

For KCC Use:
 Effective Date: 7-2008
 District #: 3
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL

Form C-1
 December 2002
 Form must be Typed
 Form must be Signed
 All blanks must be Filled

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

Expected Spud Date: 7/17/2008
 month day year
 OPERATOR: License# 32912
 Name: Carroll Energy, LLC
 Address: 200 Arco Place, Suite 230, Box 149
Independence, KS 67301
 City/State/Zip: Terry Carroll Jr.
 Contact Person: (620) 332-1600
 Phone:
 CONTRACTOR: License# 33374
 Name: L & S Well Service, LLC

Spot: NW NE SE Sec. 34 Twp. 28S S. R. 15E East West
2280 feet from N S Line of Section
990 feet from E W Line of Section
 Is SECTION Regular Irregular?

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

County: Wilson
 Lease Name: FARWELL Well #: 34-D3
 Field Name: Fredonia

Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Cherokee Coals
 Nearest Lease or unit boundary: 360'
 Ground Surface Elevation: 975 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: 100'+
 Depth to bottom of usable water: 300' 150'
 Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 20'
 Length of Conductor Pipe required:
 Projected Total Depth: 1200'
 Formation at Total Depth: Mississippi
 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: _____

| | | |
|--|---|--|
| Well Drilled For: | Well Class: | Type Equipment: |
| <input checked="" type="checkbox"/> Oil <input type="checkbox"/> Enh Rec | <input checked="" type="checkbox"/> Infield | <input type="checkbox"/> Mud Rotary |
| <input checked="" type="checkbox"/> Gas <input type="checkbox"/> Storage | <input type="checkbox"/> Pool Ext. | <input checked="" type="checkbox"/> Air Rotary |
| <input type="checkbox"/> OWWO <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 #: _____

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 to the best of my knowledge and belief.

Date: 07/11/2008 Signature of Operator or Agent: _____ Title: Land Manager

Remember to:

- File Drill Pit Application (Form CDP-1) with Intent to Drill;
- File Completion Form ACC-1 within 120 days of spud date;
- File acreage attribution plat according to field prorations orders;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CP-4) after plugging is completed;
- 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

Signature of Operator or Agent: _____
 Date: _____

For KCC Use ONLY
 API # 15: 205-27594-000
 Conductor pipe required: None feet
 Minimum surface pipe required: 20 feet per Alt. XO 2
 Approved by: RUM 7-1508
 This authorization expires: 7-1509
 (This authorization void if drilling not started within 1/2 months of approval date.)
 Spud date: _____ Agent: _____

