

For KCC Use:
 Effective Date: 10-24-07
 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 November 4 2007
 month day year

Spot _____ East
 SE SE SW Sec. 7 Twp. 21 S. R. 25 West
620 feet from N / S Line of Section
3,000 feet from E / W Line of Section
 Is SECTION _____ Regular Irregular?

OPERATOR: License# 9855
 Name: Grand Mesa Operating Company
 Address: 1700 N. Waterfront Pkwy, Bldg 600
Wichita, KS 67206-5514
 City/State/Zip:
 Contact Person: Ronald N. Sinclair
 Phone: 316-265-3000

(Note: Locate well on the Section Plat on reverse side)
 County: Hodgeman
 Lease Name: Cleason Well #: 1-7
 Field Name: Wildcat

CONTRACTOR: License# 33575
 Name: W W Drilling, LLC

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

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

Nearest Lease or unit boundary: 360'
 Ground Surface Elevation: 2410' feet MSL

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

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

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

Depth to bottom of fresh water: 180'
 Depth to bottom of usable water: 800'

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

Length of Conductor Pipe required: None
 Projected Total Depth: 4,600'

Formation at Total Depth: Mississippian
 Water Source for Drilling Operations:
 Well Farm Pond Other Haul

DWR Permit #: _____
 (Note: Apply for Permit with DWR)

Will Cores be taken? Yes No
 If Yes, proposed zone: _____

Dil & Gas Lease Attached

AFFIDAVIT

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 KANSAS CORPORATION COMMISSION

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq.

OCT 18 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: October 18, 2007 Signature of Operator or Agent: Ronald N. Sinclair Title: President

For KCC Use ONLY
 API # 15 - 083-21537-0000
 Conductor pipe required None feet
 Minimum surface pipe required 200 feet per Alt. NO 2
 Approved by: RNH 10-19-07
 This authorization expires: 4-19-08
 (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

7
 21
 25W

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 - 083-21537-0000

Operator: Grand Mesa Operating Company

Lease: Cleason

Well Number: 1-7

Field: Wildcat

Number of Acres attributable to well: _____

QTR / QTR / QTR of acreage: SE - SE - SW

Location of Well: County: Hodgeman

620 feet from N / S Line of Section

3,000 feet from E / W Line of Section

Sec. 7 Twp. 21 S. R. 25 East West

Is Section: Regular or Irregular

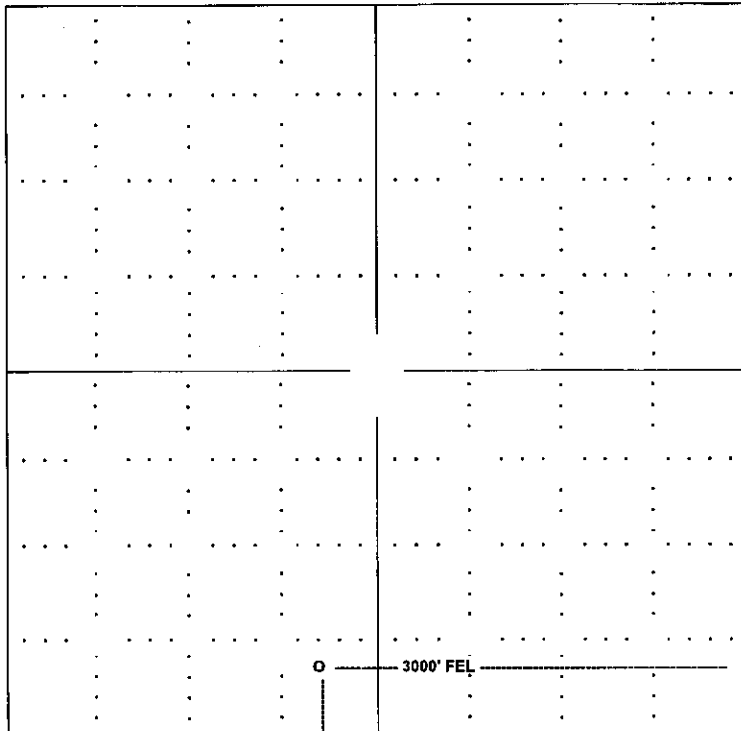
If Section is Irregular, locate well from nearest corner boundary.

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.

620' FSL

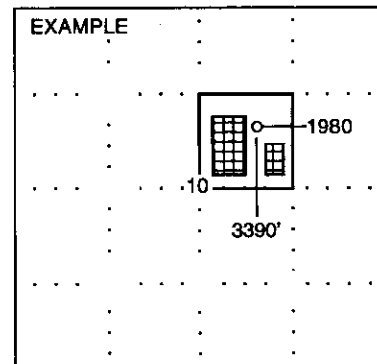
In plotting the proposed location of the well, you must show:

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).

