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KANSAS CORPORATION COMMISSION

Form C-1

October 2007

For KCC Use:

Effective Date: 6-30-08

District # 3

SGA?  Yes  No

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

JUN 13 2008

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 CONSERVATION DIVISION  
WICHITA, KS

Expected Spud Date: 5 month 8 day 2008 year

OPERATOR: License# 33539  
Name: Cherokee Wells, LLC  
Address 1: P. O. Box 296  
Address 2: \_\_\_\_\_  
City: Fredonia State: KS Zip: 66736  
Contact Person: Shannan Shinkle  
Phone: 620-378-3650  
CONTRACTOR: License# 33072  
Name: Well Refined Drilling

Spot Description: \_\_\_\_\_  
C E/2 N E NE Sec. 8 Twp. 29 S. R. 15  E  W  
590 feet from  N /  S Line of Section  
350 feet from  E /  W Line of Section  
Is SECTION:  Regular  Irregular?

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

(Note: Locate well on the Section Plat on reverse side)  
County: Wilson  
Lease Name: Parsons Well #: A-1  
Field Name: Cherokee Basin Coal Gas Area  
Is this a Prorated / Spaced Field?  Yes  No  
Target Formation(s): Mississippian  
Nearest Lease or unit boundary line (in footage): 660  
Ground Surface Elevation: Unknown 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: est 100'  
Depth to bottom of usable water: est 200' 150'  
Surface Pipe by Alternate:  175'  
Length of Surface Pipe Planned to be set: 20' Minimum 175'  
Length of Conductor Pipe (if any): 10'  
Projected Total Depth: 1350'  
Formation at Total Depth: Mississippian  
Water Source for Drilling Operations:  Well  Farm Pond  Other: \_\_\_\_\_  
DWR Permit #: N/A  
(Note: Apply for Permit with DWR )  
Will Cores be taken?  Yes  No  
If Yes, proposed zone: \_\_\_\_\_

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 #: \_\_\_\_\_

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: 5/1/08 Signature of Operator or Agent: Shannan Shinkle Title: Administrative Assistant

For KCC Use ONLY  
API # 15 - 205-27576-0000  
Conductor pipe required 10' feet  
Minimum surface pipe required 175' feet per ALT.  I  II  
Approved by: 620-2508  
This authorization expires: 6-25-08  
(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: \_\_\_\_\_

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KANSAS CORPORATION COMMISSION

MAY 02 2008

CONSERVATION DIVISION  
WICHITA, KS

8  
29  
15  
 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 - 205-27576-0000  
Operator: Cherokee Wells, LLC  
Lease: Parsons  
Well Number: A-1  
Field: Cherokee Basin Coal Gas Area

Location of Well County: Wilson  
590 feet from  N /  S Line of Section  
350 feet from  E /  W Line of Section  
Sec. 8 Twp. 29 S. R. 15  E  W

Number of Acres attributable to well: \_\_\_\_\_  
QTR/QTR/QTR/QTR of acreage: C - E/2 - NE - NE

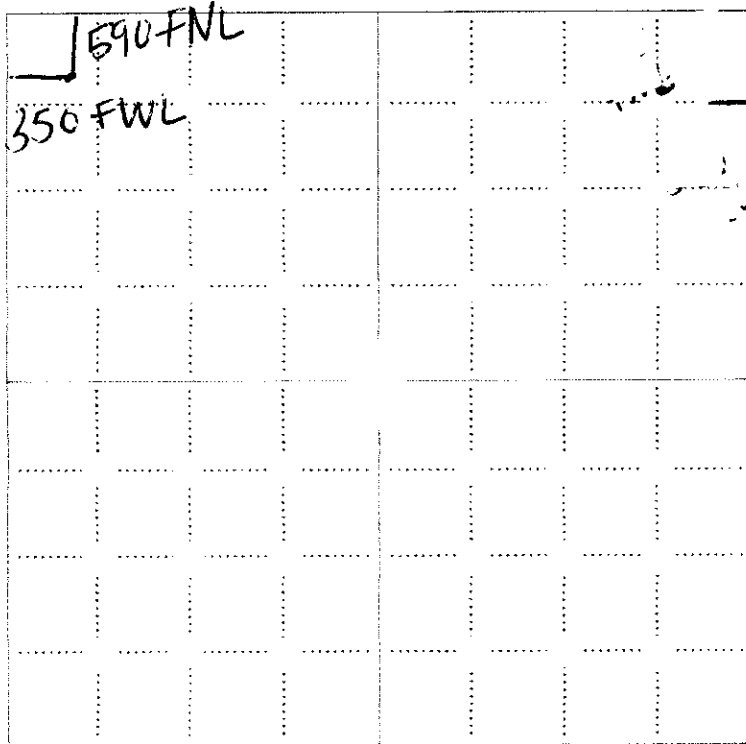
Is Section:  Regular or  Irregular

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

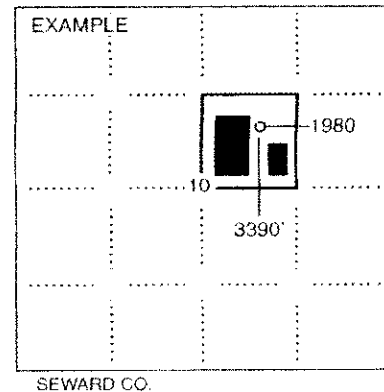
Section corner used:  NE  NW  SE  SW

### 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.)*



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**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 CDP-1  
April 2004  
Form must be Typed

