATION COMMISSION<br>CONSERVATION DIVISION<br>WICHITA, KS   |
| Distance to nearest water well within one-mile of pit<br><b>NA</b> feet    Depth of water well _____ feet  | Depth to shallowest fresh water _____ feet.<br>Source of information:<br>_____ measured    _____ well owner    _____ electric log    _____ KDWR  |   |
| <b>Emergency, Settling and Burn Pits ONLY:</b><br>Producing Formation: _____<br>Number of producing wells on lease: _____<br>Barrels of fluid produced daily: _____<br>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><br>Type of material utilized in drilling/workover: <b>drilling mud</b><br>Number of working pits to be utilized: <b>1</b><br>Abandonment procedure: <b>Let fluid evaporate and fill with excavated dirt</b><br>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.  |  |   |
| September 27, 2007<br>Date   | <br>Signature of Applicant or Agent  |   |

15-045-23356-0220

|                               |                      |                             |   |
|-------------------------------|----------------------|-----------------------------|---|
| <b>KCC OFFICE USE ONLY</b>    |                      |                             |   |
| Date Received: <b>9/27/07</b> | Permit Number: _____ | Permit Date: <b>9/27/07</b> | Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202