

For KCC Use:

Effective Date: 5-14-08District # 4SGA? ☒ Yes ☐ NoKANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL

Must be approved by KCC five (5) days prior to commencing well

Form C-1

October 2007

Form must be Typed

Form must be Signed

All blanks must be Filled

Expected Spud Date: 5 13 2008
month day yearOPERATOR: License# 33813 ✓Name: Jason Oil Company, LLCAddress 1: P.O. Box 701

Address 2: _____

City: Russell State: KS Zip: 67665 + _____Contact Person: Jim SchoenbergerPhone: 785-483-8027CONTRACTOR: License# 33905Name: Royal Drilling, Inc.

Well Drilled For:

<input checked="" type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input checked="" type="checkbox"/> Infield	<input checked="" type="checkbox"/> Mud Rotary
<input type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Pool Ext.	<input type="checkbox"/> Air Rotary
	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat	<input type="checkbox"/> Cable
<input type="checkbox"/> Seismic ; _____ # of Holes	<input type="checkbox"/> Other		
<input type="checkbox"/> Other: _____			

☐ If OWWO: old well information as follows:

Operator: _____

Well Name: _____

Original Completion Date: _____ Original Total Depth: _____

Directional, Deviated or Horizontal wellbore? ☐ Yes ☒ No

If Yes, true vertical depth: _____

Bottom Hole Location: _____

KCC DKT #: _____

Spot Description:

NE NW NE Sec. 5 Twp. 15 S. R. 13 ☐ E ☒ W
(10000) 330 feet from ☒ N / ☐ S Line of Section
1,650 feet from ☒ E / ☐ W Line of Section

Is SECTION: ☒ Regular ☐ Irregular?

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

County: RussellLease Name: Gross Well #: 7Field Name: Hall-GurneyIs this a Prorated / Spaced Field? ☐ Yes ☒ NoTarget Formation(s): ArbuckleNearest Lease or unit boundary line (in footage): 330'Ground Surface Elevation: 1716' feet MSLWater well within one-quarter mile: ☐ Yes ☒ NoPublic water supply well within one mile: ☐ Yes ☒ NoDepth to bottom of fresh water: 140'Depth to bottom of usable water: 300'Surface Pipe by Alternate: ☒ I ☐ IILength of Surface Pipe Planned to be set: 400'Length of Conductor Pipe (if any): -0-Projected Total Depth: 3250'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: _____

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: 5/6/2008 Signature of Operator or Agent: Sherry Payne Title: Agent

For KCC Use ONLY

API # 15 - 167-23512-0000Conductor pipe required None feetMinimum surface pipe required 320 feet per ALT. ☒ I ☐ IIApproved by: 5-9-08This authorization expires: 5-9-09

(This authorization void if drilling not started within 12 months of approval date.)

Spud date: _____ Agent: _____

RECEIVED

KANSAS CORPORATION COMMISSION

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: _____

5

15

13

☐ E☒ W

Mail to: KCC - Conservation Division, 1508 S. Market - Room 2078, Wichita, Kansas 67202