*Submit in Duplicate*

Operator Name: <b>Cherokee Wells, LLC</b>		License Number: <b>33539</b>
Operator Address: <b>P. O. Box 296</b>		<b>Fredonia KS 66736</b>
Contact Person: <b>Shannan Shinkle</b>		Phone Number: <b>620-378-3650</b>
Lease Name & Well No.: <b>Parsons A-1</b>		Pit Location (QQQQ): <b>C E/2 NE NE</b>
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>800</b> (bbls)	Sec. <b>8</b> Twp. <b>29</b> R. <b>15</b> <input checked="" type="checkbox"/> East <input type="checkbox"/> West <b>590</b> Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section <b>350</b> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section <b>Wilson</b> County
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input 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>Natural Clay &amp; Earth</b>
Pit dimensions (all but working pits): <u>30</u> Length (feet) <u>40</u> Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: <u>6</u> (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 style="text-align: right;">RECEIVED KANSAS CORPORATION COMMISSION <b>JUN 13 2008</b> CONSERVATION DIVISION WICHITA, KS</div>
Distance to nearest water well within one-mile of pit <u>N/A</u> feet    Depth of water well _____ feet	Depth to shallowest fresh water <u>100</u> feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input checked="" 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 type="checkbox"/> No	<b>Drilling, Workover and Haul-Off Pits ONLY:</b> Type of material utilized in drilling/workover: <u>Fresh Water</u> Number of working pits to be utilized: <u>1</u> Abandonment procedure: <u>Remove Fluid, Allow to dry, Level Surface</u> Drill pits must be closed within 365 days of spud date.	<div style="text-align: right;">RECEIVED KANSAS CORPORATION COMMISSION <b>MAY 02 2008</b> CONSERVATION DIVISION WICHITA, KS</div>
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;"><span><u>5/1/08</u> Date</span><span><i>Shannan Shinkle</i> Signature of Applicant or Agent</span><span><b>MAY 02 2008</b> CONSERVATION DIVISION WICHITA, KS</span></div>		

15-205-27576-0000

<b>KCC OFFICE USE ONLY</b>		Steel Pit <input type="checkbox"/>	RFAC <input type="checkbox"/>	RFAS <input type="checkbox"/>
Date Received: <u>5/2/08</u>	Permit Number: _____	Permit Date: <u>5/2/08</u>	Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

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

ONE INDUSTRIES GROUP, LP  
4916 Camp Bowie Boulevard  
Suite 200  
Ft. Worth, TX 76107  
(817) 626-9898  
(817) 624-1374 (Fax)

Kansas Corporation Commission  
Conservation Division  
Attn: Rick Hesterman  
Finney State Office Bldg.  
130 S. Market Street  
Room 2078  
Wichita, KS 67202-3802

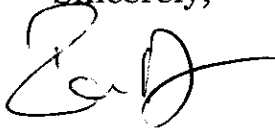
Re: Parsons A-1—E/2 NE/4 NE/4 of Section 8, 29S-R15E

Dear Mr. Hesterman:

I have reviewed Jeff Morris' June 11, 2008 letter describing the casing design to be utilized in the referenced well located in the Fredonia Storage Field for protection of ground water and the gas storage reservoir. As an authorized representative of One Industries Group LP/Bella Wickford, owner of the Fredonia storage field, I hereby represent to you that One Industries Group /Bella Wickford assents to the drilling and completion procedures outlined in Mr. Morris' letter and in the well design schematic that was enclosed therewith.

Should you have any questions, please call me.

Sincerely,



Robert DeFeo

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WICHITA, KS

June 11, 2008

Kansas Corporation Commission  
Conservation Division  
Finney State Office Bldg.  
130 So. Market Street  
Room 2078  
Wichita, KS 67202-3802

RE: Parsons A-1 – E/2 NE NE – 8/29S/15E

Dear Mr. Hesterman;

This letter is being sent, with enclosures, pursuant to a letter received from your office regarding the drilling of the above referenced well.

The attached "Well Bore Schematic" depicts the casing design to be utilized in the referenced well for protection of both ground water and the gas storage reservoir.

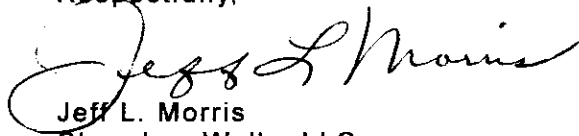
We are in agreement with the owners of the storage field regarding drilling and completion procedures as outlined below and represented graphically on the attachment.

