

For KCC Use: 1-19-08  
Effective Date: 1  
District # 1  
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: March 1st, 2007  
month day year

OPERATOR: License# 33060 ✓  
Name: Diversified Operating Corporation  
Address 1: 15000 W 6th Ave #102  
Address 2: \_\_\_\_\_  
City: Golden State: CO Zip: 80401 + \_\_\_\_\_  
Contact Person: Terry Cammon  
Phone: 303 384-9611

CONTRACTOR: License# Will be licensed by KCC ✓  
Name: Will advise on ACO-1

Well Drilled For:  Oil ✓  Gas  
 Enh Rec  Storage  Disposal  
 Seismic; # of Holes \_\_\_\_\_  
 Other: \_\_\_\_\_

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: \_\_\_\_\_  
SW SE SE Sec. 3 Twp. 31 S. R. 21  E  W  
(1/2/1/2) 612 feet from  N /  S Line of Section  
727 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: Smith Well #: 3-16-10  
Field Name: Calvary Creek

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

Nearest Lease or unit boundary line (in footage): 612  
Ground Surface Elevation: 2201 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 / 30  
Depth to bottom of usable water: 248 / 180

Surface Pipe by Alternate:  I  II ✓  
Length of Surface Pipe Planned to be set: 630'

Length of Conductor Pipe (if any): \_\_\_\_\_  
Projected Total Depth: 6400'

Formation at Total Depth: Arbuckle  
Water Source for Drilling Operations:  Well  Farm Pond  Other: Nearest Private Source ✓

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: 1/14/2008 Signature of Operator or Agent: \_\_\_\_\_ Title: Pres

**For KCC Use ONLY**  
API # 15 - 025-21439-0000  
Conductor pipe required None feet  
Minimum surface pipe required 200 feet per ALT:  I  II  
Approved by: 1-14-08  
This authorization expires: 1-14-09  
(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: \_\_\_\_\_

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3  
31  
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 - 025-21439-0000  
Operator: Diversified Operating Corporation  
Lease: Smith  
Well Number: 3-16-10  
Field: Calvary Creek  
Number of Acres attributable to well: 40  
QTR/QTR/QTR/QTR of acreage: \_\_\_\_\_ - SW - SE - SE

Location of Well: County: Clark  
612 feet from  N /  S Line of Section  
727 feet from  E /  W Line of Section  
Sec. 3 Twp. 31 S. R. 21  E  W

Is Section:  Regular or  Irregular

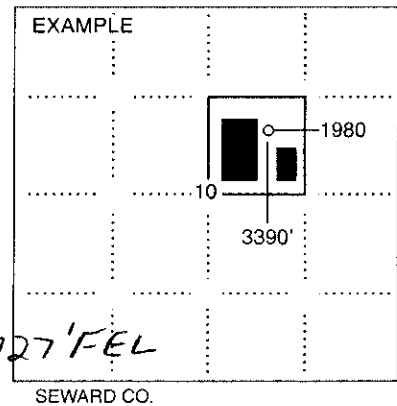
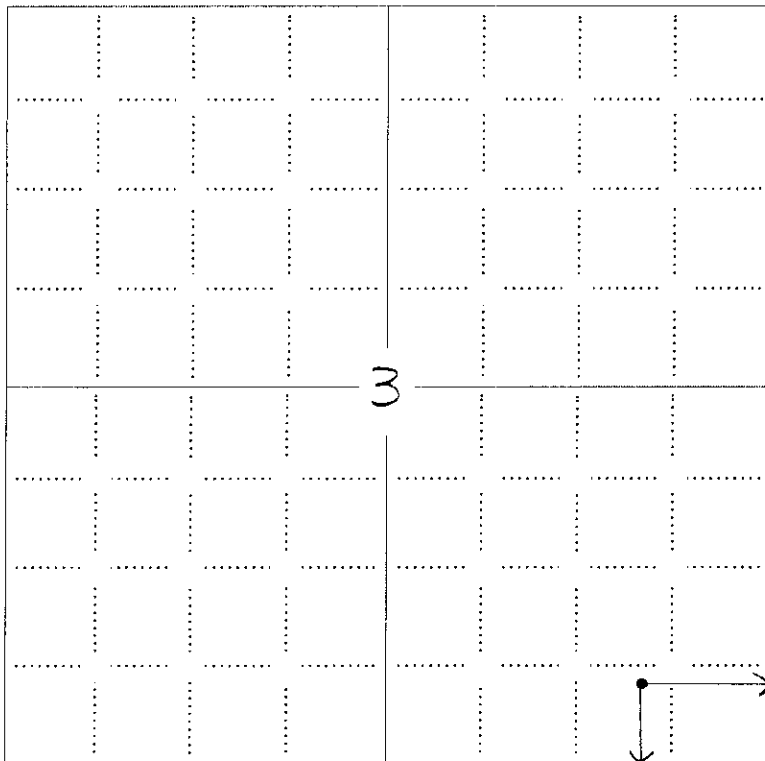
**If Section is Irregular, locate well from nearest corner boundary.**

