

Olowo

For KCC Use: Effective Date: 8-20-08 District #: 2 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 18 2008 month day year

OPERATOR: License# 34168 Name: Lyons Salt Company Address 1: 1660 Ave. N Address 2: City: Lyons State: KS Zip: 67554 Contact Person: Collin Rogers Phone: 620-257-5626

CONTRACTOR: License# 33859 Name: GEOCORE

Spot Description: NE NW Sec. 9 Twp. 20 S. R. 8 E W 330 feet from N / S Line of Section 890 feet from E / W Line of Section

Is SECTION: Regular Irregular?

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

County: Rice Lease Name: Habiger Well #: 3 Field Name: Shumway

Is this a Prorated / Spaced Field? Yes No Target Formation(s): None-Replug

Nearest Lease or unit boundary line (in footage): N/A Ground Surface Elevation: Approx. 1665 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: 180

Surface Pipe by Alternate: I II Length of Surface Pipe Planned to be set: 252' Set

Length of Conductor Pipe (if any): None Projected Total Depth: Less Than 250' Formation at Total Depth: N/A

Water Source for Drilling Operations: Well Farm Pond Other: City Water DWR Permit #: (Note: Apply for Permit with DWR)

Will Cores be taken? Yes No If Yes, proposed zone:

Well Drilled For: Oil Gas Seismic Other: Drill out and Re-Plug Well Class: Enh Rec Storage Disposal # of Holes Other Infield Pool Ext. Wildcat Type Equipment: Mud Rotary Air Rotary Cable

If OWWO: old well information as follows: Operator: American Salt Company Well Name: Habiger A-3 Original Completion Date: 9/68 Original Total Depth: 3570

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;
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.

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

Date: 8/13/08 Signature of Operator or Agent: [Signature] Title: EUP BSC HOLDING com. LYONS SALT COMPANY

For KCC Use ONLY API # 15 - 15-159-20141-00-02 Conductor pipe required: None feet Minimum surface pipe required: 252 feet per ALT. Approved by: [Signature] This authorization expires: 8-15-09 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.

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 - 159-20141-00-02

Operator: Lyons Salt Company

Lease: Habiger

Well Number: 3

Field: Shumway

Number of Acres attributable to well: _____

QTR/QTR/QTR/QTR of acreage: _____ - NE - NW - NW

Location of Well: County: Rice

330 feet from N / S Line of Section

990 feet from E / W Line of Section

Sec. 9 Twp. 20 S. R. 8 E W

Is Section: Regular or Irregular

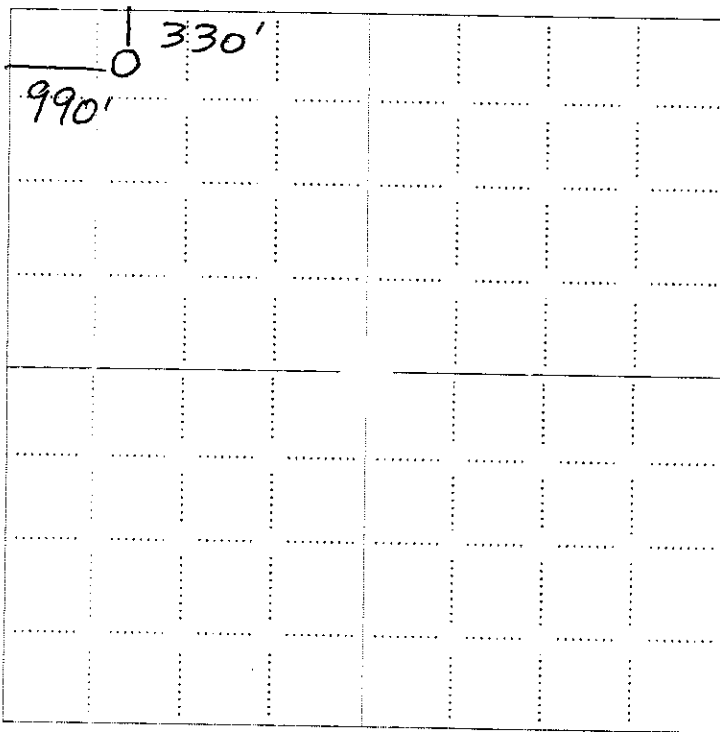
If Section is irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

PLAT

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

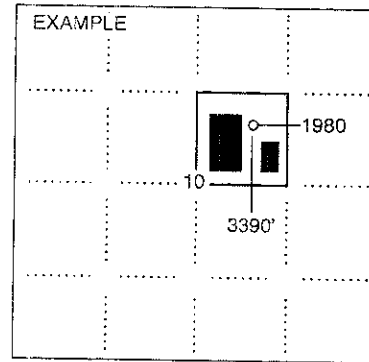
(Show footage to the nearest lease or unit boundary line.)



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AUG 13 2008

CONSERVATION DIVISION
WICHITA, KS



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).

