

For KCC Use: 5-19-08  
 Effective Date: 5-19-08  
 District # 3  
 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: May 18 2008  
 month day year

34102

OPERATOR: License# 3  
 Name: JayHawk Energy, Inc.

Address 1: P. O. Box 191

Address 2:   
 City: Girard State: KS Zip: 66743

Contact Person: Bill Wax  
 Phone: 620-724-3400

CONTRACTOR: License# 9684  
 Name: M S Drilling

<b>Well Drilled For:</b>	<b>Well Class:</b>	<b>Type Equipment:</b>
<input checked="" type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input type="checkbox"/> Infield
<input checked="" type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Pool Ext.
<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat	<input type="checkbox"/> Mud Rotary
<input type="checkbox"/> Seismic ; # of Holes	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> Air Rotary
<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:  NW SW SE Sec. 11 Twp. 27 S. R. 23  E  W

(a/a/a/a) 990 feet from  N /  S Line of Section

2,310 feet from  E /  W Line of Section

Is SECTION:  Regular  Irregular?

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

County: Bourbon Well #: 11-1

Lease Name: Ryan Field Name: wildcat

Is this a Prorated / Spaced Field?  Yes  No

Target Formation(s): Miss Chat

Nearest Lease or unit boundary line (in footage): 330

Ground Surface Elevation:  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: 50

Depth to bottom of usable water: 100

Surface Pipe by Alternate:  I  II

Length of Surface Pipe Planned to be set: 20

Length of Conductor Pipe (if any): none

Projected Total Depth: 600

Formation at Total Depth: miss chat

Water Source for Drilling Operations:

Well  Farm Pond  Other: Air

DWR Permit #:

(Note: Apply for Permit with DWR )

Will Cores be taken?  Yes  No

If Yes, proposed zone:

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MAY 13 2008

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: May 7, 2008 Signature of Operator or Agent: John Bandy Title:

For KCC Use ONLY	
API # 15 - <u>011-23371-0000</u>	
Conductor pipe required	<u>None</u> feet
Minimum surface pipe required	<u>20</u> feet per ALT. <input type="checkbox"/> I <input checked="" type="checkbox"/> II
Approved by:	<u>John Bandy 5-14-08</u>
This authorization expires: <u>5-14-09</u>	
(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:

11  
 27  
 23  
 E  
 W

## 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 - 011-23371-0000

Operator: JayHawk Energy, Inc.

Lease: Ryan

Well Number: 11-1

Field: wildcat

Number of Acres attributable to well:

QTR/QTR/QTR/QTR of acreage: NW SW SE

Location of Well: County: Bourbon

990 feet from  N /  S Line of Section2,310 feet from  E /  W Line of SectionSec. 11 Twp. 27 S. R. 23  E  WIs Section:  Regular or  Irregular

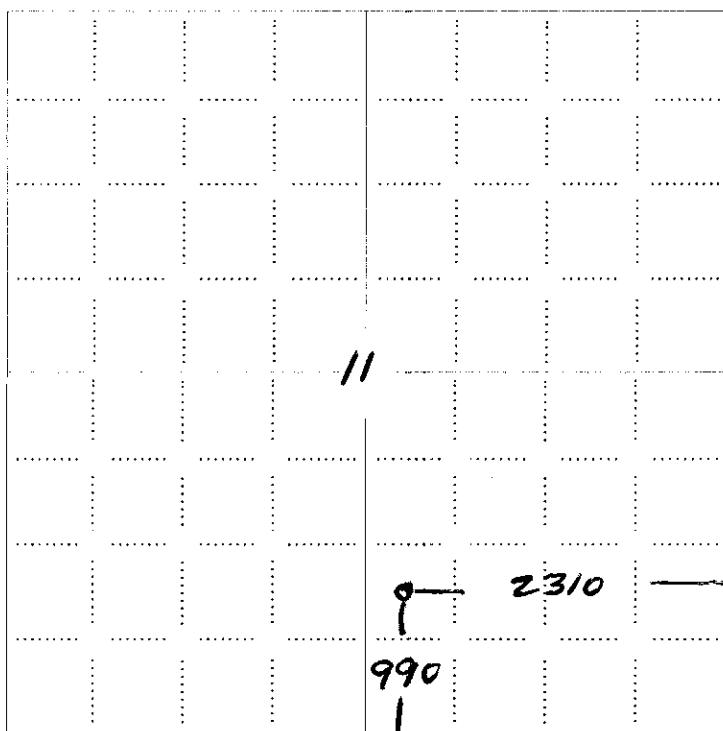
If Section is Irregular, locate well from nearest corner boundary.

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.)



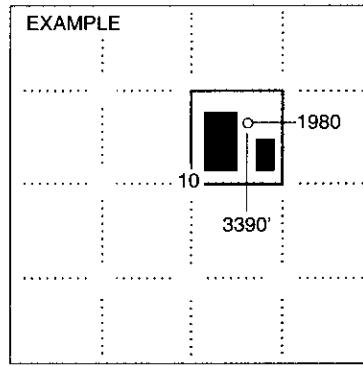
NOTE: In all cases locate the spot of the proposed drilling locator.

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).

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CONSERVATION DIVISION  
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: JayHawk Energy, Inc.		License Number: 34102	
Operator Address: P. O. Box 191		Girard, KS 66743	
Contact Person: Bill Wax		Phone Number: 620-724-3400	
Lease Name & Well No.: Ryan 11-1		Pit Location (QQQQ): NW SW SE Sec. 11 Twp. 27 R. 23 <input checked="" type="checkbox"/> East <input type="checkbox"/> West 990 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 2,310 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Bourbon 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: 80 (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ mg/l <i>(For Emergency Pits and Settling Pits only)</i>	
Is the bottom below ground level? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		How is the pit lined if a plastic liner is not used? native clay	
Pit dimensions (all but working pits): 25 Length (feet) 3 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.  N/A		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.  N/A	
Distance to nearest water well within one-mile of pit  N/A feet Depth of water well _____ feet		Depth to shallowest fresh water _____ feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input 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 checked="" type="checkbox"/> No		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> Type of material utilized in drilling/workover: air Number of working pits to be utilized: 1 Abandonment procedure: backfill when dry 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.   May 7, 2008 Date			
RECEIVED KANSAS CORPORATION COMMISSION Signature of Applicant or Agent CONSERVATION DIVISION WICHITA, KS			

KCC OFFICE USE ONLY		Steel Pit <input type="checkbox"/>	RFAC <input type="checkbox"/>	RFAS <input type="checkbox"/>
Date Received: 5/13/08 Permit Number: _____ Permit Date: 5/13/08 Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				