

For KCC Use:
 Effective Date: 3-2-08
 District # _____
 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 10 2008
month day year

OPERATOR: License# 6039 ✓
 Name: L. D. DRILLING, INC.
 Address 1: 7 SW 26 AVE.
 Address 2: _____
 City: GREAT BEND State: KS Zip: 67530 + _____
 Contact Person: L.D. DAVIS
 Phone: 620-793-3051

CONTRACTOR: License# 6039 ✓
 Name: L. D. DRILLING, INC.

Well Drilled For: Oil Gas Seismic; _____ # of Holes Other: _____
 Enh Rec Storage Disposal
 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 - NE - NE - _____ Sec. 4 Twp. 20 S. R. 25 E W
 (N20°20'W) 330 feet from N / S Line of Section
450 feet from E / W Line of Section

Is SECTION: Regular Irregular?

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

County: NESS
 Lease Name: GRACE Well #: 1

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

Target Formation(s): MISSISSIPPI

Nearest Lease or unit boundary line (in footage): 330'

Ground Surface Elevation: APPROX 2421' 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: 850 (e-log in 3-20-08)

Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set: 780 870' minimum

Length of Conductor Pipe (if any): NONE

Projected Total Depth: 4520'

Formation at Total Depth: MISSISSIPPI

Water Source for Drilling Operations:

Well Farm Pond Other: HAUL

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: FEBRUARY 25, 2008 Signature of Operator or Agent: [Signature] Title: SEC/TREAS

For KCC Use ONLY
 API # 15 - 135-24756-0000
 Conductor pipe required None feet
 Minimum surface pipe required 870 feet per ALT. I II
 Approved by: [Signature]
 This authorization expires: 2-26-09
 (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: _____

4
20
25
 E
 W

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 FEB 26 2008
 CONSERVATION DIVISION
 WICHITA, KS

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 - 135-24750-0000
 Operator: L. D. DRILLING, INC.
 Lease: GRACE
 Well Number: 1
 Field: _____
 Number of Acres attributable to well: 10
 QTR/QTR/QTR/QTR of acreage: NE - NE - NE -

Location of Well: County: NESS
 330 feet from N / S Line of Section
 450 feet from E / W Line of Section
 Sec. 4 Twp. 20 S. R. 25 E W

Is Section: Regular or Irregular

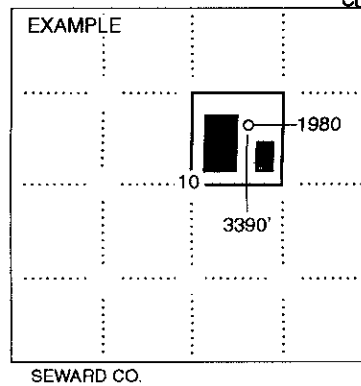
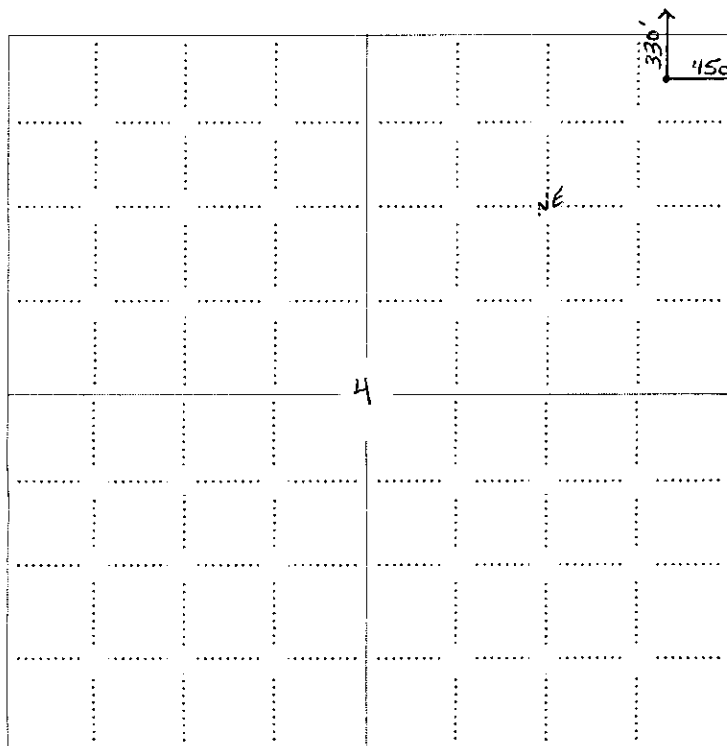
If Section is irregular, locate well from nearest corner boundary.

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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CONSERVATION DIVISION
 WICHITA, KS

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


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
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT**

Form GDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: L. D. DRILLING, INC.		License Number: 6039
Operator Address: 7 SW 26 AVE.		GREAT BEND KS 67530
Contact Person: L.D. DAVIS		Phone Number: 620-793-3051
Lease Name & Well No.: GRACE 1		Pit Location (QQQQ): NE NE NE
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 W/P Supply API No. or Year Drilled)</small>	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 3,490 (bbls)	Sec. <u>4</u> Twp. <u>20</u> R. <u>25</u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West 330 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 450 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section NESS County
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" 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 type="checkbox"/> No	How is the pit lined if a plastic liner is not used? BENTONITE & SOLIDS FROM DRLG OPERATION
Pit dimensions (all but working pits): <u>70</u> Length (feet) <u>70</u> Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: <u>4</u> (feet) <input type="checkbox"/> No Pit		
If the pit is lined give a brief description of the liner material, thickness and installation procedure. IF REQUIRED 10 MIL PLASTIC LINER EDGE COVERED WITH DIRT		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. VISUAL CHECK
		RECEIVED KANSAS CORPORATION COMMISSION FEB 26 2008
Distance to nearest water well within one-mile of pit <u>N/A</u> feet Depth of water well _____ feet		Depth to shallowest fresh water _____ feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input type="checkbox"/> WICHITA, KS KDWDR
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>DRILLING FLUID CUTTINGS</u> Number of working pits to be utilized: <u>3</u> Abandonment procedure: <u>PITS ALLOWED TO EVAPORATE UNTIL DRY THEN BACKFILL WHEN CONDITIONS ALLOW</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.		
<u>February 25, 2008</u> Date	 Signature of Applicant or Agent	

15-135-24756-0000

KCC OFFICE USE ONLY		Steel Pit <input type="checkbox"/>	RFAC <input type="checkbox"/>	RFAS <input type="checkbox"/>
Date Received: <u>2/26/08</u>	Permit Number: _____	Permit Date: <u>2/26/08</u>	Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

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