

For KCC Use: 3-10-08
 Effective Date: 4
 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: March 26 2008
month day year

OPERATOR: License# 33933
 Name: Poverty Oil LLC
 Address 1: 2713 Ash Street
 Address 2: _____
 City: Hays State: KS Zip: 67601 + _____
 Contact Person: Ed Glassman
 Phone: 785-259-5807

CONTRACTOR: License# 33493
 Name: American Eagle

Spot Description: 60' 20N
 (a/a/a/a) N1/2 S1/2 SE Sec. 17 Twp. 13 S. R. 15 E W
1,010 feet from N / S Line of Section
1,380 feet from E / W Line of Section

Is SECTION: Regular Irregular?

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

County: Russell

Lease Name: Gudenkauf Well #: 1

Field Name: Kune

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Arbuckle

Nearest Lease or unit boundary line (in footage): 60 pending unitization agreement

Ground Surface Elevation: 1860 estimated 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: 35

Depth to bottom of usable water: 440

Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set: 965

Length of Conductor Pipe (if any): _____

Projected Total Depth: 3450

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: _____

RECEIVED
 KANSAS CORPORATION COMMISSION

MAR 05 2008

CONSERVATION DIVISION
 WICHITA, KS

Oil & Gas Leases w/pooling clauses submitted. **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: 02/28/2008 Signature of Operator or Agent: Ed Glassman Title: Geologist

For KCC Use ONLY

API # 15 - 167-23499-0000

Conductor pipe required None feet

Minimum surface pipe required 400 feet per ALT. I II

Approved by: rum-3-5-08

This authorization expires: 3-5-09
 (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: _____

17
13
15
 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 - 167-23499-0000
 Operator: Poverty Oil LLC
 Lease: Gudenkauf
 Well Number: 1
 Field: Kune
 Number of Acres attributable to well: to be determined
 QTR/QTR/QTR/QTR of acreage: - N1/2 - S1/2 - SE

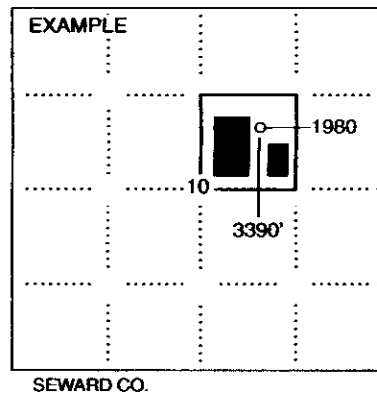
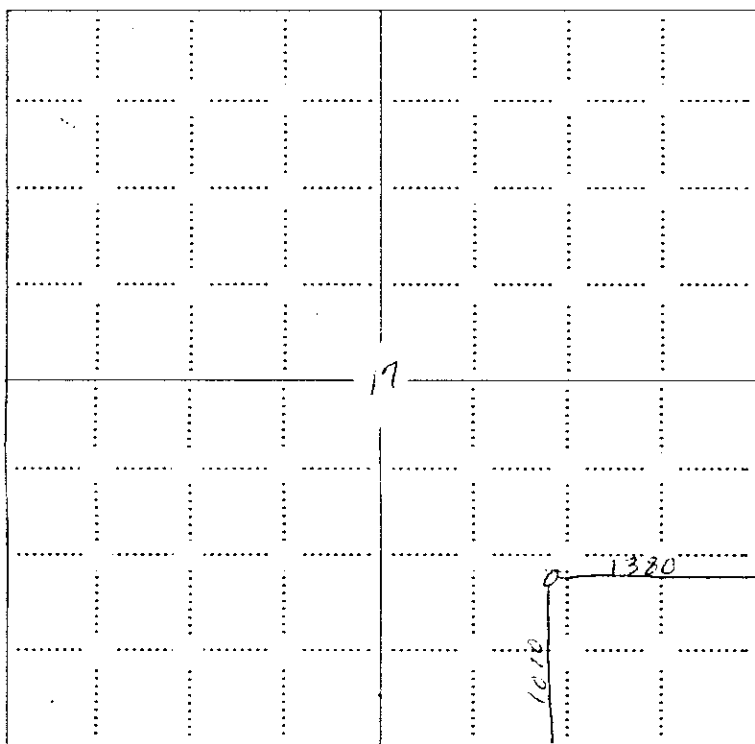
Location of Well: County: Russell
 1,010 feet from N / S Line of Section
 1,380 feet from E / W Line of Section
 Sec. 17 Twp. 13 S. R. 15 E W

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.

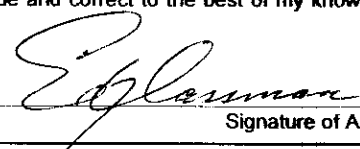
In plotting the proposed location of the well, you must show:

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 CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: Poverty Oil LLC		License Number: 33933	
Operator Address: 2713 Ash Street		Hays KS 67601	
Contact Person: Ed Glassman		Phone Number: 785-259-5807	
Lease Name & Well No.: Gudenkauf 1		Pit Location (QQQQ): N1/2 S1/2 SE	
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)	
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
How is the pit lined if a plastic liner is not used? Native Solids			
Pit dimensions (all but working pits): <u>80</u> Length (feet) <u>80</u> Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: <u>3</u> (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. Visual Inspection	
Distance to nearest water well within one-mile of pit <u>3300</u> feet Depth of water well <u>35</u> feet		Depth to shallowest fresh water <u>35</u> feet. Source of information: <input type="checkbox"/> measured <input checked="" type="checkbox"/> well owner <input type="checkbox"/> electric log <input 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>fresh water chemical mud</u> Number of working pits to be utilized: <u>3</u> Abandonment procedure: <u>evaporation and backfill</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.		RECEIVED MAR 05 2008 CONSERVATION DIVISION WICHITA KS	
_____ 2/28/2008 Date	 Signature of Applicant or Agent		
KCC OFFICE USE ONLY			
Steel Pit <input type="checkbox"/> RFAC <input type="checkbox"/> RFAS <input type="checkbox"/>			
Date Received: <u>3/5/08</u> Permit Number: _____ Permit Date: <u>3/5/08</u> Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

15-167-23499-0000