

~~3-28-08~~
CORRECTED

AMENDED FOR
LOC. CHANGE
3/25/08
EMT

For KCC Use:
Effective Date: 3-26-08
District # 4
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form C-1
December 2002
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 April 15, 2008
month day year

Spot SE NW NE
~~X~~ ~~X~~ ~~X~~
Sec. 5 Twp. 3 S. R. 26 East West
1180 feet from N / S Line of Section
~~1200~~ 1510' feet from E / W Line of Section
Is SECTION Regular Irregular?

OPERATOR: License# 31819
Name: Cholla Production, LLC
Address: 7851 South Elati Street, Suite 201
City/State/Zip: Littleton, CO 80120
Contact Person: Emily Hundley-Goff
Phone: 303-623-4565

(Note: Locate well on the Section Plat on reverse side)
County: Decatur
Lease Name: Bailey Well #: 1-5
Field Name: NA

CONTRACTOR: License# 33607
Name: Kaler Oil Company

Is this a Prorated / Spaced Field? Yes No
Target Formation(s): Lansing/Kansas City

Well Drilled For: Oil Gas OWWO Seismic; # of Holes Other
 Enh Rec Storage Disposal Other
Well Class: Infield Pool Ext. Wildcat Other
Type Equipment: Mud Rotary Air Rotary Cable

Nearest Lease or unit boundary: 1180'
Ground Surface Elevation: 2610' est 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: 200'
Depth to bottom of usable water: ~~200'~~ 1400'

If OWWO: old well information as follows:
Operator: _____
Well Name: _____
Original Completion Date: _____ Original Total Depth: _____

Surface Pipe by Alternate: 2 Alt II
Length of Surface Pipe Planned to be set: 250'
Length of Conductor Pipe required: none required
Projected Total Depth: 4000'
Formation at Total Depth: Arbuckle

Directional, Deviated or Horizontal wellbore? Yes No
If Yes, true vertical depth: _____
Bottom Hole Location: _____
KCC DKT #: _____

Water Source for Drilling Operations:
 Well Farm Pond Other
DWR Permit #: application in progress
(Note: Apply for Permit with DWR)
Will Cores be taken? Yes No
If Yes, proposed zone: _____

* WAS: SW-NE-NE 1300' FEL
IS: SE-NW-NE 1510' FEL

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 to the best of my knowledge and belief.
Date: 3/18/08 Signature of Operator or Agent: Emily Hundley-Goff Title: Owner/Manager

For KCC Use ONLY
API # 15 - 039-21055-0000
Conductor pipe required Note feet
Minimum surface pipe required 250 feet per Alt. XO 2
Approved by: EMT 3-21-08 / Perm 3-28-08
This authorization expires: 3-21-09
(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;
- 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
Signature of Operator or Agent: _____ Date: _____

CORRECTED

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 - 039-21055 0000
Operator: Cholla Production, LLC
Lease: Bailey
Well Number: 1-5
Field: NA

Location of Well: County: Decatur
1180 feet from N / S Line of Section
~~1225~~ 1510' feet from E / W Line of Section
Sec. 5 Twp. 3 S. R. 26 East West

Number of Acres attributable to well: 240
QTR / QTR / QTR of acreage: ~~SE~~ - ~~NW~~ - ~~NE~~
SE NW NE

