

For KCC Use:  
 Effective Date: 8-3-08  
 District #: 4  
 SGA?  Yes  No

KANSAS CORPORATION COMMISSION  
 OIL & GAS CONSERVATION DIVISION

Form C-1  
 October 2007  
 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

Expected Spud Date: August 15 2008  
month day year

Spot Description: app. G-E/2 E/2 NE/4  
SW-SW-SE-NE/ Sec. 13 Twp. 10 S. R. 20  E  W  
 (area) 2345 feet from  N /  S Line of Section  
1180 feet from  E /  W Line of Section  
 Is SECTION:  Regular  Irregular?

OPERATOR: License# 32705  
 Name: Raney Oil Company, LLC  
 Address 1: 3425 Tam O'Shanter Dr.  
 Address 2:  
 City: Lawrence State: KS Zip: 66047  
 Contact Person: Thomas Raney  
 Phone: 785 749-0672

(Note: Locate well on the Section Plat on reverse side)  
 County: Rooks  
 Lease Name: Sutor B Well #: B-3  
 Field Name: Marcotte

CONTRACTOR: License# 33493  
 Name: American Eagle Drilling

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

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:

Nearest Lease or unit; boundary line (in footage): 1180  
2207 feet MSL

Operator:  
 Well Name:  
 Original Completion Date: Original Total Depth:

Ground Surface Elevation:  
 Water well within one-quarter mile:  Yes  No  
 Public water supply well within one mile:  Yes  No

Depth to bottom of fresh water: 180  
 Depth to bottom of usable water: 950

Surface Pipe by Alternate:  I  II 200  
 Length of Surface Pipe Planned to be set:

Length of Conductor Pipe (if any):  
 Projected Total Depth: 3800

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:

Directional, Deviated or Horizontal wellbore?  Yes  No  
 If Yes, true vertical depth:  
 Bottom Hole Location:  
 KCC DKT #:

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*Agreement to combine leases attached.*

**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:

JUL 25 2008

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.

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I hereby certify that the statements made herein are true and correct to the best of my knowledge and belief.

Date: 7.23.08 Signature of Operator or Agent: [Signature] Title: member, Raney Oil

**For KCC Use ONLY**  
 API # 15 - 163-23752-0000  
 Conductor pipe required None feet  
 Minimum surface pipe required 200 feet per ALT.  I  II  
 Approved by: [Signature]  
 This authorization expires: 7-29-09  
 (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:

13 10 20  
 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 - 163-23752-0000  
 Operator: Raney Oil Company, LLC  
 Lease: Sutor B  
 Well Number: B-3  
 Field: Marcotte

Location of Well: County: Rooks  
2345 feet from  N /  S Line of Section  
1180 feet from  E /  W Line of Section  
 Sec. 13 Twp. 10 S. R. 20  E  W

Number of Acres attributable to well: 10  
 QTR/QTR/QTR/QTR of acreage: C - E/2 - E/2 - NE/4

