

For KCC Use: 10-27-07
 Effective Date: 10-27-07
 District # 3
 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 17 2007
 month day year

OPERATOR: License# 31473 ✓
 Name: BG-5 Inc.
 Address: 3939 Ellis Road
 City/State/Zip: Rantoul, KS 66079
 Contact Person: Jimmie Patton
 Phone: 785-241-4016

CONTRACTOR: License# 6142
 Name: Town Oil Inc.

Well Drilled For:	Well Class:	Type Equipment:
<input checked="" type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input checked="" type="checkbox"/> Infield
<input type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Pool Ext.
<input type="checkbox"/> OWWO	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat
<input type="checkbox"/> Seismic; # of Holes	<input type="checkbox"/> Other	<input type="checkbox"/> Cable
<input type="checkbox"/> Other		

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 #: _____

Spot East
 NW NW NW Sec. 36 Twp. 13 S. R. 20 West
5115 feet from N / S Line of Section
4785 feet from E / W Line of Section
 Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)
 County: Douglas
 Lease Name: Hadi Well #: 11
 Field Name: Unknown Jay Hawk
 Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Squirrel
 Nearest Lease or unit boundary: 165
 Ground Surface Elevation: 1050 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: 140
 Depth to bottom of usable water: 200-350
 Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 40'
 Length of Conductor Pipe required: _____
 Projected Total Depth: 900'
 Formation at Total Depth: _____
 Water Source for Drilling Operations:
 Well Farm Pond Other X
 DWR Permit #: _____

(Note: Apply for Permit with DWR)
 Will Cores be taken? Yes No
 If Yes, proposed zone: Squirrel

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: 9-28-07 Signature of Operator or Agent: Trent Burkhead Title: Owner

For KCC Use ONLY
 API # 15 - 045-21351-0000
 Conductor pipe required None feet
 Minimum surface pipe required 40 feet per Alt. **102**
 Approved by: Pat 10-22-07
 This authorization expires: 4-22-08
 (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

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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 - 045-21351-0000
 Operator: BG-5 Inc.
 Lease: Hadl
 Well Number: 11
 Field: UnKnown
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: NW - NW - NW

Location of Well: County: Douglas
5115 feet from N / S Line of Section
4785 feet from E / W Line of Section
 Sec. 36 Twp. 13 S. R. 20 East West

Is Section: Regular or Irregular

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

Section corner used: NE NW SE SW

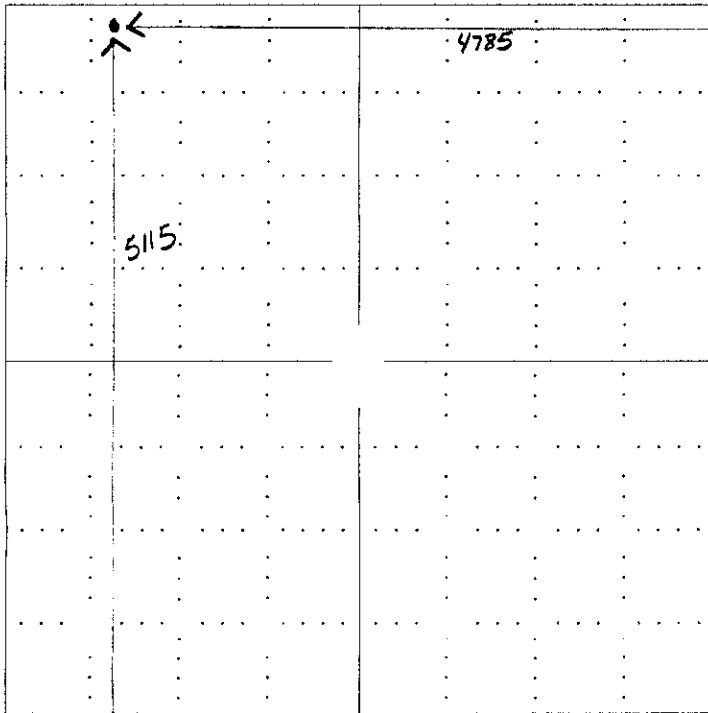
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PLAT