AUG 13 2008

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

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: Lyons Salt Company		License Number:	
Operator Address: 1660 Ave. N		Lyons Kansas 67554	
Contact Person: Collin Rogers		Phone Number: 620-257-5926	
Lease Name & Well No.: Habiger #3		Pit Location (QQQQ): NE NW NW	
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 checked="" type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <small>(If WP Supply API No. or Year Drilled)</small>		Pit is: <input type="checkbox"/> Proposed <input checked="" type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: _____ (bbls)	
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? Bentonite			
Pit dimensions (all but working pits): <u>15</u> Length (feet) <u>10</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.	
Distance to nearest water well within one-mile of pit <u>652</u> feet Depth of water well <u>81</u> feet		Depth to shallowest fresh water <u>25</u> feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input checked="" type="checkbox"/> KDWR	
Emergency, Settling and Burn Pits ONLY: 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		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: <u>Fresh Mud</u> Number of working pits to be utilized: <u>1</u> Abandonment procedure: <u>Haul Free fluids, let air dry, backfill and smooth location</u> 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>8/13/08</u> Date		x <u>[Signature]</u> Signature of Applicant or Agent KENNETH J. GRIMM EVP ISS HOLDING COMPANY LYONS SALT COMPANY	
KCC OFFICE USE ONLY Steel Pit <input type="checkbox"/> RFAC <input checked="" type="checkbox"/> RFAS <input type="checkbox"/>			
Date Received: <u>8/13/08</u> Permit Number: _____ Permit Date: <u>8/14/08</u> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			

15-159-20141-00-02



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

August 14, 2008

Mr. Colin Rogers
Lyons Salt Company
1660 Ave. N
Lyons, KS 67554

Re: Drilling Pit Application
Habiger Lease Well NO. 3
NW/4 Sec. 09-20S-08W
Rice County, Kansas

Dear Mr. Rogers:

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 **lined with bentonite**. The fluids are to be removed from the reserve pit within 72 hours 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 (316) 630-4000 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.

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,

A handwritten signature in black ink that reads "Kathy Haynes".

Kathy Haynes
Environmental Protection and Remediation Department

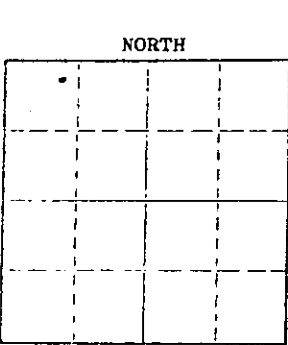
cc: File

15759-2014100-01

STATE OF KANSAS
STATE CORPORATION COMMISSION
CONSERVATION DIVISION
P. O. BOX 17027
WICHITA, KANSAS 67217

FORM CP-4

WELL PLUGGING RECORD



Locate well correctly on above Section Plat

Rice County, Sec 9 Twp. 20 Rge. (E) 8 (W)
Location as "NE/CNW&SW" or footage from lines NE NW NW
Lease Owner American Salt Company
Lease Name Habiger A#3 Well No. A#3
Office Address Lyons, Kansas 67554
Character of Well (completed as Oil, Gas or Dry Hole)
Date well completed 1968
Application for plugging filed 9-12 1975
Application for plugging approved 9-15 1975
Plugging commenced 9-15 1975
Plugging completed 9-18 1975
Reason for abandonment of well or producing formation
If a producing well is abandoned, date of last production 19
Was permission obtained from the Conservation Division or its agents before plugging was commenced? yes

Name of Conservation Agent who supervised plugging of this well
Producing formation Depth to top Bottom Total Depth of Well 3570
Show depth and thickness of all water, oil and gas formations.

OIL, GAS OR WATER RECORDS

CASING RECORD

FORMATION	CONTENT	FROM	TO	SIZE	PUT IN	PULLED OUT
				8-5/8"	252	None
				4-1/2"	3569	2976

Describe in detail the manner in which the well was plugged, indicating where the mud fluid was placed and the method or methods used in introducing it into the hole. If cement or other plugs were used, state the character of same and depth placed, from 1300 feet to Surface feet for each plug set.

Drilled 180' of cement out and washed hole down to 1300'. Spotted 50 sacks common w/3% C.C. let set 4 hours, tagged up on cement at 1170'. Mixed 450 sacks Howco light cement, let set 12 hours, tagged up on cement at 831. Mixed 400 sacks 50-50 pozmix w/2% gel. salt saturated cement. Circulated 20 sacks back at surface.

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STATE CORPORATION COMMISSION

SEP 29 1975

(If additional description is necessary, use BACK of this sheet)
Name of Plugging Contractor Gable Well Service CONSERVATION DIVISION
Address P.O. Box 166 - Chase, Kansas 67524 Wichita, Kansas

STATE OF Kansas COUNTY OF Rice ss.
W. J. Luck (employee of owner) or (owner or operator) of the above-described well, being first duly sworn on oath, says: That I have knowledge of the facts, statements, and matters herein contained and the log of the above-described well as filed and that the same are true and correct. So help me God.

(Signature) W. J. Luck
Lyons, Kansas 67554 (Address)

Sworn to before me this 25th day of September 1975
4/29/79
Notary Public.

