

For KCC Use: 4-1508
 Effective Date: 3
 District # 3
 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 18, 2008
 month day year

Spot NE NE NE Sec 32 Twp 30 S. R16 East West
5050 feet from N / S Line of Section
40 feet from E / W Line of Section
 Is SECTION Regular Irregular?

OPERATOR: License# 3880
 Name: AX&P, Inc.
 Address: 20147 200 Rd.
 City/State/Zip: Neodesha, KS 66757
 Contact Person: J. J. Hankje
 Phone: 620 325 - 5212

(Note: Locate well on the Section Plat on reverse side)
 County: Wilson
 Lease Name: Unit 1 - Cramer Well # C-38R-N
 Field Name: Neodesha

CONTRACTOR: License# 33079
 Name: Patrick Tubbs

Is this a Prorated / Spaced Field? Yes No
 Target Information(s): Neodesha Sd.
 Nearest Lease or unit boundary: 600' +

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

Ground Surface Elevation: 880' feet MSL
 Water well within one-quarter mile: Yes No
 Public water supply well within one mile: Yes No

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

Depth to bottom of fresh water: 100+
 Depth to bottom of usable water: 150+
 Surface Pipe by Alternate: 1 2

Directional, Deviated or Horizontal wellbore? Yes No

Length of Surface Pipe Planned to be set: 35'
 Length of Conductor Pipe required: none
 Projected Total Depth: 880'

Bottom Hole Location: _____
 KCC DKT #: _____

Formation at Total Depth: Neodesha Sd.
 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: _____

Unit Boundary map submitted

AFFIDAVIT

RECEIVED

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq. **KANSAS CORPORATION COMMISSION**
 It is agreed that the following minimum requirements will be met:

CONSERVATION DIVISION
 WICHITA, KS

APR 08 2008

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: 4/5/08 Signature of Operator or Agent: [Signature] Title: Pres

For KCC Use ONLY
 API # 15 - 205-27530-0000
 Conductor pipe required None feet
 Minimum surface pipe required 20 feet per Alt. **X(2)**
 Approved by: [Signature]
 This authorization expires: 4-10-09
 (This authorization void if drilling not started within 6 months of effective 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: _____

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

32
30
10E

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a prorated or spaced field

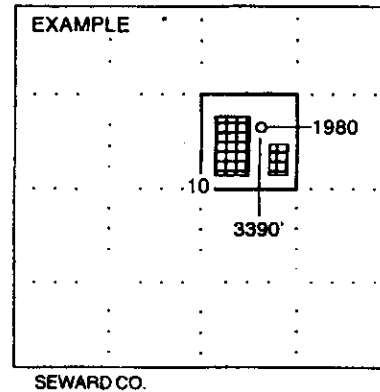
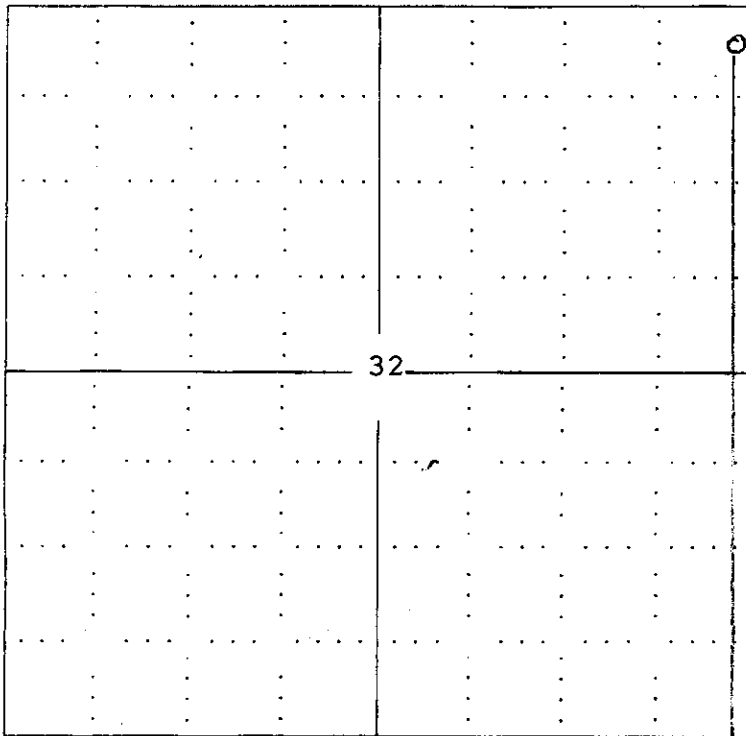
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please 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 - 205-27530000
 Operator: AX&P, Inc.
 Lease: Unit 1 - Cramer
 Well Number: C38 R - N
 Field: Neodesha
 Number of Acres attributable to well: 7.5
 QTR / QTR / QTR of acreage: NE - NE - NE

Location of Well: County: Wilson
5050 feet from N / S Line of Section
40 feet from E / W Line of Section
 Sec. 32 Twp. 30 S. R. 16 East West
 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 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).

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

Form OGC-1
1-1-2004
Revised 10/1/06

Submit in Duplicate

Operator Name: AX&P, Inc.		License Number: 3830	
Operator Address: 20147 CR 200 Neodesha, Ks 66757			
Contact Person: J.J. Hanke		Phone Number: (620) 325-5712	
Lease Name & Well No.: Unit 1 - Cramer C 38R-N		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 (If WP Supply API No. or Year Drilled)		Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 100 (bbis)	
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ mg/l (For Emergency Pits with Salt in the soil)	
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 used?		_____	
Pit dimensions (all but working pits): 20 Length (feet) 10 Width (feet) Depth from ground level to deepest point: 5 (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.	
_____		check pit level daily	
Distance to nearest water well within one-mile of pit: 1/2 mile Depth of water well _____ feet		Depth to shallowest fresh water: 100+ Source of information: _____ measured well owner _____	
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 concrete Number of working pits to be drilled: _____ Abandonment procedure: backfill w topsoil 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.			
Date: 4/5/08		Signature of Applicant or Agent: <i>[Signature]</i>	
RECEIVED KANSAS CORPORATION COMMISSION APR 08 2008 CONSERVATION DIVISION WICHITA, KS			
KCC OFFICE USE ONLY			
Date Received: 4/8/08		Permit Number: _____ Permit Date: 4/10/08	
Lease Inspection: <input checked="" type="checkbox"/>			
RFAC 72 hrs			

15-995-27530-0000

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



Kathleen Sebelius, Governor
Thomas E. Wright, Chairman
Michael C. Moffet, Commissioner
Joseph F. Harkins, Commissioner

April 10, 2008

J J Hanke
AX&P, Inc.
20147 200 Rd
Neodesha KS 66757

Re: Drilling Pit Application
Unit 1 Cramer Lease Well No. C-38R-N
NE/4 32-30S-16E
Wilson County, Kansas

Dear Mr. Hanke:

District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and the free fluids must be removed. The fluids are to be removed from the reserve pit within 72 hours after drilling operations have ceased.

If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

The fluids should be taken to an authorized disposal well. Please call the District Office at (620) 432-2300 when the fluids have been removed. Please file form CDP-5 (August 2004), Exploration and Production Waste Transfer, within 30 days of fluid removal. Conservation division forms are available through our office and on the KCC web site: <http://kcc.ks.gov/conservation/forms/>

A copy of this letter should be posted in the doghouse along with the approved Intent to Drill. If you have any questions or concerns please feel free to contact the undersigned at the above address.

Sincerely,

Jonelle Rains, Supervisor
Department of Environmental Protection and Remediation

cc: Steve Korf
File