

For KCC Use:  
 Effective Date: 5-26-07  
 District #: 1  
 SGA?  Yes  No

KANSAS CORPORATION COMMISSION  
 OIL & GAS CONSERVATION DIVISION

REVISED

Form C-1  
 December 2002

NOTICE OF INTENT TO DRILL

**CORRECTED**

Form must be Typed  
 Form must be Signed  
 Blanks must be Filled

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

10-11-07

Expected Spud Date 10 15 2007  
 month day year

Spot \_\_\_\_\_ East  
 \_\_\_\_\_ NW SE Sec. 36 Twp. 32 S. R. 19  West

OPERATOR: License# 33770  
 Name: ARES Energy, Ltd.  
 Address: 303 W. Wall St., Suite 900  
 City/State/Zip: Midland, TX 79701  
 Contact Person: Robert L. Dimit  
 Phone: 432.685.1960

1,980 feet from  N /  S Line of Section  
1,780 feet from  E /  W Line of Section

Is SECTION  Regular  Irregular?

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

CONTRACTOR: License# 5929  
 Name: Duke Drilling Co., Inc.

County: Comanche  
 Lease Name: Cary Well #: 36-10  
 Field Name: Colter

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

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: 660 feet  
 Ground Surface Elevation: 2,053 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: 180'

Surface Pipe by Alternate:  1  2  
 Length of Surface Pipe Planned to be set: 650 feet

Length of Conductor Pipe required: 60 feet  
 Projected Total Depth: 5,500 feet

Formation at Total Depth: Mississippian

Water Source for Drilling Operations:  
 Well  Farm Pond Other \_\_\_\_\_  
 DWR Permit #: N/A

(Note: Apply for Permit with DWR )

Will Cores be taken?  Yes  No  
 If Yes, proposed zone: N/A

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 #: \_\_\_\_\_

\* WAS 1980 FSL, 1980 FEL, NWSE, CONTRACTOR: TEA

↓ IS: 1980 FSL, 1980 FEL, NWSE, CONTRACTOR: DUKE, 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: 10/10/2007 Signature of Operator or Agent: Robert L. Dimit Title: Managing Partner

For KCC Use ONLY  
 API # 15 - 035-21497-0020  
 Conductor pipe required NONE feet  
 Minimum surface pipe required 200 feet per Alt. (1) 20  
 Approved by: With 5-21-07 / 10-11-07  
 This authorization expires: 11-21-07  
 (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: \_\_\_\_\_

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OCT 11 2007

CONSERVATION DIVISION  
 WICHITA, KS

36  
 32  
 19w

### 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 1/2 mile of the boundaries of the proposed acreage attribution unit for oil wells.

# CORRECTED

API No. 15 - 033-21497-0550  
Operator: ARES Energy, Ltd.  
Lease: Cary  
Well Number: 36-10  
Field: Colter

Location of Well: County: Comanche  
1,980 feet from  N /  S Line of Section  
1,780 feet from  E /  W Line of Section  
Sec. 36 Twp. 32 S. R. 19  East  West

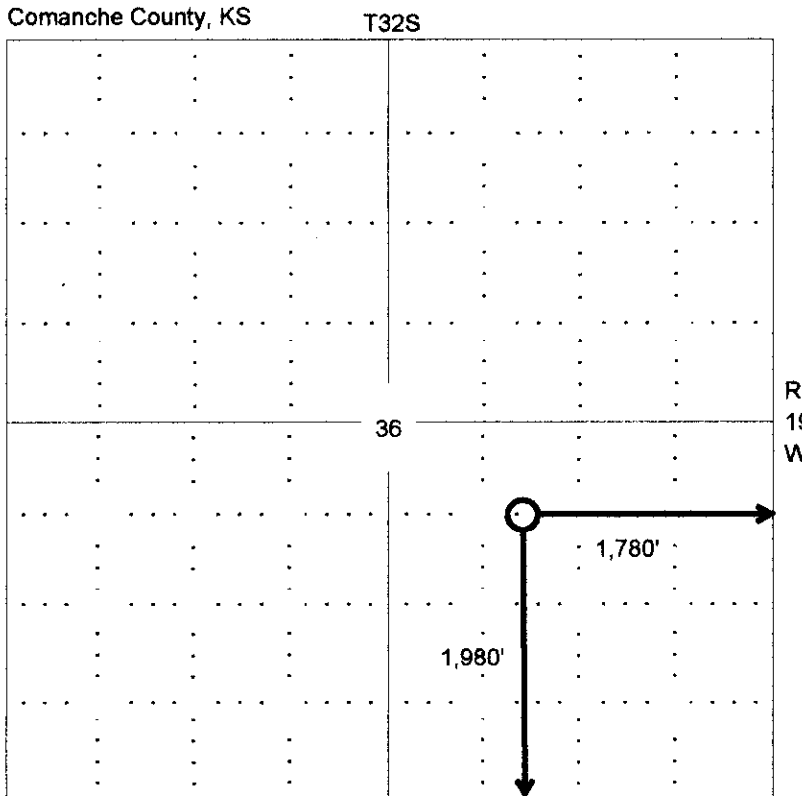
Number of Acres attributable to well: \_\_\_\_\_  
QTR / QTR / QTR of acreage: \_\_\_\_\_ - NW - SE

