

For KCC Use: Effective Date: 1-13-08 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 the K.C.C. five (5) days prior to commencing well

Expected Spud Date FEB 7 2008 month day year

S/2 - S/2 25 Twp. 17 S. R. 13 550 feet from N/S Line of Section 2640 feet from E/W Line of Section Is SECTION X Regular Irregular?

OPERATOR: License # 3882 Name: SAMUEL GARY JR. & ASSOCIATES, INC. Address: 1560 BROADWAY, SUITE 2100 City/State/Zip: DENVER, CO 80202 Contact Person: TOM FERTAL

(Note: Locate well on the Section Plat on Reverse Side) County: BARTON

Phone: (303) 831-4673

Lease Name: HEKELE Well #: 1-25

CONTRACTOR: License 33350 Name: SOUTHWIND DRILLING

Field Name: Is this a Prorated / Spaced Field? Yes No

- Well Drilled For: Oil, Gas, OWWO, Seismic, Other. Well Class: Infield, Pool Ext., Wildcat, Other. Type Equipment: Mud Rotary, Air Rotary, Cable.

Target Formation(s): ARBUCKLE Nearest Lease or unit boundary: 330'

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

Ground Surface Elevation: Est. 1820 feet MSL Water well within one-quarter mile: Yes No

Directional, Deviated or Horizontal wellbore? Yes No If yes, true vertical depth: Bottom Hole Location: KCC DKT#:

Public water supply well within one mile: Yes No Depth to bottom of fresh water: 100 Depth to bottom of usable water: 300

Oil & Gas Leases w/ pooling clauses attached AFFIDAVIT

Surface Pipe by Alternate: 1 2 Length of Surface Pipe Planned to be set: 320'

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-101, et. seq. It is agreed that the following minimum requirements will be met:

Length of Conductor pipe required: NONE Projected Total Depth: 3450' Formation at Total Depth: ARBUCKLE

- 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 a 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 spud date or the well shall be plugged. In all cases, NOTIFY district office prior to any cementing.

Water Source for Drilling Operations: Well Farm Pond Other X DWR Permit #: N/A

I hereby certify that the statements made herein are true and to the best of my knowledge and belief. Date: JANUARY 7, 2008 Signature of Operator or Agent: Thomas J Fertal Title: SR. GEOLOGIST

(Note: Apply for Permit with DWR) Will Cores Be Taken? Yes No If yes, proposed zone: N/A

RECEIVED KANSAS CORPORATION COMMISSION JAN 08 2008

CONSERVATION DIVISION WICHITA, KS

For KCC use ONLY API # 15 - 009-25152-0000 Conductor pipe required None feet Minimum surface pipe required 320 feet per Alt. 1 Approved by: [Signature] 1-8-08 This authorization expires: 1-8-09 (This authorization void if drilling not started within 12 months of effective 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; - 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:

25 17 13W

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 - 009-25152-0000
 Operator: SAMUEL GARY JR & ASSOCIATES, INC.
 Lease: HEKELE
 Well Number: 1-25
 Field: _____

Location of Well: County: BARTON
 _____ feet from N / S Line of Section
 _____ feet from E / W Line of Section
 Sec. 25 Twp. 17 S. R. 13 East West

Is Section: Regular or Irregular

Number of Acres attributable to well: _____

QTR / QTR / QTR of acreage: _____ - _____ - _____

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

Section corner used: NE NW SE SW

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 KANSAS CORPORATION COMMISSION

