

For KCC Use:
 Effective Date: 1-16-08
 District #: 4
 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: 2/07/2008
month day year

OPERATOR: License# 30537
 Name: Venture Resources, Inc.
 Address 1: P.O. Box 101234
 Address 2:
 City: Denver, CO 80250 State: CO Zip: 80250 +
 Contact Person: Ron Mackey
 Phone: 303-722-2899
 CONTRACTOR: License# 33493
 Name: American Eagle Drilling, LLC

Well Drilled For: Oil Gas Seismic Other
 Enh Rec Storage Disposal
 # of Holes _____
 Well Class: Infield Pool Ext. Wildcat 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 #: _____

Spot Description:
 NE NW SW Sec. 9 Twp. 8 S. R. 21 E W
 (Q/Q/Q) 2,280 feet from N / S Line of Section
990 feet from E / W Line of Section

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

County: Graham
 Lease Name: Billips-Rice Unit Well #: 1
 Field Name: WC

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

Nearest Lease or unit boundary line (in footage): 170' • 330 unit
 Ground Surface Elevation: 2011' 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: 280-15'
 Depth to bottom of usable water: 1250-750

Surface Pipe by Alternate: I II
 Length of Surface Pipe Planned to be set: 275

Length of Conductor Pipe (if any): None
 Projected Total Depth: 3750
 Formation at Total Depth: Arbuckle

Water Source for Drilling Operations:
 Well Farm Pond Other: _____

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

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

Unit map attached.

AFFIDAVIT

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 KANSAS CORPORATION COMMISSION

JAN 10 2008

CONSERVATION DIVISION
 WICHITA, KS

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: 1-08-08 Signature of Operator or Agent: Ron Mackey Title: CEO

For KCC Use ONLY
 API # 15 - 065-23401-0000
 Conductor pipe required None feet
 Minimum surface pipe required 200 feet per ALT. I II
 Approved by: KMB 1-11-08
 This authorization expires: 1-11-09
 (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: _____

9
8
21
 E
 W

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 - 065-23401-0000
 Operator: Venture Resources, Inc.
 Lease: Billips-Rice Unit
 Well Number: 1
 Field: WC
 Number of Acres attributable to well: 10
 QTR/QTR/QTR/QTR of acreage: - NE - NW - SW

Location of Well: County: Graham
 2,280 feet from N / S Line of Section
 990 feet from E / W Line of Section
 Sec. 9 Twp. 8 S. R. 21 E W

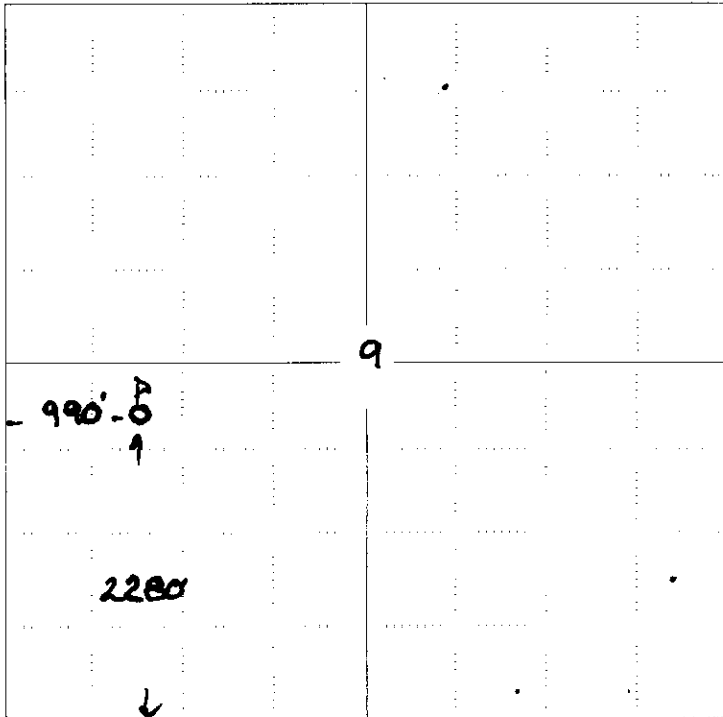
Is Section: Regular or Irregular

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

Section corner used: NE NW SE SW

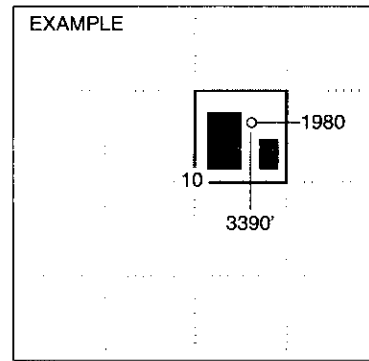
PLAT

*(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 location.