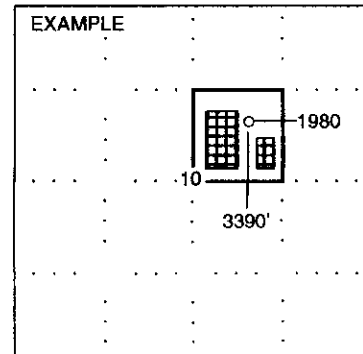
*(Show location of the well and shade attributable acreage for prorated or spaced wells.)
 (Show footage to the nearest lease or unit boundary line.)*



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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: BG-5 Inc.		License Number: 31473	
Operator Address: 3939 Ellis Road, Rantoul, KS 66079			
Contact Person: Jimmie Patton		Phone Number: (785) 241 - 4016	
Lease Name & Well No.: Hadl 10 11		Pit Location (QQQQ): NE . NW . NW . NW	
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: _____ (bbbls)	Sec. 36 Twp. 13 R. 20 <input checked="" type="checkbox"/> East <input type="checkbox"/> West 5115 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 4785 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Douglas 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 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	
Pit dimensions (all but working pits): 8 Length (feet) 12 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. <div style="text-align: center;"> </div>	
Distance to nearest water well within one-mile of pit 233 feet Depth of water well 155 feet	Depth to shallowest fresh water 75 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: Freshwater Number of working pits to be utilized: 2 Abandonment procedure: Pits filled as soon as well is completed. 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.			
9-28-07 Date		Trent Burkholder Signature of Applicant or Agent	

15-045-21351-0000

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

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



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

October 2, 2007

Jimmie Patton
BG-5, Inc.
3939 Ellis Road
Rantoul, KS 66079

RE: Notice of Intent To Drill
Hadl #7 and #11
NW Sec. 36-T13S-R20E
Douglas County

Dear Mr. Patton,

Our records indicate that there are two domestic water wells located within 660 feet of these proposed oil well locations. Eastern Kansas Surface Casing Order #133,891-C for Area 3, paragraph 2 states, "**No well shall be drilled closer than 660 feet of an existing domestic or municipal water well without written owner notification, a copy of which must be attached to the drilling intent form during filing. Special casing and cementing requirements may be imposed in those areas producing fresh and usable water.**"

Please resubmit these intents with a copy of the notifications to the water well owners to further the processing of your notice of intents to drill. The records indicate these water wells have a total depth of 155 and 110 feet.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Hestermann", with a long horizontal flourish extending to the right.

Rick Hestermann
Production Department

cc: Steve Korf, District 3

CONSERVATION DIVISION

Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802

(316) 337-6200 • Fax: (316) 337-6211 • <http://kcc.ks.gov/>

15-045-21351-0000

BG-5 Inc.
3939 Ellis Road
Rantoul, KS 66079
785-869-3860
10/10/07

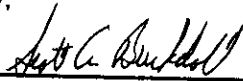
Mary Lou Strong
1916 N. 1000 Rd
Lawrence, KS 66046

Dear Ms Strong,

We will be drilling some oil wells on the Vernon Hadl Property. As per "Eastern Kansas Surface Casing Order #133,981-C for Area 3 paragraph 2 , we are giving you written notification of our intentions to drill. We are using the special casing and cement required by the Kansas Corporation Commission. We have attached a copy of the Notice of Intent to Drill for the location.

If you have any questions give us a call.

Sincerely,



Scott A. Burkdoll

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BG-5 Inc.
3939 Ellis Road
Rantoul, KS 66079
785-869-3860
10/10/07

Victor Lickteig
996 E. 1900 Rd.
Lawrence, KS 66046

Dear Mr. Lickteig,

We will be drilling some oil wells on the Vernon Hadl Property. As per "Eastern Kansas Surface Casing Order #133,981-C for Area 3 paragraph 2", we are giving you written notification of our intentions to drill. We are using the special casing and cement required by the Kansas Corporation Commission. We have attached a copy of the Notice of Intent to Drill for the location.
If you have any questions give us a call.

Sincerely,



Scott A. Burkdoll

P.S.
It was good to meet you at Natalie's & Vines' Wedding!

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