

For KCC Use: 11-20-07
 Effective Date: 3
 District # 3
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION

Form C-1
 October 2007
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: November 26, 2007
 month day year

OPERATOR: License# 33874
 Name: Custer Oil & Gas, LLC
 Address 1: P.O. Box 628
 Address 2:
 City: Barnsdall State: OK Zip: 74002
 Contact Person: Dustin Kerbs
 Phone: (918) 847-2531

CONTRACTOR: License# 33890
 Name: Performance Petroleum

Well Drilled For:	Well Class:	Type Equipment:
<input checked="" type="checkbox"/> Oil	<input checked="" type="checkbox"/> Infield	<input type="checkbox"/> Mud Rotary
<input type="checkbox"/> Gas	<input type="checkbox"/> Pool Ext.	<input checked="" type="checkbox"/> Air Rotary
<input type="checkbox"/> Enh Rec	<input type="checkbox"/> Wildcat	<input type="checkbox"/> Cable
<input type="checkbox"/> Storage	<input type="checkbox"/> Other	
<input type="checkbox"/> Disposal		
<input type="checkbox"/> Seismic ; # of Holes		
<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 Description:
 SW - NW - NE - SE Sec. 1 Twp. 35 S. R. 11 E W
 (a/a/a) 2,100 feet from N / S Line of Section
1,185 feet from E / W Line of Section

Is SECTION: Regular Irregular?
 (Note: Locate well on the Section Plat on reverse side)
 County: Chautauqua

Lease Name: Carrie Crane Well #: 07-3
 Field Name: Peru-Sedan

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Layton, Wayside, Prue
 Nearest Lease or unit boundary line (in footage): 1185
 Ground Surface Elevation: 938 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: 100
 Depth to bottom of usable water: 280

Surface Pipe by Alternate: I II
 Length of Surface Pipe Planned to be set: 42

Length of Conductor Pipe (if any):
 Projected Total Depth: 1250
 Formation at Total Depth: Prue

Water Source for Drilling Operations:
 Well Farm Pond Other: Turner Tank Truck Service

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

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

AFFIDAVIT

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NOV 15 2007

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 correct to the best of my knowledge and belief.

Date: 11/05/2007 Signature of Operator or Agent: Dustin Kerbs Title: Agent

For KCC Use ONLY
 API # 15 - 019-26850-0000
 Conductor pipe required None feet
 Minimum surface pipe required 40 feet per ALT. I II
 Approved by: Peru 11-15-07
 This authorization expires: 11-15-08
 (This authorization void if drilling not started within 12 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 (within 60 days);
- 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 Date: Signature of Operator or Agent:

1
35
11
 E
 W

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

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 - 019-26850-0000
 Operator: Custer Oil & Gas, LLC
 Lease: Carrie Crane
 Well Number: 07-3
 Field: Peru-Sedan

Location of Well: County: Chautauqua
 2,100 feet from N / S Line of Section
 1,185 feet from E / W Line of Section
 Sec. 1 Twp. 35 S. R. 11 E W

Number of Acres attributable to well: _____
 QTR/QTR/QTR/QTR of acreage: SW - NW - NE - SE

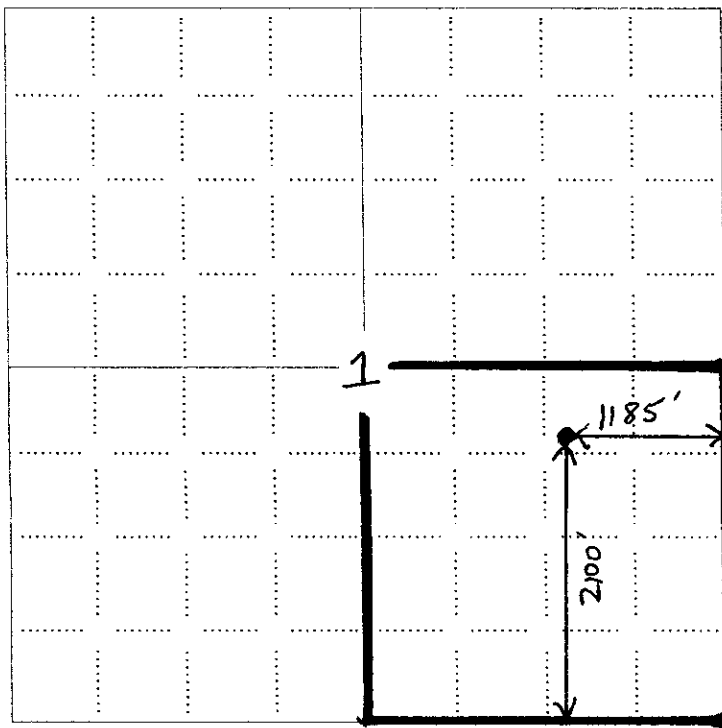
Is Section: Regular or Irregular

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.)*

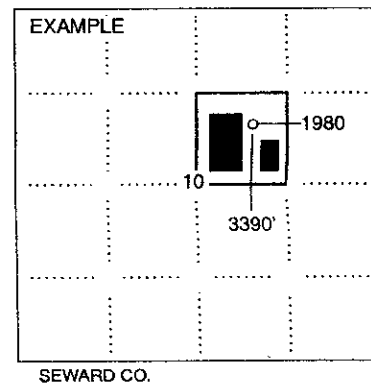


NOTE: In all cases locate the spot of the proposed drilling locaton.

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CONSERVATION DIVISION
 WICHITA, KS



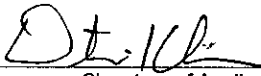
In plotting the proposed location of the well, you must show:

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 south / north and east / west outside section lines.
3. The distance to the nearest lease or unit boundary line (in footage).
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: Custer Oil & Gas, LLC		License Number: 33874
Operator Address: P.O. Box 628 Barnsdall, OK 74002		
Contact Person: Dustin Kerbs		Phone Number: (918) 847-2531
Lease Name & Well No.: Carrie Crane #07-3		Pit Location (QQQQ): SW NW NE SE Sec. <u>1</u> Twp. <u>35</u> R. <u>11</u> <input checked="" type="checkbox"/> East <input type="checkbox"/> West <u>2,100</u> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <u>1,185</u> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Chautauqua 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 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: 300 (bbls)	
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? Existing soil
Pit dimensions (all but working pits): <u>45</u> Length (feet) <u>10</u> Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: <u>4</u> (feet) <input type="checkbox"/> No Pit		
If the pit is lined give a brief description of the liner material, thickness and installation procedure. NA		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. NA
Distance to nearest water well within one-mile of pit <u>3741</u> feet Depth of water well <u>240</u> feet		Depth to shallowest fresh water <u>144</u> feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> 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: <u>Fresh water</u> Number of working pits to be utilized: <u>1</u> Abandonment procedure: <u>Fluids will be hauled off and pit will be back-filled.</u> 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.		RECEIVED KANSAS CORPORATION COMMISSION
<u>11/05/2007</u> Date	 Signature of Applicant or Agent	NOV 15 2007 CONSERVATION DIVISION WICHITA, KS
KCC OFFICE USE ONLY		
Date Received: <u>11/15/07</u> Permit Number: _____		Steel Pit <input type="checkbox"/> RFAC <input type="checkbox"/> RFAS <input type="checkbox"/>
Permit Date: <u>11/15/07</u> Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

15-019-268-50-0000