Is Section: Regular or Irregular

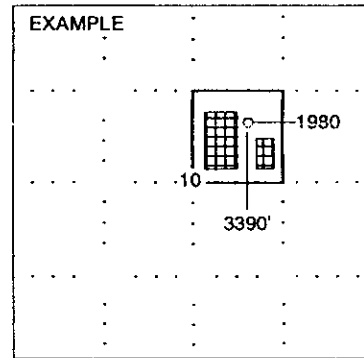
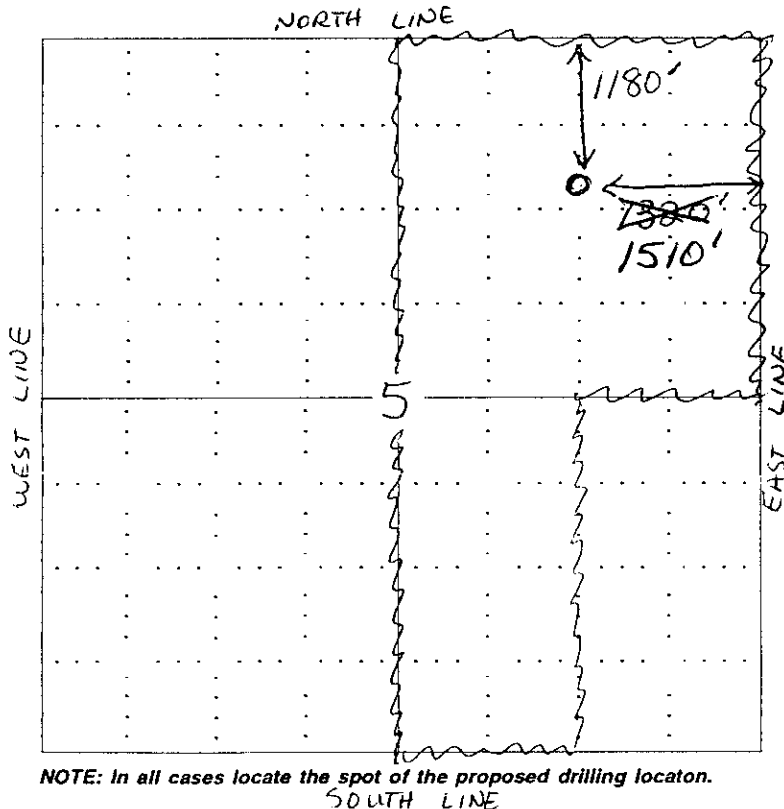
If Section is Irregular, locate well from nearest corner boundary.

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 section's south / north and east / west.
3. The distance to the nearest lease or unit boundary line.
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).

RECEIVED
KANSAS CORPORATION COMMISSION

MAR 28 2008

CONSERVATION DIVISION
WICHITA, KS



Fall & Associates
 Stake and Elevation Service
 719 W. 5th Street
 P.O. Box 404
 Concordia, KS. 66901
 1-800-536-2821