The well will be spudded with a 24" Tri Cone bit to a depth of 11.0'. 20" x 94 lb/ft conductor casing will then be installed and cemented with Type A Portland cement. Subsequently, a 17.50" hole will be drilled with a hammer bit to a depth of 175.00 feet, approximately 35' above the storage reservoir. 170 feet of 13.375" x 54 lb/ft casing will then be cemented in with Type A Portland cement by Consolidated Oilwell Services from TD to surface. The following morning, the hole will be entered with an 11.00" Tri Cone bit for the purpose of drilling to approximately 290.00', approximately 40.00' below the storage reservoir. When drilling commences with the 11.00" bit, Consolidated will pre-mix approximately 100 Bbls of weight mud at approximately 13.2 ppg. Mud will be pumped by Consolidated through the drill stem and circulated throughout the drilling of the 11.00" hole to prevent the escape of stored gas to atmosphere. Surface casing of 8.625" diameter and 20 lb/ft will then be set and Type A Portland Cement will be circulated from the depth of the 8.625" surface casing at 285.00' to surface. After cementing each of the casing strings, cement will be allowed to cure overnight with drilling commencing the following day.

Ultimately, 4.5" x 10.5 lb/ft casing will be set through the top of the Mississippi Limestone and Thickset cement will be circulated from TD to surface.

If you have any questions or comments, please feel free to contact me at the numbers listed below.

Respectfully,



Jeff L. Morris  
Cherokee Wells, LLC  
(620) 378-3650 Office  
(620) 212-4089 Cellular

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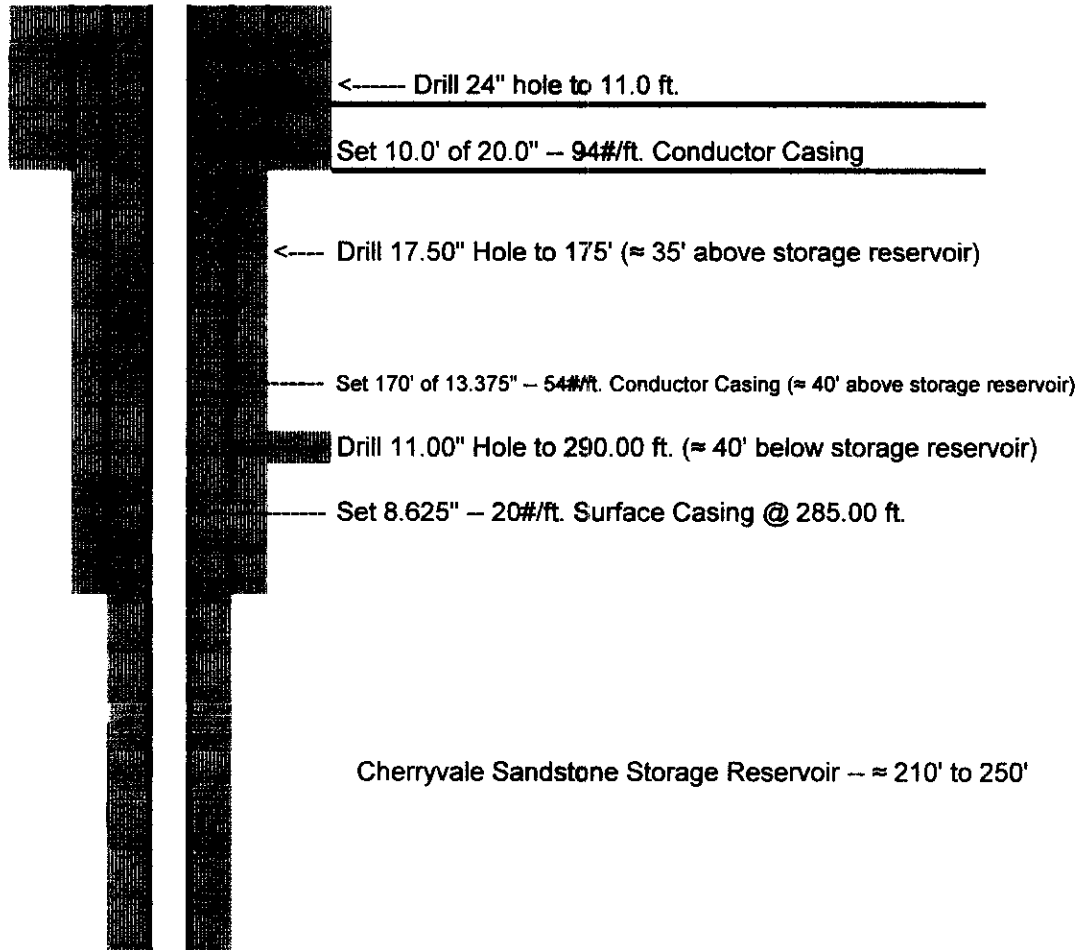
15-205-27576-0000

# FREDONIS GAS STORAGE FIELD WELL BORE SCHEMATIC FOR PROTECTION OF RESERVOIR

WELL NAME: PARSONS A-1

LOCATION: E/2 NE NE  
Sec. 8 / Twp. 29S / Rge. 18E

SPUD DATE & TIME: TO BE SCHEDULED



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