Is Section:  Regular or  Irregular

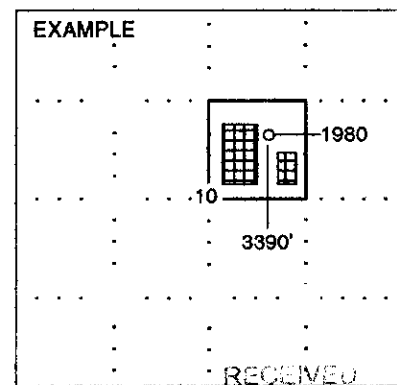
If Section is Irregular, locate well from nearest corner boundary.  
Section corner used:  NE  NW  SE  SW

### 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.)



660' from nearest lease line



SEWARD OIL AND GAS CORPORATION COMMISSION

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

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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: (CO-7 for oil wells; CG-8 for gas wells).

CONSERVATION DIVISION  
WICHITA, KS

**ARES ENERGY, LTD.**  
**CARY LEASE**  
 SE. 1/4, SECTION 36, T32S, R19W  
 COMANCHE COUNTY, KANSAS

**CORRECTED**

GRAVEL ROAD

Notes:

1. Set iron rod at location site.
2. All flagging Red & Yellow.
3. Overhead power available at S. 1/2 of E. line and S. 1/2 of W. line, Sec. 36.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. **CAUTION: Various pipelines in Sec. 36.**  
 \* Kansas Gas Service (316-254-7243)
6. Cattle in pasture at date of staking.
7. Contact landowner for best access.
8. Location fell 90' west of a N-S fence and near an underground pipeline, set alternate 200' east of location.

ROAD

183

AIRPORT

GRAVEL ROAD

36

**Drillsite Location**  
 Cary 36-10

1980' FSL 1980' FEL  
 Ground Elevation = 2049  
 Y = 200038 X = 1757071

\*Set iron rod at alternate 200' east of location

1980' FSL 1780' FEL  
 Ground Elevation = 2053  
 Y = 200037 X = 1757271  
 (Mapping Grade GPS Used)  
 Kansas South - NAD 27

NO

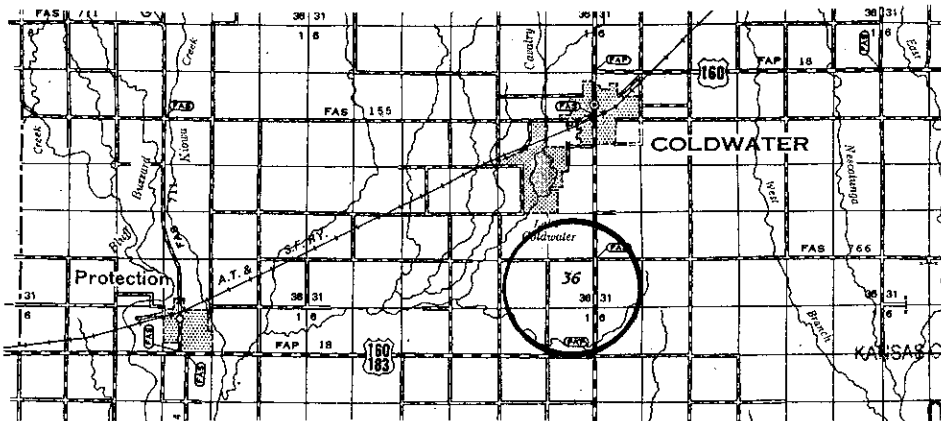
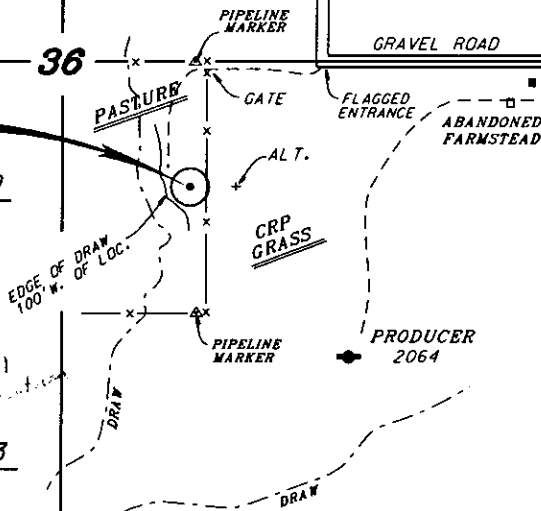
ROAD