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.)*



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

**In plotting the proposed location of the well, you must show:** 612' FSL

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).

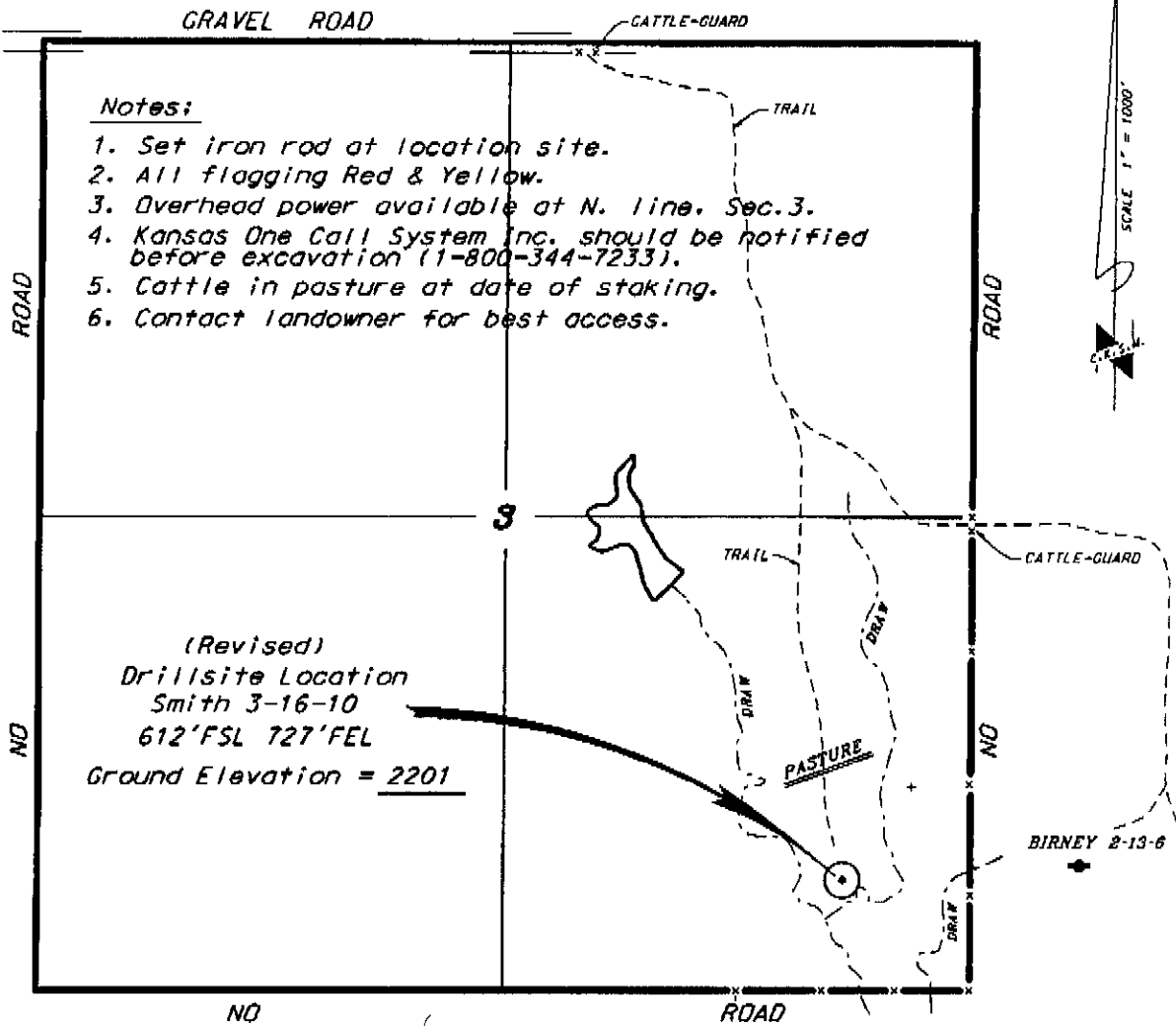
DIVERSIFIED OPERATING CORPORATION  
SMITH LEASE  
SE. 1/4, SECTION 3, T31S, R21W  
CLARK COUNTY, KANSAS

