



For KCC Use:
 Effective Date: 02/06/2008
 District # 4
 SGA? Yes No

KANSAS CORPORATION COMMISSION 1015880
 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: 2/1/2008
month day year

OPERATOR: License# 30717
 Name: Downing-Nelson Oil Co Inc
 Address 1: PO BOX 372
 Address 2:
 City: HAYS State: KS Zip: 67601 + 0372
 Contact Person: Cecil O'Brate
 Phone: 785-628-3449

CONTRACTOR: License# 31548
 Name: Discovery Drilling

Well Drilled For:	Well Class:	Type Equipment:
<input checked="" type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input checked="" type="checkbox"/> Mud Rotary
<input type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Air Rotary
<input type="checkbox"/> Seismic	<input type="checkbox"/> Disposal	<input type="checkbox"/> Cable
<input type="checkbox"/> Other: _____	<input checked="" type="checkbox"/> Wildcat	
<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 #: _____

Oil & Gas leases w/ pooling clauses submitted.

Spot Description: 160'S & 80'E of
 SE SE SW Sec. 25 Twp. 12 S. R. 20 E W
 (a/a/a/a) 170 feet from N / S Line of Section
 2,060 feet from E / W Line of Section

Is SECTION: Regular Irregular?

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

County: Ellis
 Lease Name: KOHL-SCHWAGEL Well #: 1-25
 Field Name: wildcat

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): LKC & Arbuckle

Nearest Lease or unit boundary line (in footage): 170

Ground Surface Elevation: 2160 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: 180

Depth to bottom of usable water: 750

Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set: 200

Length of Conductor Pipe (if any): 0

Projected Total Depth: 3900

Formation at Total Depth: Arbuckle

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.

Submitted Electronically

For KCC Use ONLY
 API # 15 - 15-051-25735-00-00
 Conductor pipe required 0 feet
 Minimum surface pipe required 200 feet per ALT. I II
 Approved by: Rick Hestermann 02/01/2008
 This authorization expires: 02/01/2009
 (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: _____

25 12 20 E W



1015880

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 - 15-051-25735-00-00

Operator: Downing-Nelson Oil Co Inc

Lease: KOHL-SCHWAGEL

Well Number: 1-25

Field: wildcat

Number of Acres attributable to well: _____

QTR/QTR/QTR/QTR of acreage: _____ SE _____ SE _____ SW

Location of Well: County: Ellis

170 feet from N / S Line of Section

2,060 feet from E / W Line of Section

Sec. 25 Twp. 12 S. R. 20 E W

Is Section: Regular or Irregular

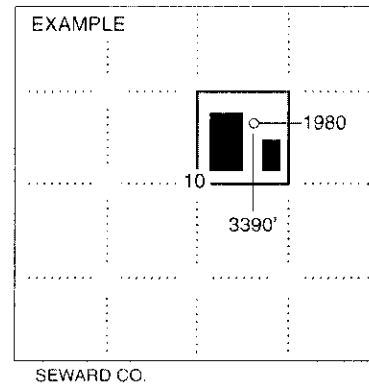
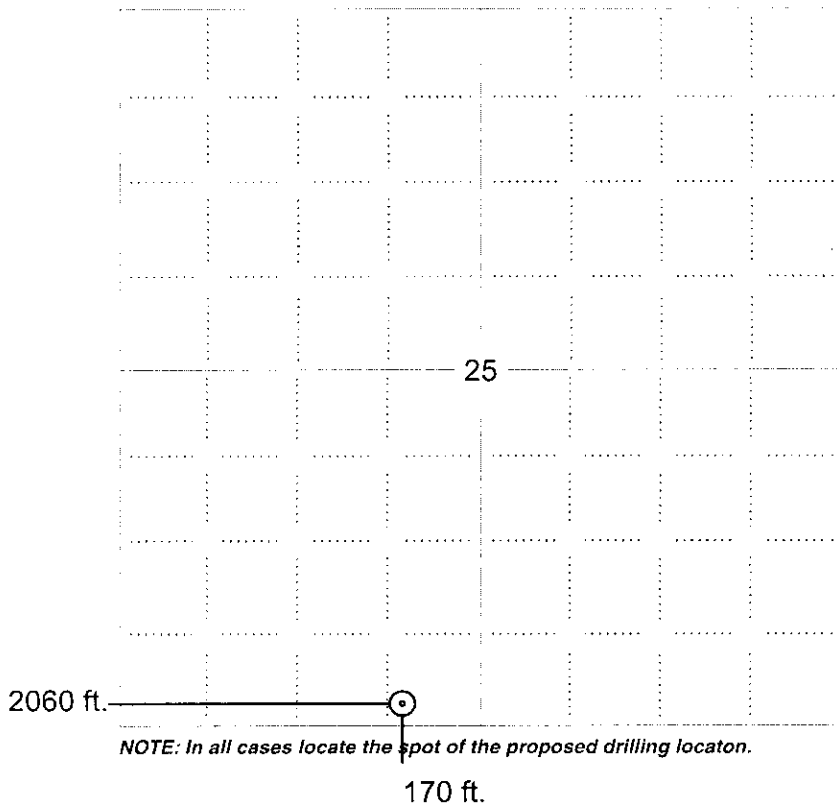
If Section is Irregular, locate well from nearest corner boundary.

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.)



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 1015880
OIL & GAS CONSERVATION DIVISION

Form CDP-1
April 2004
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: Downing-Nelson Oil Co Inc		License Number: 30717	
Operator Address: PO BOX 372		HAYS KS 67601	
Contact Person: Cecil O'Brate		Phone Number: 785-628-3449	
Lease Name & Well No.: KOHL-SCHWAGEL 1-25		Pit Location (QQQQ): SW SE SE SW	
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: 3,000 (bbls)	Sec. 25 Twp. 12 R. 20 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 170 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 2,060 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Ellis County	
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? With clay soil, native and fresh mud.	
Pit dimensions (all but working pits): 70 Length (feet) 70 Width (feet) <input type="checkbox"/> N/A: Steel Pits		Depth from ground level to deepest point: 5 (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 0 feet Depth of water well 0 feet		Depth to shallowest fresh water 0 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: Fresh Mud Number of working pits to be utilized: 3 Abandonment procedure: <u>Allow liquid contents to evaporate, let cuttings dry and backfill.</u> Drill pits must be closed within 365 days of spud date.	
Submitted Electronically			

KCC OFFICE USE ONLY		Steel Pit <input type="checkbox"/>	RFAC <input type="checkbox"/>	RFAS <input type="checkbox"/>
Date Received: 02/01/2008	Permit Number: 15-051-25735-00-00	Permit Date: 02/01/2008	Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

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