

OWWO

For KCC Use: Effective Date: 10-7-07 District # 4 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 October 6, 2007 month day year

Spot SW - NW - NW Sec. 20 Twp. 8 S. R. 23 East West 990 feet from N / S Line of Section 330 feet from E / W Line of Section Is SECTION Regular Irregular?

OPERATOR: License# 6861 Name: Ron's Oil Operation, Inc. Address: 1889 200th Avenue City/State/Zip: Penokee, KS 67659 Contact Person: Ron Nickelson Phone: (785) 421-2409

(Note: Locate well on the Section Plat on reverse side) County: Graham Lease Name: Higer Well #: 2 Field Name:

CONTRACTOR: License# 3152 Name: Poe Servicing, Inc.

Is this a Prorated / Spaced Field? Yes No Target Formation(s): Kansas City Nearest Lease or unit boundary: 330' Ground Surface Elevation: 2,188 feet MSL Water well within one-quarter mile: Yes No Public water supply well within one mile: Yes No

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

Depth to bottom of fresh water: 150' Depth to bottom of usable water: 1200' 950' Surface Pipe by Alternate: 1 2 Length of Surface Pipe Planned to be set: 200' 199' Length of Conductor Pipe required: none Projected Total Depth: 3,732' Formation at Total Depth: Kansas City

If OWWO: old well information as follows: Operator: LJ Drilling Well Name: Higer #2 Original Completion Date: 9-10-57 Original Total Depth: 3,732'

Water Source for Drilling Operations: Well Farm Pond Other DWR Permit #: (Note: Apply for Permit with DWR)

Directional, Deviated or Horizontal wellbore? Yes No If Yes, true vertical depth: Bottom Hole Location: KCC DKT #:

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:

- 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: October 1, 2007 Signature of Operator or Agent: Donna Skanda Title: Agent

For KCC Use ONLY API # 15 - 065-02980-00-01 Conductor pipe required None feet Minimum surface pipe required 199 feet per Alt. Approved by: KJA 10-2-07 This authorization expires: 4-2-08 (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:

Mall to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202 RECEIVED KANSAS CORPORATION COMMISSION

OCT 01 2007

CONSERVATION DIVISION WICHITA KS

20 8 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 - 065-02980-00-01
 Operator: Ron's Oil Operation, Inc.
 Lease: Hlger
 Well Number: 2
 Field: _____
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: SW - NW - NW

Location of Well: County: Graham
 990 _____ feet from N / S Line of Section
 330 _____ feet from E / W Line of Section
 Sec. 20 Twp. 8 S. R. 23 East West

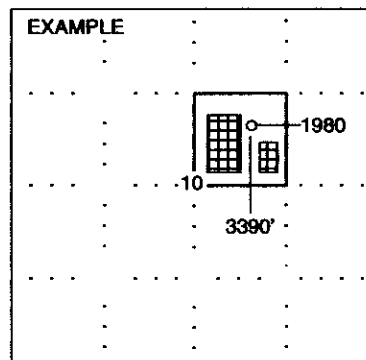
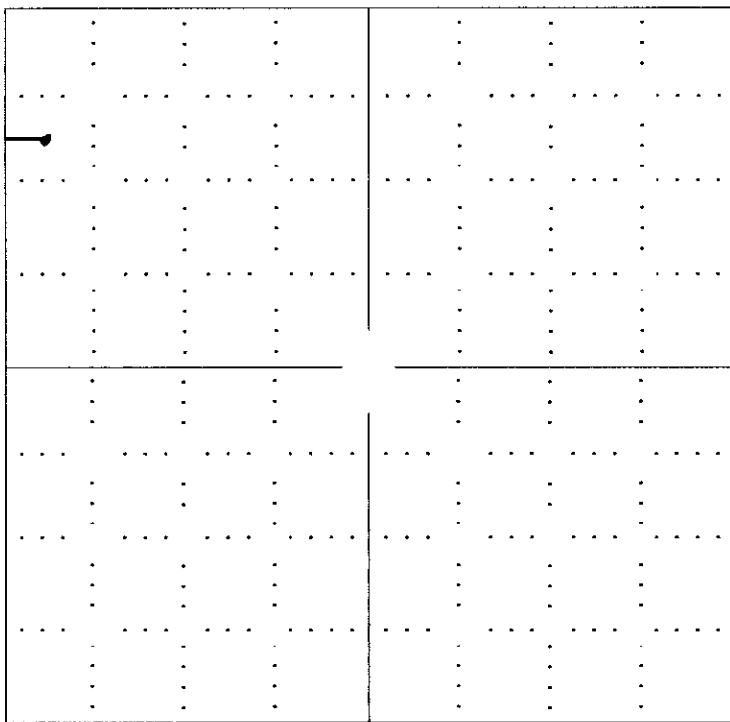
Is Section: Regular or Irregular

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: (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: Ron's Oil Operation, Inc.		License Number: 6861
Operator Address: 1889 200th Avenue, Penokee, KS 67659		
Contact Person: Ron Nickelson		Phone Number: (785) 421 - 2409
Lease Name & Well No.: Higer #2		Pit Location (QQQQ): SW NW NW
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input type="checkbox"/> Drilling Pit <input checked="" type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <small>(If WP Supply API No. or Year Drilled)</small> 1957 - plugged 1964	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 60 (bbls)	Sec. 20 Twp. 8 R. 23 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 990 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 330 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? native clay
Pit dimensions (all but working pits): 30 Length (feet) 8 Width (feet) _____ N/A: Steel Pits Depth from ground level to deepest point: 5 (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 2095 feet Depth of water well 34 feet		Depth to shallowest fresh water 11 feet. Source of information: _____ measured _____ well owner _____ electric log (2) 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: drilling mud Number of working pits to be utilized: 1 Abandonment procedure: air dry and backfill _____ 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.		
_____ October 1, 2007 Date	_____ <i>Ronna Banda</i> Signature of Applicant or Agent	

15-065-02980-02-01

KCC OFFICE USE ONLY		<i>RFAC</i>
Date Received: 10/1/07	Permit Number: _____	Permit Date: 10/1/07 Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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

OCT 0 1 2007

CONSERVATION DIVISION
WICHITA, KS



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

October 1, 2007

Mr. Ron Nickelson
Ron's Oil Operation, Inc.
1889 200th Ave
Penokee, KS 67659

RE: Drilling Pit Application
Higer Lease Well No. 2
NW/4 Sec. 20-08S-23W
Graham County, Kansas

Dear Mr. Nickelson:

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