CONSERVATION DIVISION

MAY 18 2008

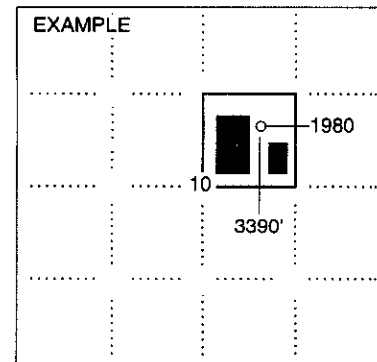
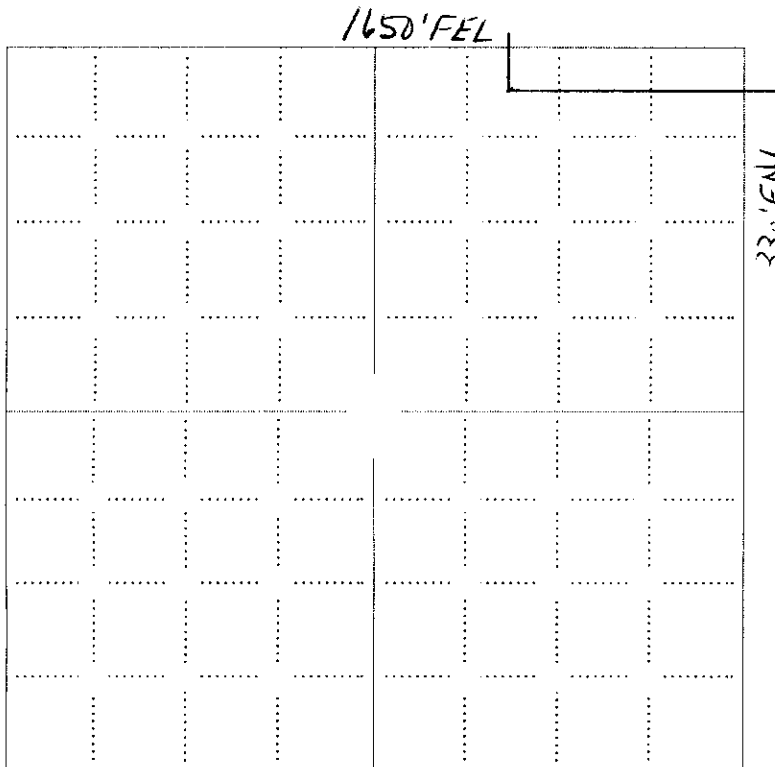
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW*Plat of acreage attributable to a well in a prorated or spaced field*

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 - 167-23512-0000Operator: Jason Oil Company, LLCLease: GrossWell Number: 7Field: Hall-Gurney

Number of Acres attributable to well: _____

QTR/QTR/QTR/QTR of acreage: _____ - NE - NW - NE

Location of Well: County: Russell330 feet from ☒ N / ☐ S Line of Section1,650 feet from ☒ E / ☐ W Line of SectionSec. 5 Twp. 15 S. R. 13 ☐ E ☒ WIs 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.

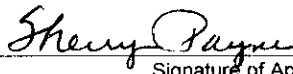
NOTE: In all cases locate the spot of the proposed drilling location.**In plotting the proposed location of the well, you must show:**

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 GDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: Jason Oil Company, LLC		License Number: 33813	
Operator Address: P.O. Box 701		Russell KS 67665	
Contact Person: Jim Schoenberger		Phone Number: 785-483-8027	
Lease Name & Well No.: Gross 7		Pit Location (QQQQ): NE NW NE Sec. 5 Twp. 15 R. 13 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 330 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 1,650 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Russell 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: 400 (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ 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? Native Mud			
Pit dimensions (all but working pits): 80 Length (feet) 80 Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: 6 (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.	
		<div align="right"> RECEIVED KANSAS CORPORATION COMMISSION MAY 08 2008 CONSERVATION DIVISION WICHITA, KS </div>	
Distance to nearest water well within one-mile of pit NA feet Depth of water well _____ feet		Depth to shallowest fresh water 10 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: Fresh Mud Number of working pits to be utilized: 3 Abandonment procedure: Allow to dry and backfill 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. <div style="display: flex; justify-content: space-between;"> <div> 5/6/2008 Date </div> <div>  Signature of Applicant or Agent </div> </div>			

15167-23512-0020

KCC OFFICE USE ONLY		Steel Pit <input type="checkbox"/>	RFAC <input checked="" type="checkbox"/>	RFAS <input type="checkbox"/>
Date Received: 5/8/08	Permit Number: _____	Permit Date: 5/9/08	Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

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

May 9, 2008

Mr. Jim Schoenberger
Jason Oil Company, LLC
PO Box 701
Russell, KS 67665

RE: Drilling Pit Application
Gross Lease Well No. 7
NE/4 Sec. 05-15S-13W
Russell County, Kansas

Dear Mr. Schoenberger:

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 as soon as practical after drilling operations have ceased. **Keep pits away from any draws.**

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 (785) 625-0550 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 Haynes
Environmental Protection and Remediation Department

cc: File