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

		4.0	0000			
Expected Spud Date:	4 month	18 day	2008 year	Spot Description:	model or confined which is a first or an incident of the confined of the confi	
		•	year	NW - NW - Sec. 31	Twp. 26 S. R. 10	E _ W
OPERATOR: License#	5822 🗸			(4/5/6/6)	eet from N / Seet from E / N /	S Line of Section
Name: VAL Energy Inc.				458 510 fe	eet from E / 🔀 \	W Line of Section
Address 1: 200 West Doug	las #520	,		ls SECTION: 🔀 Regular 🔲 Irregulai	r?	
Address 2:				(Mate: Locate well on the S	Section Plat on reverse si	ide)
City: Wichita		Ks Zip:	67202 +	Reno		•
Contact Person: K Todd A	llam			Lease Name: McGuire		
Phone: 316-263-6688		w		Field Name:		
CONTRACTOR: License#	5822			Is this a Prorated / Spaced Field?		Yes X No
Name: VAL Energy Inc.				Target Formation(s): Viola		
W # B # 4 5	144. 11. 01		F . F	Nearest Lease or unit boundary line (in f		
Well Drilled For:	Well Clas		Type Equipment:	Ground Surface Elevation: 1778 /76		feet MSL
Oil Enh F	_		Mud Rotary	Water well within one-quarter mile:		Yes No
Gas Stora	~ }		Air Rotary	Public water supply well within one mile:		Yes X No
Dispo	<u> </u>		Cable	Depth to bottom of fresh water: 150	_	
Seismic ; # 0	of HolesOthe			Depth to bottom of usable water: 180		
Other:		A HIGHER PARTITION		Surface Pipe by Alternate: XI IIII	_	
If OWWO: old well	information as fo	lows:		Length of Surface Pipe Planned to be se	250 🖊	
_				Length of Conductor Pipe (if any): none	* * * * * * * * * * * * * * * * * * *	
- PO-141-0				Projected Total Depth: 4450		
Well Name:			otal Depth:	Formation at Total Depth: Viola		
Original Completion Da	ste	Original	otal Deptil.	Water Source for Drilling Operations:		
Directional, Deviated or Ho	rizontal wellbore?		Yes X No			
If Yes, true vertical depth:				DWR Permit #: 20080094		
Bottom Hole Location:				(Note: Apply for Pe	ermit with DWR	
KCC DKT #:				Will Cores be taken?	ď	Yes X No
				If Yes, proposed zone:		
				If Yes, proposed zone:		0=1/FD
			AFF		RE	CEIVED
The undersigned hereby	affirms that the c	Irilling, co		IDAVIT	RE KANSAS CORP	CEIVED DRATION COMMISSION
			mpletion and eventual plu		RE KANSAS CORP o et. seq.	ORATION COMMISSION
It is agreed that the follow	ving minimum re	quirement	mpletion and eventual plu s will be met:	IDAVIT	RE KANSAS CORP o et. seq.	
It is agreed that the follow 1. Notify the appropria	ving minimum re ate district office	quirement <i>prior</i> to s	mpletion and eventual plu s will be met: pudding of well;	FIDAVIT gging of this well will comply with K.S.A. 55	KANSAS CORPO et. seq. APR	1 1 2008
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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 - 155 - 21534-0000	
Operator: VAL Energy Inc.	Location of Well; County: Reno
Lease: McGuire	feet from N / S Line of Section
Well Number: 1-31	660 feet from
Field:	Sec. 31 Twp. 26 S. R. 10 E W
Number of Acres attributable to well:	Is Section: Regular or Irregular
QTR/QTR/QTR of acreage:	is decilon.
	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.)

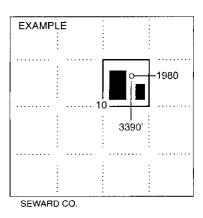
(Show footage to the nearest lease or unit boundary line.)

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RECEIVED KANSAS CORPORATION COMMISSION

APR 1 1 2008

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: (C0-7 for oil wells; CG-8 for gas wells).

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

Form CDP-1 April 2004 Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: VAL Energy Inc.			License Number: 5822			
Operator Address: 200 West Doug	las #520		Wichita Ks 6	7202		
Contact Person: K Todd Allam			Phone Number: 316-263-6688			
Lease Name & Well No.: McGuire 1-31			Pit Location (QQQQ):			
Type of Pit:	Pit is:		NW. NW.			
Emergency Pit Burn Pit	Proposed	Existing	Sec. 31 Twp. 26 R. 10 East We	est		
Settling Pit X Drilling Pit			660 Feet from North / South Line of Section			
Workover Pit Haul-Off Pit	Workover Pit Haul-Off Pit		Feet from East / West Line of Section			
(If WP Supply API No. or Year Drilled)	Pit capacity: 3,000	(bbls)	Reno	County		
Is the pit located in a Sensitive Ground Water	Area? Ves		Chloride concentration:			
	,		(For Emergency Pits and Settling Pits only)			
Is the bottom below ground level? Yes No	Artificial Liner?	No	How is the pit lined if a plastic liner is not used?			
Pit dimensions (all but working pits):	00 Length (fe	eet)100	Width (feet) N/A: Steel Pit:	s		
Depth fr	om ground level to de	eepest point:	4 (feet) No Pit			
Distance to nearest water well within one-mile	e of pit	Depth to shallo	west fre s h water3 <i>Ч</i> feet. mation:			
2843 feet Depth of water well _	125 feet	measu	red well owner electric log KD	WR S		
Emergency, Settling and Burn Pits ONLY:		Drilling, Workover and Haul-Off Pits ONLY:				
Producing Formation: Typ			Type of material utilized in drilling/workover: fresh mud			
Number of producing wells on lease:		Number of working pits to be utilized:1				
Barrels of fluid produced daily:		Abandonment	procedure: let dry and cover			
Does the slope from the tank battery allow all flow into the pit? Yes No	spilled fluids to	Drill pits must be closed within 365 days of spud date. RECEIVED KANSAS CORPORATION COMM				
I hereby certify that the above state	ments are true and o	correct to the bes	t of my knowledge and belief.			
			APR 1	1 2000		
4-10-2008 Date			ignature of Applicant or Agent WICHIT			
Date			ignature of Applicant of Agent			
	KCC	OFFICE USE O]		
Date Received: 4/11/08 Permit Num	ber:	Perm	7ス Bcc7 it Date: ソルロタ Lease Inspection: 又 Yes]No		



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

April 16, 2008

Mr. K Todd Allam VAL Energy, Inc. 200 W Douglas Ste 520 Wichita, KS 67202

Re: Drilling Pit Application

McGuire Lease Well No. 1-31 NW/4 Sec. 31-26S-10W Reno County, Kansas

Dear Mr. Allam:

District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed <u>without slots</u>, the bottom shall be flat and reasonably level, and <u>all pits must be lined with bentonite</u>. The free fluids must be removed. The fluids are to be removed from the reserve pit as soon as the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred. The fluids should be removed again 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 (316) 630-4000 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: www.kcc.state.ks.us/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,

Kathy Havnes

Environmental Protection and Remediation Department

cc: File