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 JAN 10 2008
 CONSERVATION DIVISION
 WICHITA, KS



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 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).

15-065-23401-0000

2653.91
S02°31'44"W

9

VENTURE RESOURCES, INC

#1 Phillips - RICE UNIT

NE NW SW

SEC 9-8S-21W

GRAHAM CO, KS

W 1/4 SW 21W

2645.13
N88°51'42"W

44.2'

660.00

N88°51'42"W

2.25 Acres

#1
S17°20'11"E
S17°20'11"E
S17°20'11"E

7.75 Acres

660.00

N88°51'42"W

S02°35'51"W

660.00

N02°35'51"E

660.00

E Solomon River

990.0'

30.1'
22.2'
S02°35'51"W
4307.98

2280.0'

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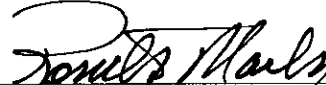
CONSERVATION DIVISION
WICHITA KS

SW 1/4 MS

**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: Venture Resources, Inc.		License Number: 30537	
Operator Address: P.O. Box 101234		Denver, CO 80250 CO 80250	
Contact Person: Ron Mackey		Phone Number: 303-722-2899	
Lease Name & Well No.: Billips-Rice Unit 1		Pit Location (QQQQ): _____ NE _____ NW _____ SW _____ Sec. <u>9</u> Twp. <u>8</u> R. <u>21</u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <u>2,280</u> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <u>990</u> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Graham 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 <i>(If W/P Supply API No. or Year Drilled)</i>		Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: _____ (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: _____ mg/l <i>(For Emergency Pits and Settling Pits only)</i>	
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? Natural Clays and Muds			
Pit dimensions (all but working pits): <u>100</u> Length (feet) <u>50</u> Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: <u>6</u> (feet) <input type="checkbox"/> No Pit			
If the pit is lined give a brief description of the liner material, thickness and installation procedure. Plastic pit liner		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. Inspection every 8 hour drilling tour.	
Distance to nearest water well within one-mile of pit <u>1</u> mile feet Depth of water well <u>56</u> feet		Depth to shallowest fresh water <u>20</u> feet. Source of information: <input checked="" 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>Chem-mud system</u> Number of working pits to be utilized: <u>3</u> Abandonment procedure: <u>Haul liquids to swd, refill pits with original clays and soil.</u> Drill pits must be closed within 365 days of spud date.	
RECEIVED KANSAS CORPORATION COMMISSION			
I hereby certify that the above statements are true and correct to the best of my knowledge and belief.			
<u>1-8-08</u> Date		 Signature of Applicant or Agent	
JAN 10 2008 CONSERVATION DIVISION			
KCC OFFICE USE ONLY			
Date Received: <u>1/10/08</u> Permit Number: _____		Steel Pit <input type="checkbox"/> RFAC <input type="checkbox"/> RFAS <input checked="" type="checkbox"/>	
Permit Date: <u>1/10/08</u>		Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>away River channel</i>	

15-065-23401-0000



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

January 10, 2008

Mr. Ron Mackey
Venture Resources, Inc.
PO Box 101234
Denver, CO 80250

RE: Drilling Pit Application
Billips-Rice Unit Lease Well No. 1
SW/4 Sec. 09-08S-21W
Graham County, Kansas

Dear Mr. Mackey:

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 **if sand is encountered during the construction of the reserve pit or working pits, please call the District Office at (785) 625-0550**. The 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. **Please keep all pits away from river channel.**

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, 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

Environmental Protection and Remediation Department

cc: File