

For KCC Use:
 Effective Date: 3-23-08
 District # 3
 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: 3-20-08
 month day year

OPERATOR: License# 6373 ✓
 Name: Gene M. Bailey
 Address 1: Box 446
 Address 2: _____
 City: Neodesha State: Ks. Zip: 66757 + _____
 Contact Person: Gene M. Bailey
 Phone: 620-325-2635
 CONTRACTOR: License# 33374 ✓
 Name: L&S Well Service

Spot Description: _____
 _____ - SW - SE - SW Sec. 18 Twp. 30 S. R. 10 E W
 (0000) _____ 320 feet from N / S Line of Section
 _____ 1780 feet from E / W Line of Section
 Is SECTION: Regular Irregular?

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

County: Wilson
 Lease Name: Laverty Well #: 20
 Field Name: Neodesha
 Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Cherokee (Bartleville) ✓

Nearest Lease or unit boundary line (in footage): 320
 Ground Surface Elevation: 800 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: 20
 Depth to bottom of usable water: 80-150 ✓
 Surface Pipe by Alternate: I II
 Length of Surface Pipe Planned to be set: 25
 Length of Conductor Pipe (if any): N/A
 Projected Total Depth: 900

Formation at Total Depth: Bartlesville-Cherokee

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: _____

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MAR 17 2008

CONSERVATION DIVISION
 WICHITA, KS

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: 3-13-08 Signature of Operator or Agent: [Signature] Title: Partner

For KCC Use ONLY
 API # 15 - 205-27497-0000
 Conductor pipe required None feet
 Minimum surface pipe required 20 feet per ALT. I II
 Approved by: KWA 3-18-08
 This authorization expires: 3-18-09
 (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: _____

B 30 10 7 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 - 205-27497-0000

Operator: _____

Lease: _____

Well Number: _____

Field: _____

Number of Acres attributable to well: _____

QTR/QTR/QTR/QTR of acreage: _____

Location of Well: County: Wilson

320 feet from N / S Line of Section

1780 feet from E / W Line of Section

Sec. 18 Twp. 30 S. R. E W

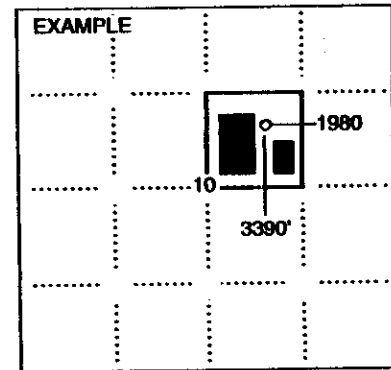
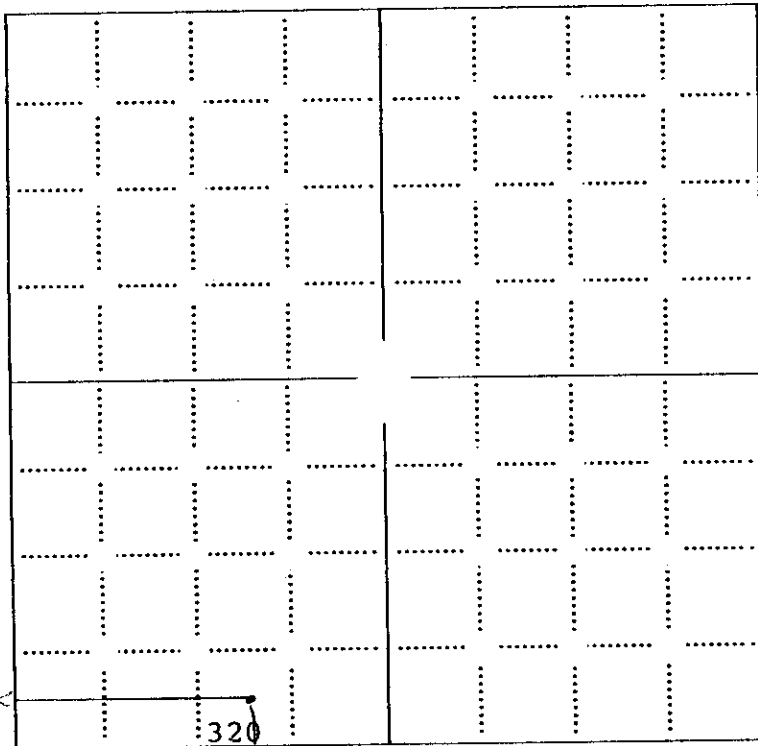
Is Section: Regular or Irregular

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.)*



SEWARD CO.

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: <u>Gene M. Bailey</u>		License Number: <u>6373</u>
Operator Address: <u>Box 446 Neodesha, Ks. 66757</u>		
Contact Person: <u>Gene M. Bailey</u>		Phone Number: <u>620-325-2635</u>
Lease Name & Well No.: <u>Lavery Well # 20</u>		Pit Location (QQQQ): <u>SW SE SW</u> Sec. 18 Twp. 30 R. 16 <input checked="" type="checkbox"/> East <input type="checkbox"/> West <u>320</u> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <u>1780</u> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section <u>Wilson</u> 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 <small>(If WP Supply API No. or Year Drilled)</small>	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: Pit capacity: <u>240</u> (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: <u>0</u> 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 checked="" type="checkbox"/> No	How is the pit lined if a plastic liner is not used?
Pit dimensions (all but working pits): <u>40</u> Length (feet) <u>8</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 PH		
If the pit is lined give a brief description of the liner material, thickness and installation procedure. <u>N/A</u>		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. <u>N/A</u>
Distance to nearest water well within one-mile of pit <u>NA</u> feet Depth of water well _____ feet		Depth to shallowest fresh water <u>30</u> feet. Source of Information: <input type="checkbox"/> measured <input 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</u> Number of working pits to be utilized: <u>1</u> Abandonment procedure: <u>drain & 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. <u>3-13-08</u> Date <u>[Signature]</u> Signature of Applicant or Agent		

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KANSAS CORPORATION COMMISSION
MAR 17 2008
CONSERVATION DIVISION
WICHITA, KS

15-205-27497-000

KCC OFFICE USE ONLY

Steel Pit RFAC RFAS

Date Received: 3/17/08 Permit Number: _____ Permit Date: 3/17/08 Lease Inspection: Yes No