

For KCC Use:
 Effective Date: 10-29-07
 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 29, 2007
 month day year

OPERATOR: License# 3581
 Name: Red Oak Energy, Inc.
 Address: 7701 E. Kellogg ste 710
 City/State/Zip: Wichita, KS. 67207
 Contact Person: Kevin Davis
 Phone: 316-652-7373
 CONTRACTOR: License# 30606
 Name: Murfin Drilling Co., Inc

| | | | |
|--|-----------------------------------|---|--|
| <input checked="" type="checkbox"/> Oil | <input type="checkbox"/> Enh Rec | <input type="checkbox"/> Infield | <input checked="" type="checkbox"/> Mud Rotary |
| <input type="checkbox"/> Gas | <input type="checkbox"/> Storage | <input checked="" 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
 _____ ne _____ sw _____ Sec. 1 Twp. 15 S. R. 41 West
1851 feet from N / S Line of Section
1650 feet from E / W Line of Section
 Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)
 County: Wallace
 Lease Name: J. Smith Well #: 2
 Field Name: Ladder Creek
 Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Morrow
 Nearest Lease or unit boundary: 789'
 Ground Surface Elevation: 3728 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: 300'
 Depth to bottom of usable water: 1650'
 Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 350'
 Length of Conductor Pipe required: NA
 Projected Total Depth: 5150'
 Formation at Total Depth: Mississippian
 Water Source for Drilling Operations:
 * Well Farm Pond Other _____
 DWR Permit #: _____
 (Note: Apply for Permit with DWR)
 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: 10-22-07 Signature of Operator or Agent: [Signature] Title: President

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 OCT 23 2007
 OIL & GAS CONSERVATION DIVISION
 WICHITA, KS

For KCC Use ONLY
 API # 15 - 199-203500000
 Conductor pipe required None feet
 Minimum surface pipe required 350 feet per Alt. **XO 2**
 Approved by: [Signature]
 This authorization expires: 4-24-08
 (This authorization void if drilling not started within 6 months of approval date.)
 Spud date: _____ Agent: _____

Remember to:

- File Drill Pit Application (form GDP-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

1
 15
 MW

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 - 199-203500000

Operator: Red Oak Energy, Inc.

Lease: J. Smith

Well Number: 2

Field: Ladder Creek

Number of Acres attributable to well: _____

QTR / QTR / QTR of acreage: _____ - ne - sw

Location of Well: County: _____ Wallace _____

_____ 1851 feet from N / S Line of Section

_____ 1650 feet from E / W Line of Section

Sec. 1 Twp. 15 S. R. 41 East West

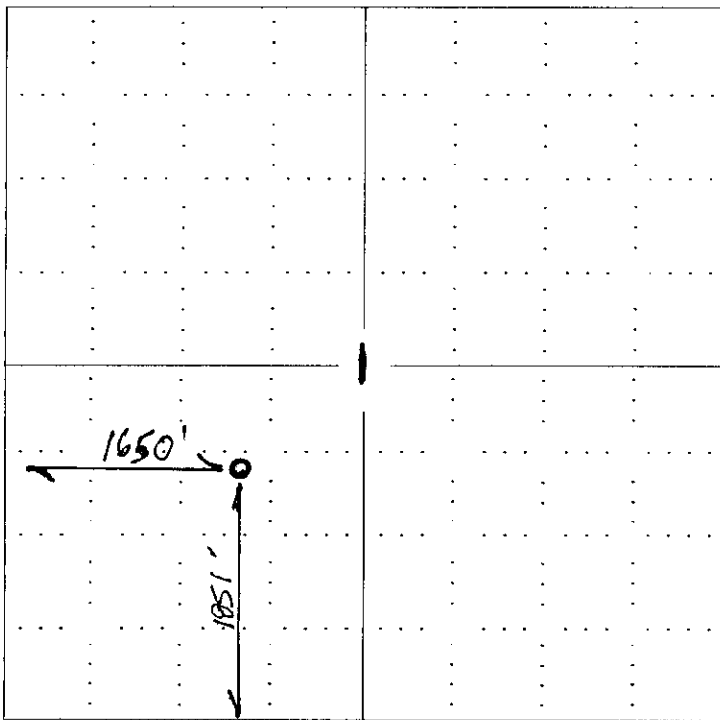
Is Section: Regular or Irregular

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

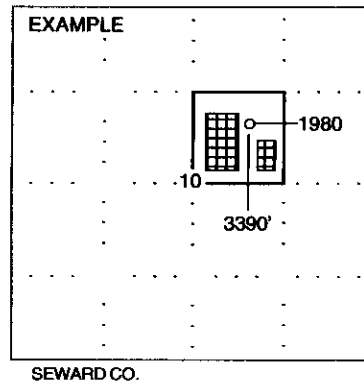
Section corner used: NE NW SE SW

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.)



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

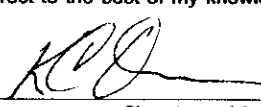
In plotting the proposed location of the well, you must show:

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: (C0-7 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: Red Oak Energy, Inc. | | License Number: 3581 |
| Operator Address: 7701 E. Kellogg | | |
| Contact Person: Kevin Davis | | Phone Number: (316) 652 -7373 |
| Lease Name & Well No.: J. Smith #2 | | Pit Location (QQQQ): _____ NE _____ 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: _____ 600 (bbls) | Sec. 1 Twp. 15 R. 41 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1851 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 1650 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Wallace 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? Native Solids and Bentonite |
| Pit dimensions (all but working pits): 100 Length (feet) 100 Width (feet) N/A: Steel Pits Depth from ground level to deepest point: 4 (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 KANSAS CORPORATION COMMISSION OCT 23 2007 CONSERVATION DIVISION WICHITA, KS |
| Distance to nearest water well within one-mile of pit Aprox 2000 feet Depth of water well 258 feet | | Depth to shallowest fresh water 90 feet. Source of information: _____ measured _____ well owner _____ electric log _____ 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: bentonite Number of working pits to be utilized: 3 Abandonment procedure: Cut windows, let dry, backfill and restore location _____ 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. | | |
| <u>10-22-07</u> Date | |  Signature of Applicant or Agent |

15-199-20-350-0000

| | | | |
|--------------------------------|----------------------|------------------------------|---|
| KCC OFFICE USE ONLY | | | |
| Date Received: <u>10/23/07</u> | Permit Number: _____ | Permit Date: <u>10/23/07</u> | Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

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