

For KCC Use:
 Effective Date: 12-22-07
 District # _____
 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 December 17 2007
month day year

Spot 77' N of C of East
SW NW SE Sec. 23 Twp. 22 S. R. 14 West
1727 feet from N / S Line of Section
2310 feet from E / W Line of Section
 Is SECTION Regular Irregular?

OPERATOR: License# 6039
 Name: L.D. DRILLING, INC.
 Address: 7 SOUTHWEST 26TH AVENUE
 City/State/Zip: GREAT BEND, KANSAS 67530
 Contact Person: L.D. DAVIS
 Phone: 620-793-3051

(Note: Locate well on the Section Plat on reverse side)

County: STAFFORD
 Lease Name: SCHARTZ CHISHOLM Well #: 1
 Field Name: Oscar

CONTRACTOR: License# 33323
 Name: PETROMARK DRILLING, LLC RIG #2

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

<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"/> OWO	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat	<input type="checkbox"/> Cable
<input type="checkbox"/> Seismic; # of Holes _____	<input type="checkbox"/> Other _____		

Nearest Lease or unit boundary: 330 FEET
 Ground Surface Elevation: 1921 feet MSL

Water well within one-quarter mile: Yes No
 Public water supply well within one mile: Yes No

If OWWO: old well information as follows:
 Operator: _____
 Well Name: _____
 Original Completion Date: _____ Original Total Depth: _____

Depth to bottom of fresh water: 220 FEET
 Depth to bottom of usable water: 220 FEET

Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 700 FEET

Directional, Deviated or Horizontal wellbore? Yes No

Length of Conductor Pipe required: NONE
 Projected Total Depth: 3850

If Yes, true vertical depth: _____

Formation at Total Depth: ARBUCKLE
 Water Source for Drilling Operations:
 Well Farm Pond Other

Bottom Hole Location: _____

DWR Permit #: OPERATOR TO APPLY

KCC DKT #: _____

(Note: Apply for Permit with DWR)
 Will Cores be taken? Yes No
 If Yes, proposed zone: _____

AFFIDAVIT

RECEIVED

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:

DEC 14 2007

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 casing shall be cemented through all unconsolidated materials plus a minimum of 20 feet into the underlying formation. CONSERVATION DIVISION WICHITA, KS
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: DEC. 13, 2007 Signature of Operator or Agent: [Signature] Title: AGENT

For KCC Use ONLY
 API # 15 - 185-23496-0000
 Conductor pipe required None feet
 Minimum surface pipe required 240 feet per All 1
 Approved by: [Signature] 12-17-07
 This authorization expires: 12-17-08
 (This authorization void if drilling not started within 6 months of approval date.)
 Spud date: _____ Agent: [Signature]

Remember to:

- File Drill Pit Application (form GPD-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

23
22
14W

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 - 185-23496-0000
 Operator: L.D. DRILLING, INC.
 Lease: SCHARTZ CHISHOLM
 Well Number: 1
 Field: _____
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: SW - NW - SE

Location of Well: County: STAFFORD
1727 feet from N / S Line of Section
2310 feet from E / W Line of Section
 Sec. 23 Twp. 22 S. R. 14 East West