15-025-21439-0000

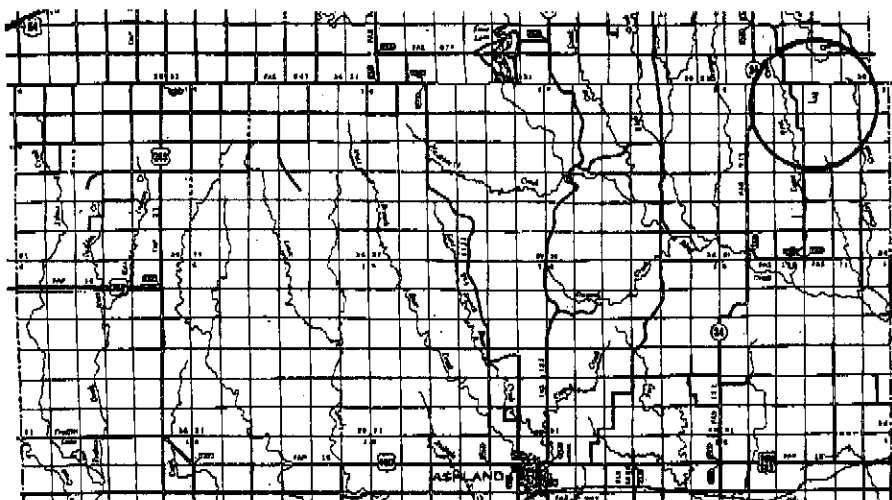
Notes:

1. Set iron rod at location site.
2. All flagging Red & Yellow.
3. Overhead power available at N. line, Sec.3.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. Cattle in pasture at date of staking.
6. Contact landowner for best access.

Ingress and egress to location as shown on this plat is per usage only and may not be legally opened for public use. Contact landowner, tenant and county road department for access.



(Revised)  
Drillsite Location  
Smith 3-16-10  
612'FSL 727'FEL  
Ground Elevation = 2201



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\* Controlling data is based upon the best maps and photographs available to us and upon a regular section of land containing 640 acres.

\* Approximate section lines were determined using the normal standard of care of oilfield surveyors practicing in the state of Kansas; the section corners, which establish the precise section lines, were not necessarily located, and the exact location of the drillsite location in the section is not guaranteed. Therefore, the operator securing this service and accepting this plat and all other parties relying thereon agree to hold Central Kansas Oilfield Services, Inc., its officers and employees harmless from all losses, costs and expenses and said entities released from any liability from incidental or consequential damages.


\* Elevations derived from National Geodetic Vertical Datum.