CORRECTED

15-039-21055-0000

Date 3-19-08

Invoice Number 0318081

CHOLLA PRODUCTION LLC
 Operator

1-5
 Number

Bailey
 Farm Name

Decatur-KS
 County-State

5 3s 26w
 S T R

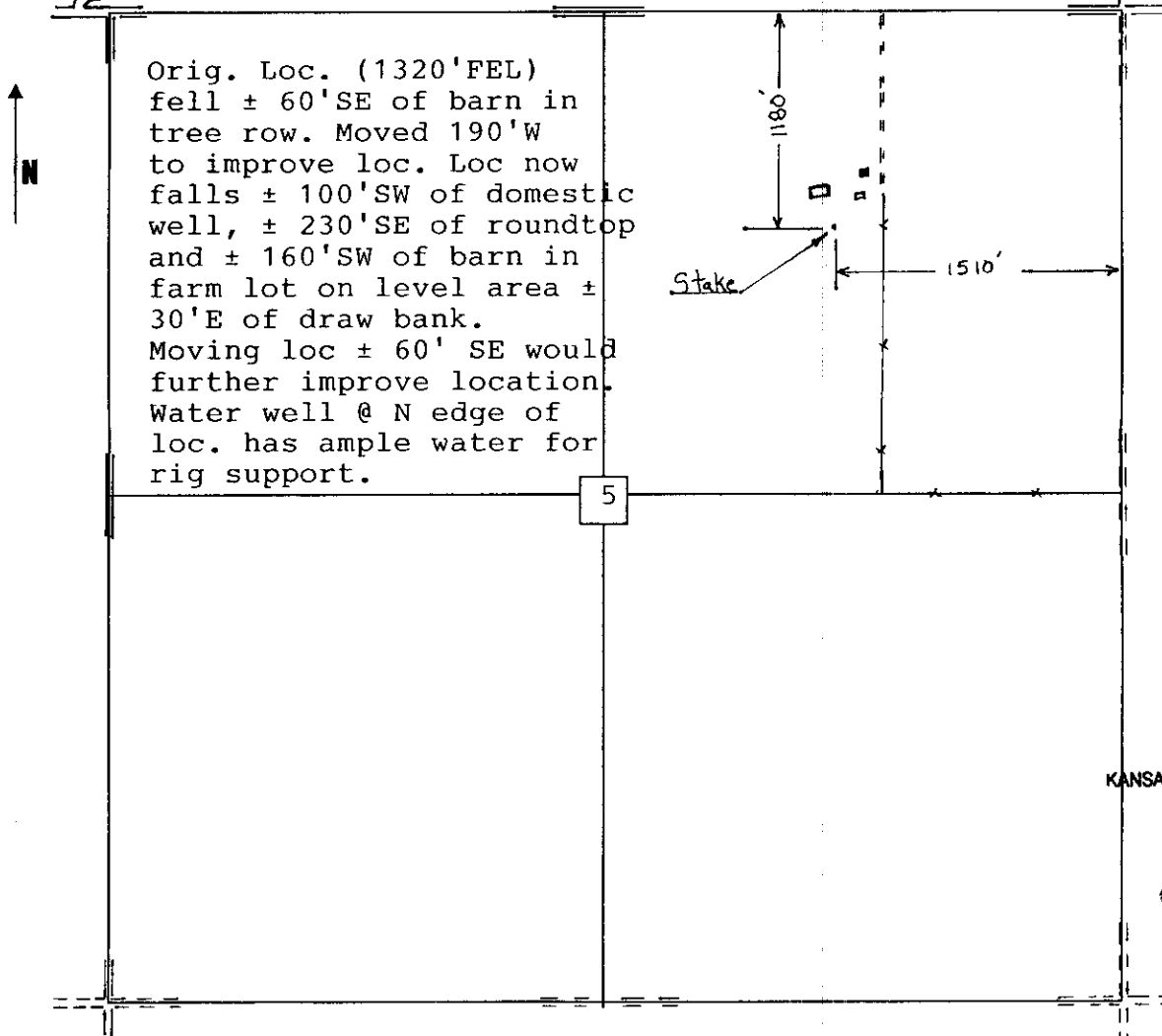
1180'FNL 1510'FEL
 Location

Cholla Production, LLC
 7851 S Elati St. Suite 201
 Littleton, CO. 80120

Elevation 2602 Gr.

Ordered By: Emily

Scale 1"=1000'



RECEIVED
 KANSAS CORPORATION COMMISSION

MAR 28 2008

CONSERVATION DIVISION
 WICHITA, KS

AMENDED FOR
 LOC. CHANGE
 3/25/08 ENTJ

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION
 APPLICATION FOR SURFACE PIT

Form CDP-1
 April 2004
 Form must be Typed

Submit in Duplicate

CORRECTED

Operator Name: Cholla Production, LLC		License Number: 31819	
Operator Address: 7851 South Elati Street, Suite 201, Littleton, CO 80120			
Contact Person: Emily Hundley-Goff		Phone Number: (303) 623 - 4565	
Lease Name & Well No.: Bailey #1-5		Pit Location (QQQQ): SW SE NW NE SW SE NW 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 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: 11160 (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Sec. 5 Twp. 3 R. 26 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1180 1250 1180 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 1280 1440 1510 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Decatur County	
Is the bottom below ground level? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: _____ mg/l <small>(For Emergency Pits and Settling Pits only)</small>	
Artificial Liner? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		How is the pit lined if a plastic liner is not used? well is to be drilled with bentonite based fresh water mud to seal drilling pit	
Pit dimensions (all but working pits): 125 Length (feet) 125 Width (feet) N/A: Steel Pits Depth from ground level to deepest point: 4 (feet)			
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 866 950' to NW feet Depth of water well 182 feet		Depth to shallowest fresh water 119 140 feet. Source of information: _____ measured _____ well owner _____ 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: bentonite based fresh water mud Number of working pits to be utilized: one Abandonment procedure: evaporation and reclamation 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.			
3/18/08 Date		Emily Hundley-Goff Signature of Applicant or Agent	
RECEIVED KANSAS CORPORATION COMMISSION MAR 28 2008 CONSERVATION DIVISION WICHITA, KS			
KCC OFFICE USE ONLY			
Date Received: 3/28/08 Permit Number: _____ Permit Date: 3/28/08 Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

15-039-21055-0000