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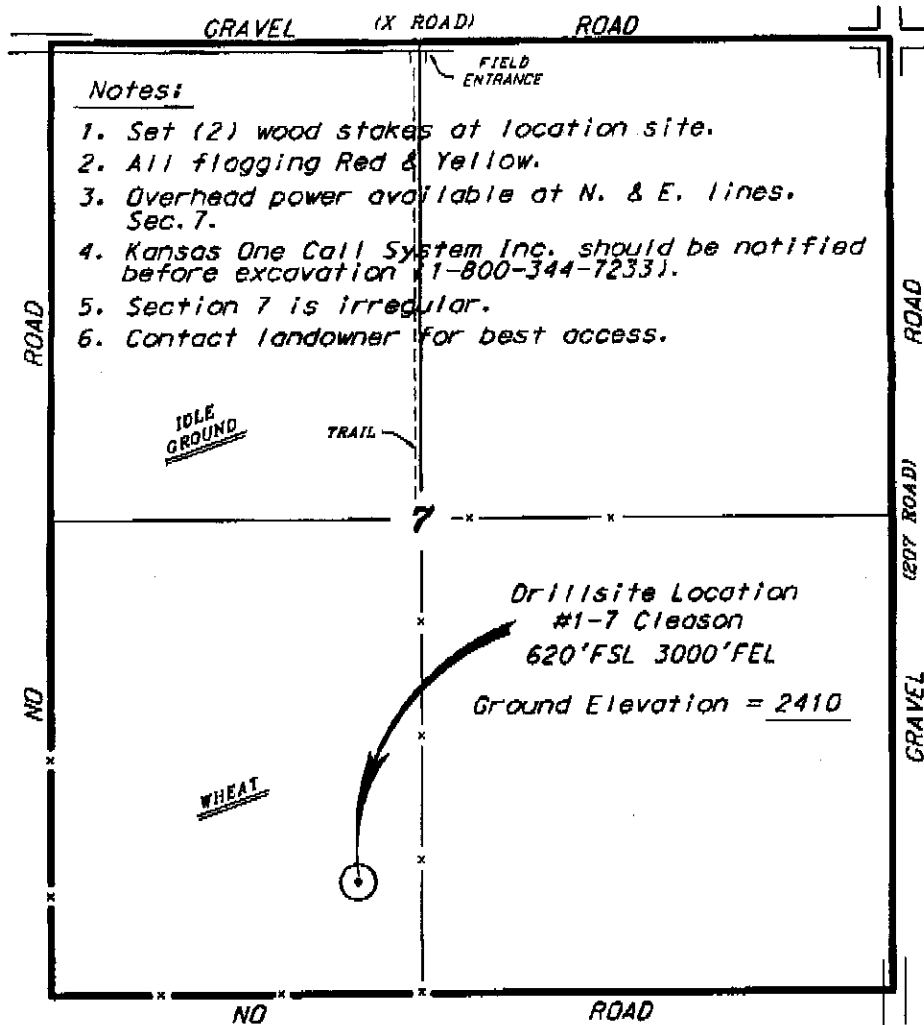
CONSERVATION DIVISION
WICHITA, KS



SEWARD CO.

GRAND MESA OPERATING COMPANY
CLEASON LEASE
SW. 1/4, SECTION 7, T21S, R25W
HODGEMAN COUNTY, KANSAS

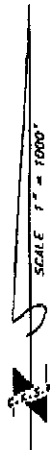
15083-21537-000



Notes:

1. Set (2) wood stakes at location site.
2. All flogging Red & Yellow.
3. Overhead power available at N. & E. lines. Sec. 7.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. Section 7 is irregular.
6. Contact landowner for best access.

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



*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 drill site location in the section is not guaranteed. Therefore, the operator, securing this service and accepting this plat, 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 liabilities released from any liability from incidental or consequential damages.

*Elevations derived from National Geodetic Vertical Datum.

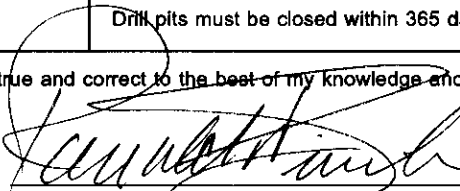
DATE October 16, 2007

CENTRAL KANSAS OILFIELD SERVICES, INC. (620)792-1977

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

Form GDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: Grand Mesa Operating Company		License Number: 9855
Operator Address: 1700 N. Waterfront Parkway, Bldg 600 Wichita, KS 67206-5514		
Contact Person: Ronald N. Sinclair		Phone Number: (316) 265 - 3000
Lease Name & Well No.: CLEASON #1-7		Pit Location (QQQQ): NW - SE - SE - SW
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: 1,200 (bbbls)	Sec. 7 Twp. 21S R. 25 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 620 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 3000 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Hodgeman County
Is the pit located in a Sensitive Ground Water Area? <input 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? Bentonite
Pit dimensions (all but working pits): 70 Length (feet) 90 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.
		RECEIVED OCT 18 2007 KANSAS CORPORATION COMMISSION CONSERVATION DIVISION WICHITA, KS
Distance to nearest water well within one-mile of pit 1,625 feet Depth of water well 275 feet		Depth to shallowest fresh water 171 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 checked="" 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: 3 Abandonment procedure: Evaporation 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 18, 2007 Date	 _____ Signature of Applicant or Agent	RONALD N. SINCLAIR, PRESIDENT

15-083-21537-0002

KCC OFFICE USE ONLY			
Date Received: 10/18/07	Permit Number: _____	Permit Date: 10/18/07	Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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