

For KCC Use: 5-18-08  
Effective Date: 1  
District # 1  
SGA? ☒ Yes ☐ No

KANSAS 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 month 22 day 08 year

OPERATOR: License# 9090  
Name: Charter Energy, Inc.  
Address 1: P.O. Box 252  
Address 2: \_\_\_\_\_  
City: Great Bend State: ks Zip: 67530 + 0252  
Contact Person: Steve Baize  
Phone: 620-793-9090

CONTRACTOR: License# 33323  
Name: Petromark Drilling, LLC

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

☐ 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: approx. SW NE SW Sec. 4 Twp. 22 S. R. 13 ☐ E ☒ W  
1,380 feet from ☐ N / ☒ S Line of Section  
1,930 feet from ☐ E / ☒ W Line of Section

Is SECTION: ☒ Regular ☐ Irregular?

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

County: Stafford  
Lease Name: LVM Well #: 1  
Field Name: Gates

Is this a Prorated / Spaced Field? ☐ Yes ☒ No  
Target Formation(s): LKC / Arbuckle

Nearest Lease or unit boundary line (in footage): 710'  
Ground Surface Elevation: approx. 1895 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'

Surface Pipe by Alternate: ☒ I ☐ II

Length of Surface Pipe Planned to be set: approx. 300'

Length of Conductor Pipe (if any): n/a

Projected Total Depth: 3900'

Formation at Total Depth: Arbuckle

Water Source for Drilling Operations: ☒ Well ☐ Farm Pond ☐ Other: \_\_\_\_\_

DWR Permit #: To be submitted by Petromark Drilling

(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. RECEIVED KANSAS CORPORATION COMMISSION

It is agreed that the following minimum requirements will be met:

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CONSERVATION DIVISION  
WICHITA, KS

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** 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: 5/07/08 Signature of Operator or Agent: [Signature] Title: President

For KCC Use ONLY

API # 15 - 185-23527-0000  
Conductor pipe required None feet  
Minimum surface pipe required 220 feet per ALT. ☒ I ☐ II  
Approved by: [Signature]  
This authorization expires: 5-13-09  
(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: \_\_\_\_\_

Mail to: KCC - Conservation Division, 130 S. Market - Room 207A, Wichita, Kansas 67202

**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 - 185-23527-000  
 Operator: Charter Energy, Inc.  
 Lease: LVM  
 Well Number: 1  
 Field: Gates  
 Number of Acres attributable to well: \_\_\_\_\_  
 QTR/QTR/QTR/QTR of acreage: approx SW NE SW

Location of Well: County: Stafford  
1,380 feet from ☐ N / ☒ S Line of Section  
1,930 feet from ☐ E / ☒ W Line of Section  
 Sec. 4 Twp. 22 S. R. 13 ☐ E ☒ W

Is Section: ☒ Regular or ☐ Irregular

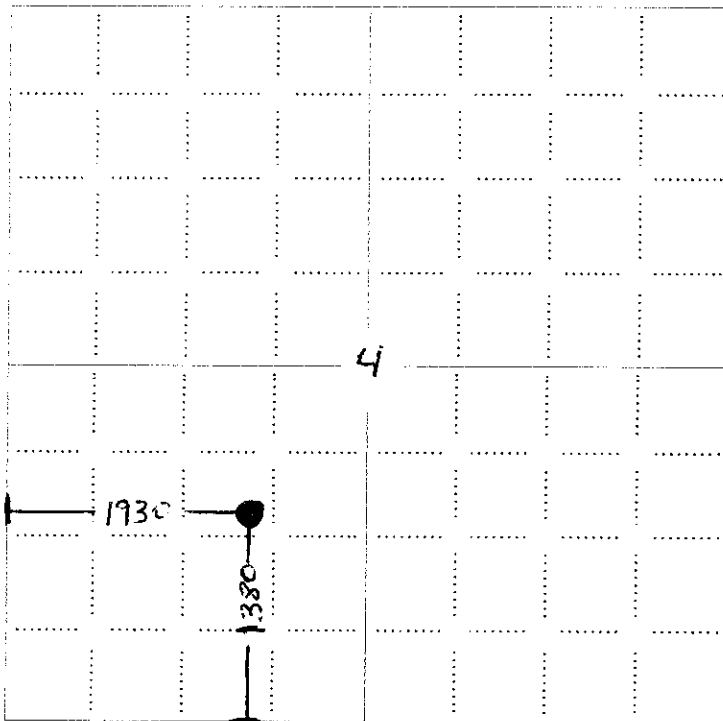
**If Section is Irregular, locate well from nearest corner boundary.**

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.)*

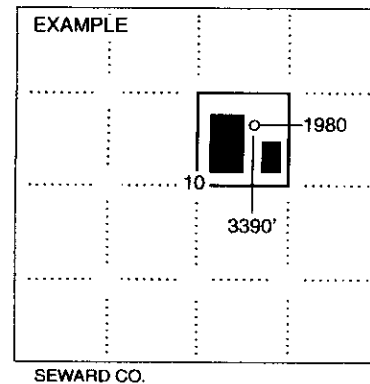


**NOTE: In all cases locate the spot of the proposed drilling location.**

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WICHITA, KS



SEWARD CO.

**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).

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WICHITA, KS

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: <b>Charter Energy, Inc.</b>		License Number: <b>9090</b>	
Operator Address: <b>P.O.Box 252</b>		<b>Great Bend ks 67530</b>	
Contact Person: <b>Steve Baize</b>		Phone Number: <b>620-793-9090</b>	
Lease Name & Well No.: <b>LVM 1</b>		Pit Location (QQQQ): apx <b>SW NE SW</b> Sec. <b>4</b> Twp. <b>22</b> R. <b>13</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <b>1,380</b> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <b>1,930</b> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section <b>Stafford</b> 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: <b>3,600</b> (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input checked="" 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? <b>Bentonite / Drilling Mud</b>			
Pit dimensions (all but working pits): <b>80</b> Length (feet) <b>80</b> Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: <b>4</b> (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.	
Distance to nearest water well within one-mile of pit <b>843</b> feet    Depth of water well <b>75</b> feet		Depth to shallowest fresh water <b>16</b> feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input checked="" type="checkbox"/> KDWR	
<b>Emergency, Settling and Burn Pits ONLY:</b> 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		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> Type of material utilized in drilling/workover: <b>Fresh Mud</b> Number of working pits to be utilized: <b>3</b> Abandonment procedure: <b>Allow to dry and backfill</b> 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; align-items: flex-end;"> <div> <b>5/07/08</b> Date         </div> <div>  Signature of Applicant or Agent         </div> </div>			

15-185-23527-0000

<b>KCC OFFICE USE ONLY</b>		Steel Pit <input type="checkbox"/>	RFAC <input checked="" type="checkbox"/> RFAS <input checked="" type="checkbox"/>
Date Received: <b>5/8/08</b>	Permit Number: _____	Permit Date: <b>5/12/08</b>	Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Mail to: KCC - Conservation Division, 130 S. Market - Room 207B, Wichita, Kansas 67202



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

May 12, 2008

Mr. Steve Baize  
Charter Energy, Inc.  
PO Box 252  
Great Bend, KS 67530

RE: Drilling Pit Application  
LVM Lease Well No. 1  
SW/4 Sec. 04-22S-13W  
Stafford County, Kansas

Dear Mr. Baize:

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 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 as soon as practical 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) 225-8888 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](http://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  
Department of Environmental Protection and Remediation

cc: File