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

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JUL 14 2008

CONSERVATION DIVISION
 WICHITA, KS

34
 28
 15E

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 - **205-27594-000**

Operator **Carroll Energy, LLC**

Lease **FARWELL**

Well Number **34-D3**

Field **Fredonia**

Number of Acres attributable to well **80**

QTR / QTR / QTR of acreage **NW NE SE**

Location of Well: County **Wilson**

2280

feet from N E S W Line of Section

990

feet from E W Line of Section

Sec **34** Twp. **28S**

S. R. 15E

East West

Is Section Regular or Irregular

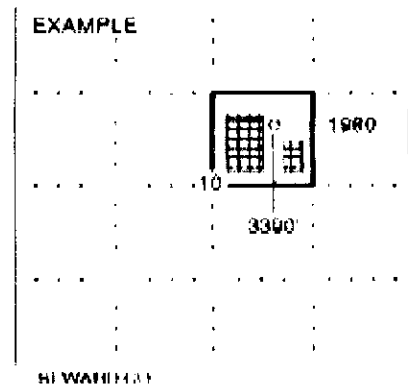
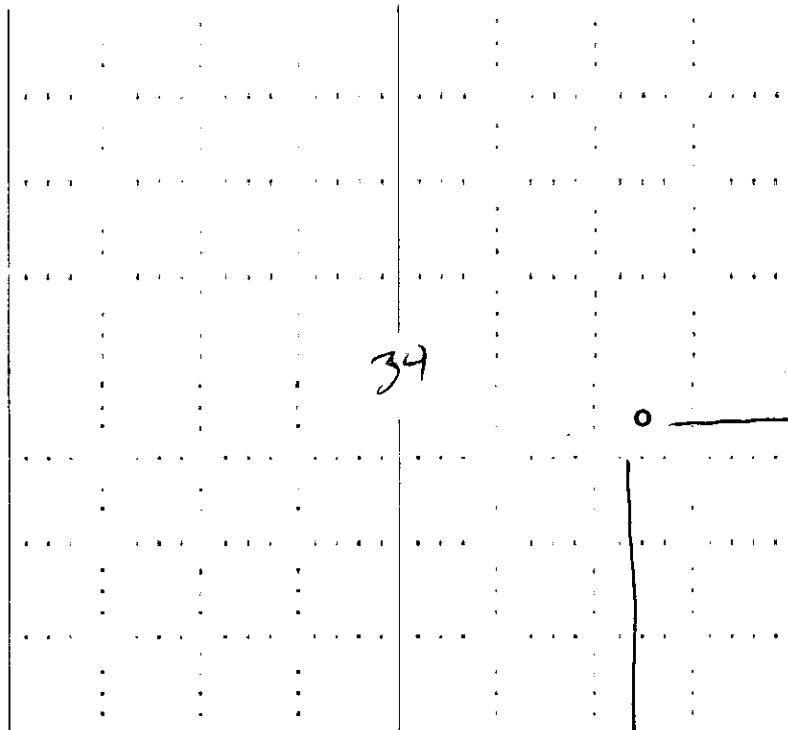
If Section is Irregular, locate well from nearest corner boundary.

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.

2280

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JUL 14 2008

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 4 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the section's south / north and east / west
3. The distance to the nearest lease or unit boundary line
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, CO-8 for gas wells)

**CONSERVATION DIVISION
WICHITA, KS**

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT

Form COP 1
April 2004
Form must be Typed

Submit in Duplicate

| | | | |
|--|--|--|---|
| Operator Name | Carroll Energy, LLC | License Number | 32912 |
| Operator Address | 200 Arco Place, Suite 230, Box 149, Independence, KS 67301 | | |
| Contact Person | Terry Carroll Jr. | Phone Number (620) | 332-1600 |
| Lease Name & Well No | FARWELL 34-D3 | Pit Location (QQQQ) | C . NW - NE - SE |
| Type of Pit | Pit is | Sec 34 Twp 28S R 15E | <input checked="" type="checkbox"/> East <input type="checkbox"/> West |
| <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit | <input type="checkbox"/> Proposed <input type="checkbox"/> Existing | 2280 | Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section |
| <input type="checkbox"/> Settling Pit <input checked="" type="checkbox"/> Drilling Pit | If Existing, date constructed | 990 | Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section |
| <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit | Pit capacity | Wilson County | |
| (if WSP Supply API No. or Year Drilled) | 300 (bbls) | Chloride concentration | NA mg/l |
| Is the pit located in a Sensitive Ground Water Area? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | (For Emergency Pits and Settling Pits only) | |
| Is the bottom below ground level? | Artificial Liner? | How is the pit lined if a plastic liner is not used? | |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | CLAY | |
| Pit dimensions (all but working pits) | 20 Length (feet) | 8 Width (feet) | N/A. Steel Pits |
| | Depth from ground level to deepest point | 5 (feet) | |
| 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 | NA feet | Depth to shallowest fresh water | 20 feet |
| | Depth of water well | Source of information: | measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input type="checkbox"/> KQWR <input type="checkbox"/> |
| Emergency, Settling and Burn Pits ONLY | Drilling, Workover and Haul-Off Pits ONLY | | |
| Producing Formation | Type of material utilized in drilling/workover: FRESH WATER | | |
| Number of producing wells on lease: | Number of working pits to be utilized: 1 | | |
| Barrels of fluid produced daily: | Abandonment procedure: AIR DRY | | |
| Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No | 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 | | | |
| 07/11/2008 | Signature of Applicant or Agent | | RECEIVED KANSAS CORPORATION COMMISSION JUL 14 2008 CONSERVATION DIVISION WICHITA, KS |
| Date | | | |