GRAVEL

HIGHWAY

\* Ingress and egress to location as shown on this plat is per usage only and may not be legally opened for public use. Contact landowner, tenant and county road department for access.

SCALE 1" = 1000'



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\* Controlling data is based upon the best maps and photographs available to us and upon a regular section of land containing 640 acres.

\* Approximate section lines were determined using the normal standard of care of oilfield surveyors practicing in the state of Kansas. The section corners, which establish the precise section lines, were not necessarily located, and the exact location of the drillsite location in the section is not guaranteed. Therefore, the operator securing this service and accepting this plot and all other parties relying thereon agree to hold Central Kansas Oilfield Services, Inc., its officers and employees harmless from all losses, costs and expenses and said entities released from any liability from incidental or consequential damages.

\* Elevations derived from National Geodetic Vertical Datum.

Date

May 24, 2007

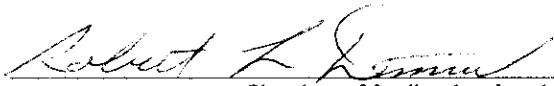
S-032-21497-0002

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION  
APPLICATION FOR SURFACE PIT

**CORRECTED**

Form CDP-1  
April 2004  
Must be Typed

Submit in Duplicate

Operator Name: <b>ARES Energy, Ltd.</b>		License Number: <b>33770</b>
Operator Address: <b>303 W. Wall St., Suite 900, Midland, TX 79701</b>		
Contact Person: <b>Robert L. Dimit</b>		Phone Number: ( <b>432</b> ) <b>685 - 1960</b>
Lease Name & Well No.: <b>Cary 36-10</b>		Pit Location (QQQQ): _____ - _____ - <b>NW</b> - <b>SE</b> Sec. <b>36</b> Twp. <b>32</b> R. <b>19</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <b>1,980</b> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <b>1,780</b> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section <b>Comanche</b> 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 W/P 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>6,400</b> (bbls)	
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 and clay</b>
Pit dimensions (all but working pits): <b>80</b> Length (feet) <b>80</b> Width (feet) _____ N/A: Steel Pits 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 determining liner integrity, including any special monitoring.
Distance to nearest water well within one-mile of pit <b>2364</b> feet    Depth of water well <b>55</b> feet		Depth to shallowest fresh water <b>28</b> feet. Source of information: _____ measured    _____ well owner    _____ electric log <input checked="" type="checkbox"/> 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>Fresh Water Mud</b> Number of working pits to be utilized: <b>3</b> Abandonment procedure: <b>Allow to dry, then backfill.</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>10/10/2007</b> Date	 Signature of Applicant or Agent	RECEIVED OCT 11 2007 CONSERVATION DIVISION WICHITA, KS

IS-033-21497-0252

<b>KCC OFFICE USE ONLY</b>		<b>RFAS&amp;C</b>
Date Received: <b>10/11/07</b>	Permit Number: _____	Permit Date: <b>10/11/07</b> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No



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

October 11, 2007

Mr. Robert L. Dimit  
ARES Energy, Ltd.  
303 W. Wall St., Ste 900  
Midland, TX 79701

**CORRECTED**

RE: Drilling Pit Application  
Cary Lease Well No. 36-10  
SE/4 Sec. 36-32S-19W  
Comanche County, Kansas

Dear Mr. Dimit:

District staff has re-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](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,

  
Kathy Haynes

Department of Environmental Protection and Remediation

cc: File

15-083-21497-0020