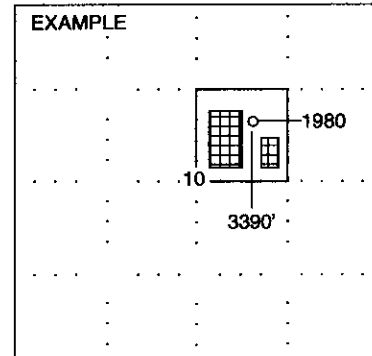
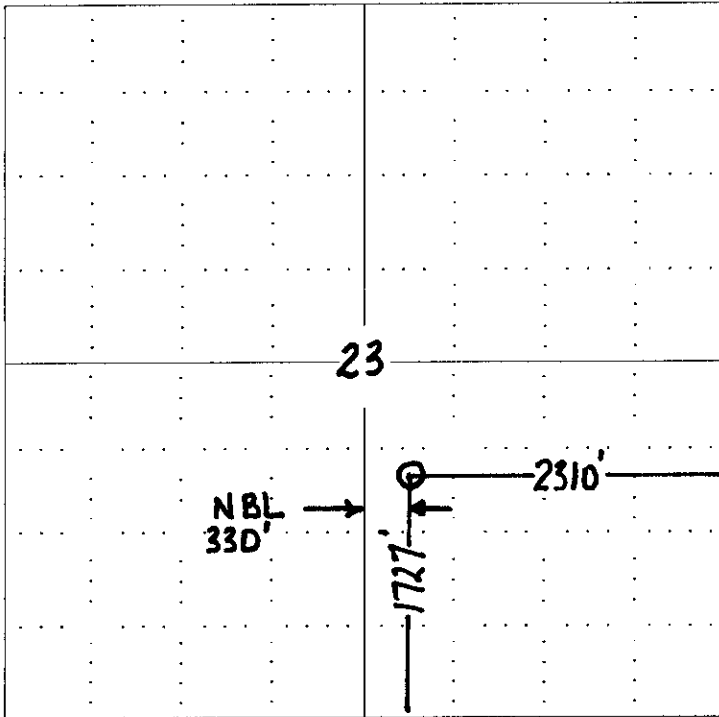
Is Section: Regular or Irregular

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.)*



RECEIVED
 KANSAS CORPORATION COMMISSION
 DEC 14 2007
 CONSERVATION DIVISION
 WICHITA, KS

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 CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: L.D. DRILLING, INC.		License Number: 6039
Operator Address: 7 SW 26TH AVENUE, GREAT BEND, KANSAS 67530		
Contact Person: L.D. DAVIS		Phone Number: (620) 793 - 3051
Lease Name & Well No.: SCHARTZ CHISHOLM #1		Pit Location (QQQQ): 70' N of C of SW NW SE
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: 3500 (bbls)	Sec. 23 Twp. 22 R. 14 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1727 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 2310 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section STAFFORD County
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input 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?
Pit dimensions (all but working pits): <u>70</u> Length (feet) <u>70</u> Width (feet) <u>N/A: Steel Pits</u> Depth from ground level to deepest point: <u>4</u> (feet)		
If the pit is lined give a brief description of the liner material, thickness and installation procedure. IF REQ'D 10 MIL. LINER WITH EDGE CONTAINED BY SOIL.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. N/A
Distance to nearest water well within one-mile of pit <u>718</u> feet Depth of water well <u>95</u> feet		Depth to shallowest fresh water <u>27</u> feet. Source of information: _____ measured _____ well owner _____ electric log <u>6</u> 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 GEL</u> Number of working pits to be utilized: <u>THREE</u> Abandonment procedure: <u>PITS JETTED, ALLOWED TO EVAPORATE AND BACKFILLED BY DOZER.</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>DEC. 13, 2007</u> Date	 Signature of Applicant of Agent	DEC 14 2007 CONSERVATION DIVISION WICHITA, KS
KCC OFFICE USE ONLY		
Date Received: <u>12/14/07</u> Permit Number: _____ Permit Date: <u>12/17/07</u> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<u>RFS+C</u>	

15-185-23496-0000

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*

December 17, 2007

Mr. L.D. Davis
L.D. Drilling, Inc.
7 Southwest 26th Ave
Great Bend, KS 67530

RE: Drilling Pit Application
Schartz Chisholm Lease Well No. 1
SE/4 Sec. 23-22S-14W
Stafford County, Kansas

Dear Mr. Davis:

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: www.kcc.state.ks.us/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 undersigned at the above address.

Sincerely,

A handwritten signature in black ink that reads "Kathy Haynes".

Kathy Haynes
Department of Environmental Protection and Remediation

cc: File