15-205-27594-0000

| | | | |
|---------------------|---------------|-------------|--|
| KCC OFFICE USE ONLY | | | |
| Date Received | Permit Number | Permit Date | Lease Inspection <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 7/14/08 | | 7/14/08 | |

Mail to: KCC - Conservation Division, 130 S. Market - Room 2070, Wichita, Kansas 67202

KCC -- Conservation Division Forms -- 11/01/2007Internet KCC Home Page -- <http://kcc.ks.gov>Conservation Division Home Page -- <http://kcc.ks.gov/conservation/index.htm>Conservation Division Forms -- <http://kcc.ks.gov/conservation/forms/index.htm>**ADOBE FILL-IN FORM ON INTERNET**

FORM DATE

General Administrative

- 09/2005 ■ License Application OPL-1
 04/2004 ■ Request for Change of Operator; Transfer of Injection or Surface Pit Permit T-1

Well Permitting

- 10/2007 ■ Notice of Intent to Drill C-1 Please use updated form on future filings.
 04/2004 ■ Application for Surface Pit CDP-1
 12/1993 Cathodic Protection Borehole Intent to Drill CB-1

Well Completion Reports and Other Well Application

- 09/1999 ■ Well Completion Form ACO-1
 09/2005 ■ Commingling Application ACO-4
 05/1988 Dual Completion Report ACO-5
 09/2005 ■ Well Location Exception Application Check List ACO-17
 09/2005 ■ Venting-Flaring of Gas ACO-18
 09/2005 ■ Extended Gas Venting Affidavit CG-3
 09/2005 ■ Coalbed Natural Gas Venting Affidavit CG-4
 10/2004 ■ Temporary Abandonment Application CP-111
 09/2003 ■ Verified Affidavit For Vacuum Operations V-1

Surface Pits and Waste Transfer

- 04/2004 ■ Application for Surface Pit CDP-1
 04/2004 ■ Closure of Surface Pit CDP-4
 04/2004 ■ Exploration and Production Waste Transfer CDP-5

Well Plugging Report

- 09/2003 ■ Well Plugging Application CP-1
 12/2003 ■ Well Plugging Record CP-4
 08/2003 ■ Seismic Hole Affidavit

Oil & Gas Well Testing Report

- 10/1996 Oil Productivity Test & GOR Report C-5
 10/1996 Multi-Point Back Pressure Test CG-1
 07/2003 ■ One Point Stabilized Open Flow or Deliverability Test G-2

Gas Gathering Report

- 04/1998 ■ Gas Gathering Report GG-1
 04/1998 ■ Gas Gathering Segment Report GG-1a

Oil and Gas Producer's Report

- 06/1989 Summary of Oil Producers Report CO-8, CO-8A
 08/2000 ■ Gas Producer/Purchaser Monthly Report CG-7, CG-7A

Acreage Attribution and Well Spacing Report

- 12/1994 Oil Acreage Attribution Plat CO-7
 12/1994 Gas Acreage Attribution Plat CG-8
 05/1989 ■ Application for Well Spacing ACO-7

New Pool and Certificate of Enhancement Projects (Severance Tax Exemptions) Request

- 10/2005 ■ New Pool Determination-Discovery Allowable ACO-16
 10/1999 ■ Application for Enhanced Recovery Project Certification CER-1, and
 Calculation Sheet Base Production Calculation and Certification CER 1-A

Underground Injection Control Report

- 07/2003 ■ UIC Application U-1
 07/2003 ■ Annual Report U3-C. This form is required on an annual basis due each March 1.
 07/2003 ■ Notice of Injection (of commencement or termination of injection) U-5
 07/2003 ■ Application to Amend Injection Order U-8
 07/2003 ■ Notice to Modify Injection Order U-9

Wireline Service

- 08/2003 ■ Monthly Wireline Service Company Report MWSC-1