

For KCC Use: 11-24-07
 Effective Date: 4
 District #: _____
 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 27, 2007
month day year

OPERATOR: License# 3581
 Name: RED OAK ENERGY, INC.
 Address 1: 7701 E KELLOGG, STE 710
 Address 2: _____
 City: WICHITA State: KS Zip: 67207 + _____
 Contact Person: KEVIN DAVIS
 Phone: 316-652-7373

CONTRACTOR: License# 30606
 Name: MURFIN DRILLING COMPANY 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"/> Seismic : _____ # of Holes	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat	<input type="checkbox"/> Cable
<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 Description: _____
 NE - NE - SW - NE Sec. 1 Twp. 15 S. R. 41 E W
(a/a/a/a)
1,595 feet from N / S Line of Section
1,410 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: SMITH Well #: 3
 Field Name: LADDER CREEK

Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): MORROW

Nearest Lease or unit boundary line (in footage): 1045
 Ground Surface Elevation: 3730 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: I II
 Length of Surface Pipe Planned to be set: 350'

Length of Conductor Pipe (if any): N/A
 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 correct to the best of my knowledge and belief.

Date: 11/15/07 Signature of Operator or Agent: Diana Kroeger Title: AGENT

For KCC Use ONLY	
API # 15 - <u>199-20370-0000</u>	
Conductor pipe required <u>NONE</u> feet	
Minimum surface pipe required <u>350</u> feet per ALT. <input type="checkbox"/> I <input checked="" type="checkbox"/> II	
Approved by: <u>WJHm</u> <u>11-19-07</u>	
This authorization expires: <u>11-19-08</u>	
<small>(This authorization void if drilling not started within 12 months of approval date.)</small>	
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: _____

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 NOV 16 2007
 CONSERVATION DIVISION
 WICHITA, KS

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 - 199-20370-0000
 Operator: RED OAK ENERGY, INC.
 Lease: SMITH
 Well Number: 3
 Field: LADDER CREEK

Location of Well: County: WALLACE
 1,595 feet from N / S Line of Section
 1,410 feet from E / W Line of Section
 Sec. 1 Twp. 15 S. R. 41 E W

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

Is Section: Regular or Irregular

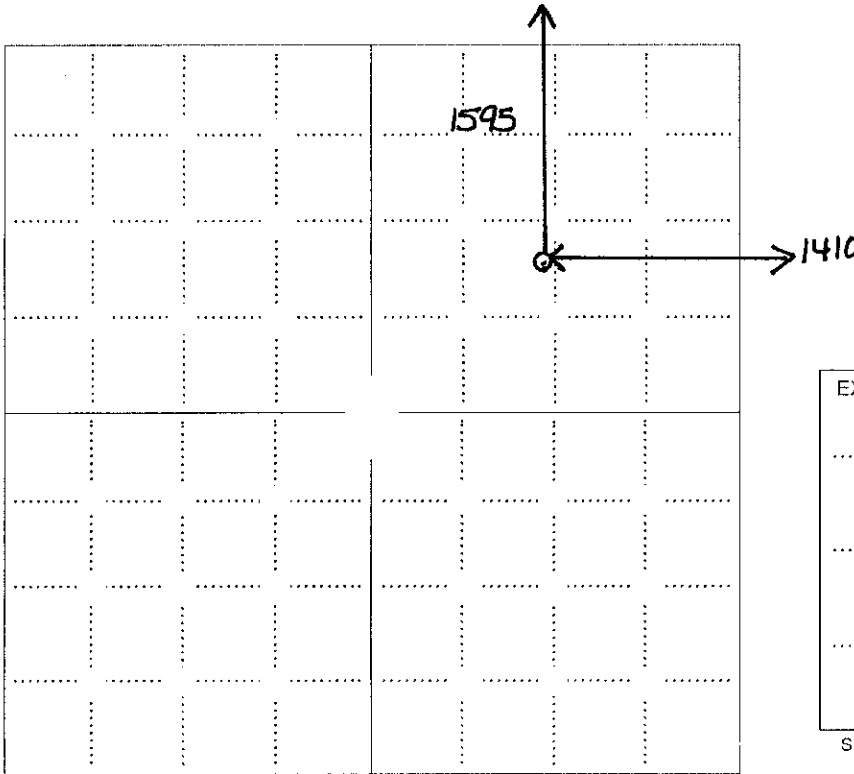
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

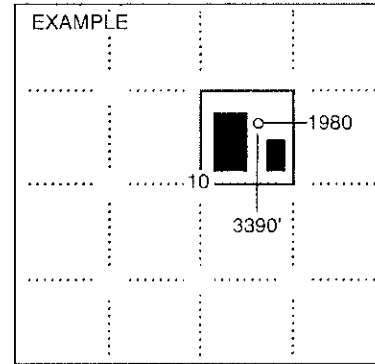
PLAT

(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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SEWARD CO.

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

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: RED OAK ENERGY, INC.		License Number: 3581
Operator Address: 7701 E KELLOGG, STE 710		WICHITA KS 67207
Contact Person: KEVIN DAVIS		Phone Number: 316-652-7373
Lease Name & Well No.: SMITH 3		Pit Location (QQQQ): NE NE SW NE
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. <u>1</u> Twp. <u>15</u> R. <u>41</u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1,595 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 1,410 Feet from <input checked="" type="checkbox"/> East / <input 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? Bentonite and solids from drilling operations self seal pits
Pit dimensions (all but working pits): <u>100</u> Length (feet) <u>100</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.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.
Distance to nearest water well within one-mile of pit <u>3015</u> feet Depth of water well <u>251</u> feet		Depth to shallowest fresh water <u>140</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>Bentonite</u> Number of working pits to be utilized: <u>4</u> Abandonment procedure: <u>Allow pit to evaporate until dry then backfill when conditions allow</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.		
<u>11/15/07</u> Date	<i>Diana Kroeger</i> Signature of Applicant or Agent	RECEIVED KANSAS CORPORATION COMMISSION NOV 16 2007 CONSERVATION DIVISION WICHITA, KS
KCC OFFICE USE ONLY		
Steel Pit <input type="checkbox"/> RFAC <input type="checkbox"/> RFAS <input type="checkbox"/>		
Date Received: <u>11/16/07</u> Permit Number: _____	Permit Date: <u>11/16/07</u>	Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

15-199-20370-0000

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