JAN 08 2008

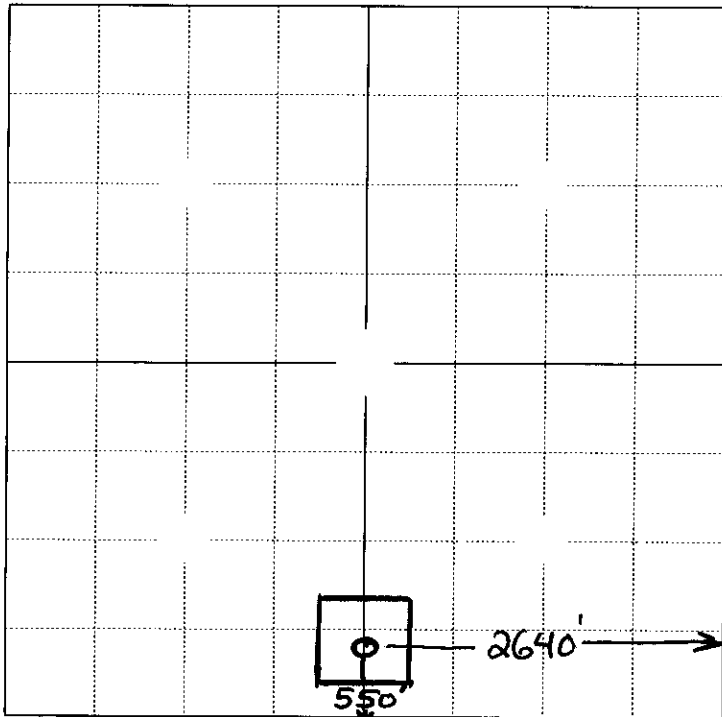
CONSERVATION DIVISION
 WICHITA, KS

PLAT

(Show location of the well and shade attributable acreage for prorated or spaced wells.)

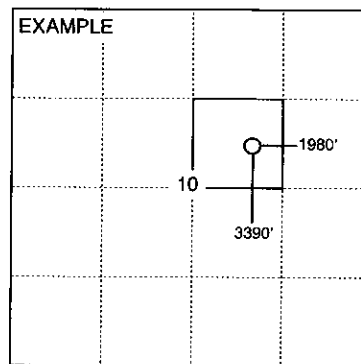
(Show footage to the nearest lease or unit boundary line.)

BARTON COUNTY

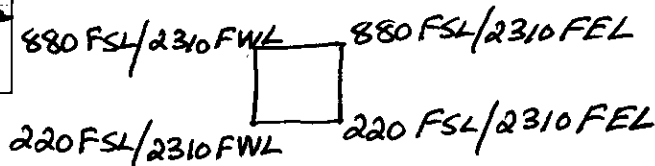


NOTE: In all cases locate the spot of the proposed drilling location.

330' from the nearest lease boundary of the 10acre pooled area.



SEWARD CO.



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

Form CDP-1
April 2004
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: SAMUEL GARY JR. AND ASSOCIATES, INC.		License Number: 3882
Operator Address: 1560 BROADWAY, SUITE 2100 DENVER, CO 80202		
Contact Person: TOM FERTAL		Phone Number: (303) 831 - 4673
Lease Name & Well No.: HEKELE 1-25		Pit Location (QQQQ): _____ S/2 _____ S/2
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: 4000 (bbls)	Sec. 25 Twp. 17 R. 13 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 550 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 2640 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section BARTON 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? NATIVE MUD AND CLAY
Pit dimensions (all but working pits): <u>75</u> Length (feet) <u>75</u> Width (feet) _____ N/A: Steel Pits 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.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.
Distance to nearest water well within one-mile of pit <u>2315</u> feet Depth of water well <u>115</u> feet		Depth to shallowest fresh water <u>90</u> feet. Source of information: _____ measured _____ well owner _____ 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: FRESH MUD Number of working pits to be utilized: <u>0</u> (Steel Tanks) Abandonment procedure: ALLOW TO DRY, THEN BACKFILL 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.		
January 7, 2008 Date		Thomas J Fertal Signature of Applicant or Agent
RECEIVED KANSAS CORPORATION COMMISSION JAN 08 2008 CONSERVATION DIVISION WICHITA, KS		
KCC OFFICE USE ONLY		
Date Received: <u>1/8/08</u> Permit Number: _____		Permit Date: <u>1/8/08</u> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

15009-25/151-600-000



*Kathleen Sebelius, Governor
Thomas E. Wright, Chairman
Michael C. Moffet, Commissioner
Joseph F. Harkins, Commissioner*

January 8, 2008

Mr. Tom Fertal
Samuel Gary Jr. & Associates, Inc.
1560 Broadway Ste 2100
Denver, CO 80202

RE: Drilling Pit Application
Hekele Lease Well No. 1-25
S/2 Sec. 25-17S-13W
Barton County, Kansas

Dear Mr. Fertal:

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. **Keep pits away from the creek.**

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 (785) 625-0550 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