Is Section:  Regular or  Irregular

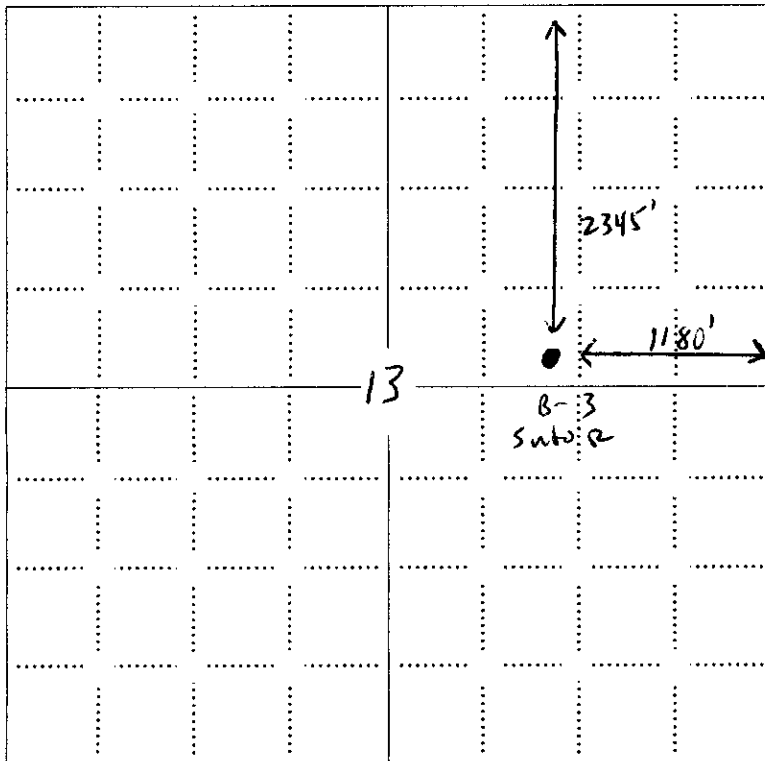
If Section is Irregular, locate well from nearest corner boundary.

Section corner used:  NE  NW  SE  SW

**PLAT**

(Show location of the well and shade attributable acreage for prorated or spaced wells.)

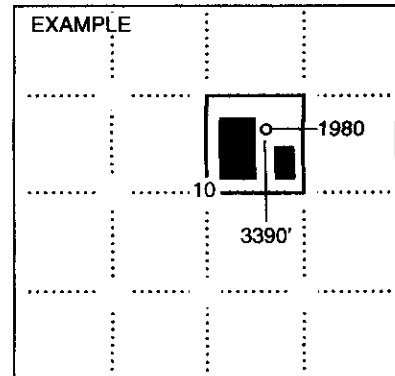
(Show footage to the nearest lease or unit boundary line.)



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

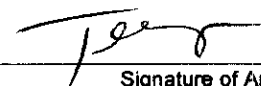
**In plotting the proposed location of the well, you must show:**

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>Raney Oil Company, LLC</b>		License Number: <b>32705</b>	
Operator Address: <b>3425 Tam O'Shanter Dr.</b>		<b>Lawrence KS 66047</b>	
Contact Person: <b>Thomas Raney</b>		Phone Number: <b>785 749-0672</b>	
Lease Name & Well No.: <b>Sutor B B-3</b>		Pit Location (QQQQ): <i>SW SW SE E/2 E/2 NE/4</i>	
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>150</b> (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: <b>10,000</b> 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
How is the pit lined if a plastic liner is not used?		Sec. <b>13</b> Twp. <b>10</b> R. <b>20</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <b>2345</b> Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section <b>1180</b> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section <b>Rooks</b> County	
Pit dimensions (all but working pits): <u>20</u> Length (feet) <u>8</u> Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: <u>4</u> (feet) <input type="checkbox"/> No Pit			
If the pit is lined give a brief description of the liner material, thickness and installation procedure. <b>Commercial pit liner</b>		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. <b>Daily inspection</b>	
Distance to nearest water well within one-mile of pit <u>4300</u> feet    Depth of water well <u>102</u> feet		Depth to shallowest fresh water <u>190 20</u> 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: <u>fresh water</u> Number of working pits to be utilized: <u>1</u> <u>let dry and backfill</u> Abandonment procedure: _____ 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.			
<u>7.23.08</u> Date		 Signature of Applicant or Agent	

**KCC OFFICE USE ONLY**

Steel Pit  RFAC  RFAS

Date Received: 7/25/08 Permit Number: \_\_\_\_\_ Permit Date: 7/25/08 Lease Inspection:  Yes  No

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

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AGREEMENT TO COMBINE LEASES

WHEREAS, the undersigned, Tom Cat, L.L.C., entered into an Oil and Gas Lease as Lessor in favor of Raney Oil Company, LLC, as Lessee. Said Oil and Gas Lease was dated January 5, 2004, and recorded in book 333, page 269, et seq. Said Oil and Gas Lease covered the following described property, to-wit:

The Southeast Quarter (SE/4) of Section 13, Township 10, Range 20, Rooks County, Kansas

WHEREAS, said lease was for a term of two (2) years from January 5, 2004. An Extension of Oil and Gas Lease dated November 22, 2005, was filed of record on November 23, 2005, at book 353, page 408, extending said lease for a period of two years from January 5, 2006.

