



For KCC Use:
 Effective Date: 11/20/2007
 District # 1
 SGA? Yes No

KANSAS CORPORATION COMMISSION 1014100
 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: 11/13/2007
month day year

OPERATOR: License# **5316**
 Name: Falcon Exploration, Inc.
 Address 1: 125 N MARKET STE 1252
 Address 2:
 City: WICHITA State: KS Zip: 67202 + 1719
 Contact Person: RON SCHRAEDER/MIKE MITCHELL
 Phone: 316-262-1378
 CONTRACTOR: License# 5822
 Name: Val Energy, Inc.

Spot Description:
 SE SW SE SW Sec. 3 Twp. 31 S. R. 22 E W
(a/a/a/a) 100 feet from N / S Line of Section
 1,660 feet from E / W Line of Section

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

County: Clark
 Lease Name: GILES RANCH Well # 2-3
 Field Name: LIBERTY RIVER

Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): MORROW;MISSISSIPPIAN
 Nearest Lease or unit boundary line (in footage): 100

Ground Surface Elevation: 2159 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: 180
 Depth to bottom of usable water: 180
 Surface Pipe by Alternate: I II
 Length of Surface Pipe Planned to be set: 200
 Length of Conductor Pipe (if any): 70
 Projected Total Depth: 5500
 Formation at Total Depth: MISSISSIPPIAN

Water Source for Drilling Operations:
 Well Farm Pond Other:
 DWR Permit #: 20070392
 (Note: Apply for Permit with DWR)

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

Well Drilled For: Oil Enh Rec Gas Seismic Other:
 Well Class: Infield Pool Ext. Disposal Other
 Type Equipment: Mud Rotary Air Rotary Cable

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 #:

Oil & Gas Leases w/pooling clauses attached.

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.

Submitted Electronically

For KCC Use ONLY
 API # 15 - 15-025-21435-00-00
 Conductor pipe required 0 feet
 Minimum surface pipe required 200 feet per ALT I II
 Approved by: Rick Hestermann 11/15/2007
 This authorization expires: 11/15/2008
(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:

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

3
31
22
 E
 W



1014100

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 - 15-025-21435-00-00 _____
 Operator: Falcon Exploration, Inc. _____
 Lease: GILES RANCH _____
 Well Number: 2-3 _____
 Field: LIBERTY RIVER _____

Location of Well: County: Clark _____
 100 _____ feet from N / S Line of Section
 1,660 _____ feet from E / W Line of Section
 Sec. 3 _____ Twp. 31 _____ S. R. 22 _____ E W

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

Is Section: Regular or Irregular

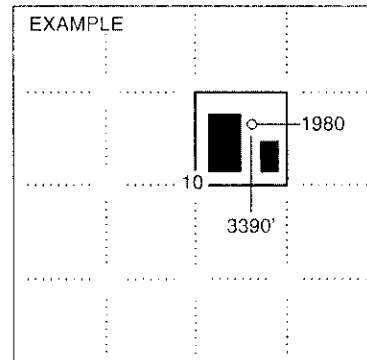
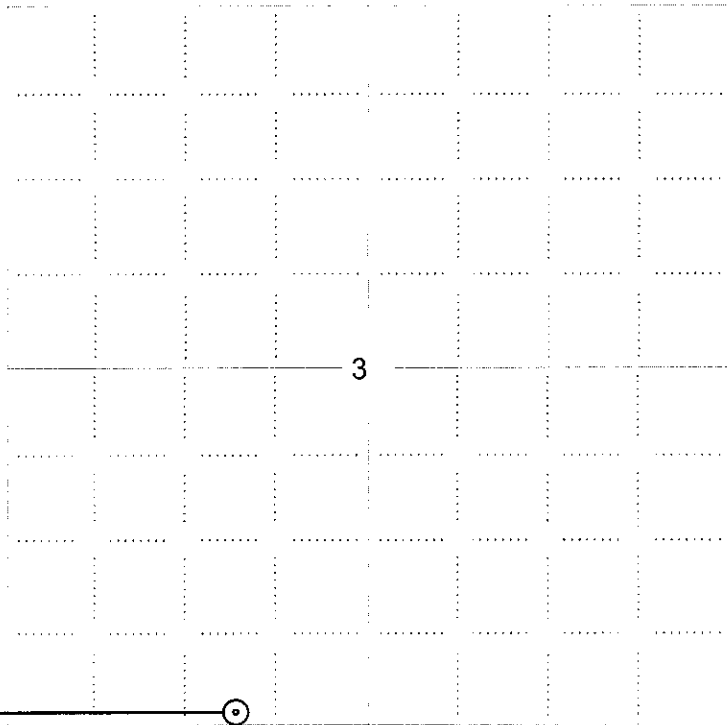
If Section is Irregular, locate well from nearest corner boundary.

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.)



1660 ft. _____

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

100 ft.

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: (C0-7 for oil wells; CG-8 for gas wells).



KANSAS CORPORATION COMMISSION 1014100
OIL & GAS CONSERVATION DIVISION

Form CDP-1
April 2004
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: Falcon Exploration, Inc.		License Number: 5316
Operator Address: 125 N MARKET STE 1252		WICHITA KS 67202
Contact Person: RON SCHRAEDER/MIKE MITCHELL		Phone Number: 316-262-1378
Lease Name & Well No.: GILES RANCH 2-3		Pit Location (QQQQ): SE SW SE SW Sec. 3 Twp. 31 R. 22 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 100 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 1,660 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Clark 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: 5,600 (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? NATIVE CLAY AND MUD
Pit dimensions (all but working pits): 80 Length (feet) 100 Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: 4 (feet) <input type="checkbox"/> No Pit		
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.
Distance to nearest water well within one-mile of pit 776 feet Depth of water well 80 feet		Depth to shallowest fresh water 20 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: CHEMICAL MUD Number of working pits to be utilized: 3 Abandonment procedure: ALLOW TO DRY COMPLETELY. THEN BACKFILL WHEN CONDITIONS ALLOW Drill pits must be closed within 365 days of spud date.
Submitted Electronically		

KCC OFFICE USE ONLY		Steel Pit <input type="checkbox"/>	RFAC <input checked="" type="checkbox"/>	RFAS <input checked="" type="checkbox"/>
Date Received: 11/08/2007	Permit Number: 15-025-21435-00-00	Permit Date: 11/14/2007	Lease Inspection: <input checked="" type="checkbox"/> Yes <input 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*

November 14, 2007

RON SCHRAEDER/MIKE MITCHELL
Falcon Exploration, Inc.
125 N MARKET STE 1252
WICHITA, KS67202-1719

Re: Drilling Pit Application
GILES RANCH Lease Well No. 2-3
SW/4 Sec.03-31S-22W
Clark County, Kansas

Dear RON SCHRAEDER/MIKE MITCHELL:

District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level and the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred. The fluids should be removed again as soon as practical after drilling operations have ceased.

If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

The fluids should be taken to an authorized disposal well. Please call the District Office at (620) 225-8888 when the fluids have been removed. Please file form CDP-5 (August 2004), Exploration and Production Waste Transfer, within 30 days of fluid removal. Conservation division forms are available through our office and on the KCC web site: kcc.ks.gov/conservation/forms/

A copy of this letter should be posted in the doghouse along with the approved Intent to Drill. If you have any questions or concerns please feel free to contact the District Office at (620) 225-8888.