Date November 14, 2007

**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: <b>Diversified Operating Corporation</b>		License Number: <b>33060</b>	
Operator Address: <b>15000 W 6th Ave #102</b>		<b>Golden CO 80401</b>	
Contact Person: <b>Terry Cammon</b>		Phone Number: <b>303 384-9611</b>	
Lease Name & Well No.: <b>Smith 3-16-10</b>		Pit Location (QQQQ): <b>SW SE SE</b>	
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 WP Supply API No. or Year Drilled)</i>		Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: <b>5,000</b> (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" 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?		Sec. <b>3</b> Twp. <b>31</b> R. <b>21</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <b>612</b> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <b>727</b> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section <b>Clark</b> County	
Pit dimensions (all but working pits): <b>80</b> Length (feet) <b>80</b> Width (feet) <input checked="" type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: <b>6</b> (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 <b>4250</b> feet    Depth of water well <b>120</b> feet		Depth to shallowest fresh water <b>120</b> feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input checked="" type="checkbox"/> KDWR	
<b>Emergency, Settling and Burn Pits ONLY:</b> 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		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> Type of material utilized in drilling/workover: <b>Fresh Water Gel</b> Number of working pits to be utilized: <b>0</b> Abandonment procedure: <b>Allow reserve pit to dry onsite, land spread, Recontour and Revegitate</b> 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.		<b>RECEIVED</b> <b>JAN 17 2008</b> <b>KCC WICHITA</b>	
Date: <b>1/4/2008</b>		Signature of Applicant or Agent: 	
<b>KCC OFFICE USE ONLY</b>			
Date Received: <b>1/7/08</b> Permit Number: _____    Permit Date: <b>1/14/08</b> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Steel Pit <input checked="" type="checkbox"/> RFAC <input checked="" type="checkbox"/> RFAS <input type="checkbox"/>	

15-025-21439-0000



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

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January 14, 2008

Diversified Operating Corporation  
15000 W 6<sup>th</sup> Ave #102  
Golden, CO 80401

Re: Drilling Pit Application  
Smith Lease Well No. 3-16-10  
SE/4 Sec. 03-31S-21W  
Clark County, Kansas

Dear Sir or Madam:

District staff has inspected the location and has determined that an unsealed condition will present a pollution threat to water resources.

District staff has instructed that no earthen pits are to be used at the location. Steel pits are to be used. Please inform the Commission in writing as to which disposal well you will utilize to dispose of the contents in the steel pits and the amount of fluid that will be disposed. **If a haul-off pit is necessary please file, form CDP-1, Application for Surface Pit.** This location will have to be inspected prior to approval of the haul-off pit application.

If fluids are taken to an authorized disposal well, please call the District Office at (620) 225-8888. 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](http://www.kcc.state.ks.us/conservation/forms).

Sincerely,

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

Kathy Haynes  
Environmental Protection and Remediation Department

Cc: File

**HAUL-OFF PIT APPLICATION  
FILING REQUIREMENTS**

**82-3-607. DISPOSAL OF DIKE AND PIT CONTENTS.**

- (a) Each operator shall perform one of the following when disposing of dike or pit contents:
- (1) Remove the liquid contents to a disposal well or other oil and gas operation approved by the commission or to road maintenance or construction locations approved by the department;
  - (2) dispose of reserve pit waste down the annular space of a well completed according to the alternate I requirements of K.A.R. 82-3-106, if the waste to be disposed of was generated during the drilling and completion of the well; or
  - (3) dispose of the remaining solid contents in any manner required by the commission. The requirements may include any of the following:
    - (A) Burial in place, in accordance with the grading and restoration requirements in K.A.R. 82-3-602 (f);
    - (B) removal and placement of the contents in an on-site disposal area approved by the commission;
    - (C) removal and placement of the contents in an off-site disposal area on acreage owned by the same landowner or to another producing lease or unit operated by the same operator, if prior written permission from the landowner has been obtained; or
    - (D) removal of the contents to a permitted off-site disposal area approved by the department.
- (b) Each violation of this regulation shall be punishable by the following:
- (1) A \$1,000 penalty for the first violation;
  - (2) a \$2,500 penalty for the second violation; and
  - (3) a \$5,000 penalty and an operator license review for the third violation.

**Complete and return with Haul-Off Pit Application, Form CDP1(2004)**

Haul-off pit will be located in an on-site disposal area: Yes  No

Haul-off pit is located in an off-site disposal area on acreage owned by the same landowner: Yes   
No  If yes, written permission from the landowner must be obtained. Attach written permission to haul-off pit application.

Haul-off pit is located in an off-site disposal area on another **producing** lease or unit operated by the same operator: Yes  No  If yes, written permission from the landowner must be obtained. Attach permission and a copy of the lease assignment that covers the acreage where the haul-off pit is to be located, to the haul-off pit application.