WHEREAS, the undersigned, Tom Cat, L.L.C., entered into an Oil and Gas Lease as Lessor in favor of Raney Oil Company, LLC, as Lessee. Said Oil and Gas Lease was dated January 5, 2004, and recorded in book 333, page 267, et seq. Said Oil and Gas Lease covered the following described property, to-wit:

The Northeast Quarter (NE/4) of Section 13, Township 10, Range 20, Rooks County, Kansas

WHEREAS, said lease was for a term of two (2) years from January 5, 2004.

NOW THEREFORE, in consideration of the premises and the mutual benefits to be derived therefrom by each of the parties, it is hereby agreed by the undersigned that each of the 2 above described leases are hereby combined into one lease for purposes of drilling, production, development, and all other purposes, as though both the SE/4 of 13-10-20 and the NE/4 of 13-10-20 were included in the same Oil and Gas Lease when they were executed and signed by the undersigned.

THIS AGREEMENT is being made for the purpose of combining the two leases for production purposes so that these leases are no longer treated as separate Oil and Gas Leases on each of the tracts and that hereafter it be treated as though both tracts were covered by one Oil and Gas Lease.

THIS AGREEMENT is hereby executed and made a part of the documents as though both descriptions were contained in one Lease when the same were originally executed.

Also, the undersigned acknowledges that the Lease described above on the NE/4 of 13-10-20 is held by production. The undersigned agree that by executing this agreement it is its intent that the Affidavit of Production recorded in book 356 page 54, on February 23, 2006, shall also cover the Lease on the SE/4 of 13-10-20 described herein as though it existed and was covered by said Affidavit of Production.

DATED THIS 5 day of Jan, 2007.

Tom Cat, L.L.C.

By: Darrell E. Sutor, Member

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JUL 29 2008

CONSERVATION DIVISION WICHITA, KS

STATE OF KANSAS, COUNTY OF ROOKS, ss.

The foregoing instrument was acknowledged before me this 5 day of January, 2007, by Darrell E. Sutor, member of Tom Cat L.L.C., a Kansas limited liability company, on behalf of the limited liability company.



Denise E. Whisman Notary Public

Received for record at 2:00 o'clock P. M. on 10 day of January 20 2007, and recorded in Book 366 of Rooks County Records at page 16 Register of Deeds Rosalee Smith

15-163-23752-0000

**CIKANEK LAW OFFICE**  
**P.O. Box 517, Stockton, Kansas 67669**  
**(785) 425-6731**  
**(785)-425-6732 (FAX)**

**FAX COVER SHEET**

**DATE:** July 29, 2008

**TO: Rick Hesterman**

**RE:**

**Dear Mr. Hesterman:**

Tom Raney asked me to fax you this copy of Agreement to Combine Leases.

Terry L. Cikanek/Cikanek Law Office

The information contained in this facsimile is attorney **PRIVILEGED AND CONFIDENTIAL** information intended only for the use of the individual or entity named above. If the reader of this message is not the intended recipient, or the employee or agent responsible to deliver it to the intended recipient, you are hereby notified that dissemination, distribution, or copying of this communication is prohibited. If you have received this communication in error, please immediately notify us by telephone and return the original message to us at the above address via the U.S. Postal Service.

Thank you.

**Number of Pages Including Cover Sheet: 2**

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