

For KCC Use:  
 Effective Date: 10-27-07  
 District #: 2  
 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 5 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.

<input checked="" type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input checked="" type="checkbox"/> Infield	<input checked="" type="checkbox"/> Mud Rotary
<input type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Pool Ext.	<input type="checkbox"/> Air Rotary
<input type="checkbox"/> OWWO	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat	<input type="checkbox"/> Cable
<input type="checkbox"/> Seismic; # of Holes	<input type="checkbox"/> Other		
<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  
 NW1/4 NW1/4 NW1/4 Sec. 36 Twp. 13 S. R. 20  West  
4840 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 #: 7

Field Name: Unknown Jayhawk

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. KANSAS CORPORATION COMMISSION  
 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 Burkholder Title: Owner

**For KCC Use ONLY**  
 API # 15 - 045-21350-0000  
 Conductor pipe required None feet  
 Minimum surface pipe required 40 feet per Alt. **X(2)**  
 Approved by: 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: \_\_\_\_\_

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

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316 13 2007

**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 - 045-21350-0000  
Operator: BG-5 Inc.  
Lease: Hadl  
Well Number: 7  
Field: UnKnown  
Number of Acres attributable to well: \_\_\_\_\_  
QTR / QTR / QTR of acreage: NW1/4 - NW1/4 - NW1/4

Location of Well: County: Douglas  
4840 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

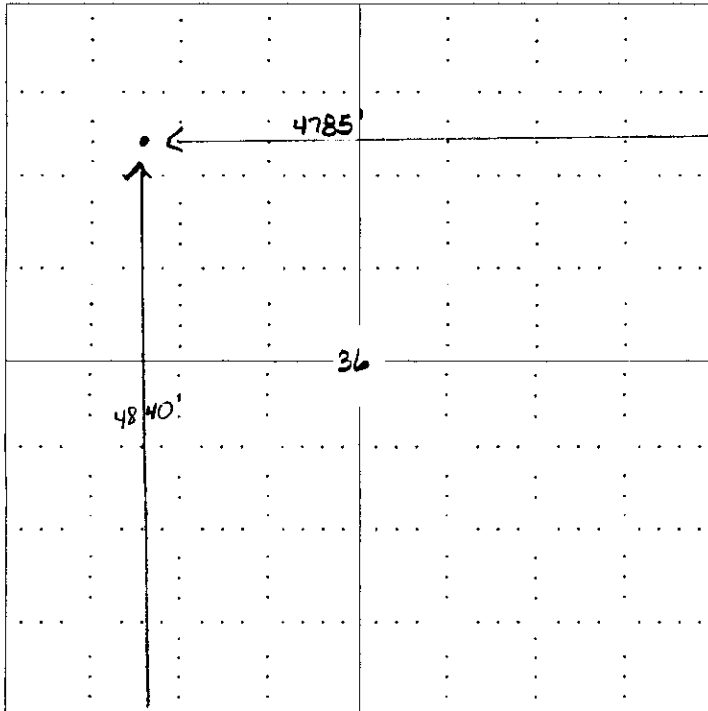
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**PLAT**

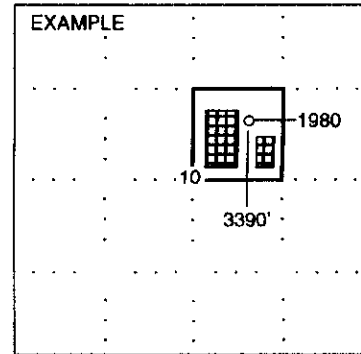
*(Show location of the well and shade attributable acreage for prorated or spaced wells.)  
(Show footage to the nearest lease or unit boundary line.)*



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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 GDP-1  
April 2004  
Form must be Typed

*Submit in Duplicate*

Operator Name: <b>BG-5 Inc.</b>		License Number: <b>31473</b>
Operator Address: <b>3939 Ellis Road, Rantoul, KS 66079</b>		
Contact Person: <b>Jimmie Patton</b>		Phone Number: ( <b>785</b> ) <b>241 - 4016</b>
Lease Name & Well No.: <b>7 Hgd1</b>		Pit Location (QQQQ): <b>SE1/4 NW1/4 NW1/4 NW1/4</b>
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: _____ (bbls)	Sec. <b>36</b> Twp. <b>13</b> R. <b>20</b> <input checked="" type="checkbox"/> East <input type="checkbox"/> West <b>4840</b> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <b>4785</b> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section <b>DOUGLAS</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 <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? <b>Clay</b>
Pit dimensions (all but working pits): <b>8</b> Length (feet) <b>12</b> Width (feet)    _____ N/A: <b>Steel Pits</b> 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 determine liner integrity, including any special monitoring. <div style="text-align: center;"><b>RECEIVED</b> KANSAS CORPORATION COMMISSION <b>OCT 15 2007</b> CONSERVATION DIVISION WICHITA, KS <b>RECEIVED</b> KANSAS CORPORATION COMMISSION <b>OCT 01 2007</b> CONSERVATION DIVISION WICHITA, KS</div>
Distance to nearest water well within one-mile of pit <b>198</b> feet    Depth of water well <b>155</b> feet	Depth to shallowest fresh water <b>75</b> feet. Source of information: _____ measured    _____ well owner    _____ electric log <input checked="" type="checkbox"/> KDWR	<b>15-045-21350-0002</b>
<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>Freshwater</b> Number of working pits to be utilized: <b>2</b> Abandonment procedure: <b>Pits filled as soon as well is completed.</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>9-28-07</b> Date		<b>Trent Burkhead</b> Signature of Applicant or Agent
<b>KCC OFFICE USE ONLY</b>		
Date Received: <b>10/1/07</b> Permit Number: _____    Permit Date: <b>10/1/07</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



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, sweeping underline.

Rick Hestermann  
Production Department

cc: Steve Korf, District 3

15-045-213500000

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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15045-21350000

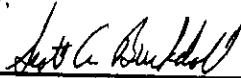
BG-5 Inc.  
3939 Ellis Road  
Rantoul, KS 66079  
785-869-3860  
10/10/07

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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