

For KCC Use: 9-11-08
Effective Date: _____
District # _____
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: September 15, 2008
month day year

OPERATOR: License# 6569 ✓
Name: Carmen Schmitt Inc. ✓
Address 1: P.O. Box 47
Address 2: 915 Harrison
City: Great Bend State: KS Zip: 67530 + 0047
Contact Person: Carmen Schmitt ✓
Phone: 620.793.5100

CONTRACTOR: License# 33935
Name: HD Drilling

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:
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 #: _____

* Oil and Gas lease Attached

Spot Description: 660' FWL, 100' FNL 130' FNL
Sec. 5 Twp. 19 S. R. 29 ☐ E ☒ W
100' 130' feet from ☒ N / ☐ S Line of Section
660 feet from ☐ E / ☒ W Line of Section

Is SECTION: ☒ Regular ☐ Irregular?

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

County: Lane
Lease Name: Ehmke "A" Well #: 1
Field Name: W.C.

Is this a Prorated / Spaced Field? ☒ Yes ☒ No

Target Formation(s): Mississippian

Nearest Lease or unit boundary line (in footage): unit 660' all directions

Ground Surface Elevation: 2836 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: 150'

Depth to bottom of usable water: 1450'

Surface Pipe by Alternate: ☐ I ☒ II

Length of Surface Pipe Planned to be set: 200'

Length of Conductor Pipe (if any): _____

Projected Total Depth: 4700'

Formation at Total Depth: Mississippian

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: _____

AFFIDAVIT

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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: 8-30-08 Signature of Operator or Agent: Carmen Schmitt Title: Operations Manager

For KCC Use ONLY

API # 15 - 101-22124-00-00
Conductor pipe required none feet
Minimum surface pipe required 200 feet per ALT. ☐ I ☒ II
Approved by: NT 9-5-08
This authorization expires: 9-5-09
(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: _____

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

5 19 29 ☐ E ☒ W

15-101-22124-0000

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 - _____

Operator: Carmen Schmitt Inc. _____

Lease: Ehmke "A" _____

Well Number: 1 _____

Field: W.C. _____

Number of Acres attributable to well: _____

QTR/QTR/QTR/QTR of acreage: _____ - _____ - _____ - _____

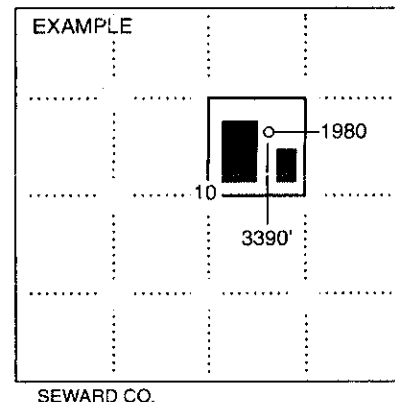
Location of Well: County: Lane _____

 400 130 feet from ☒ N / ☐ S Line of Section
 660 feet from ☐ E / ☒ W Line of Section
Sec. 5 Twp. 19 S. R. 29 ☐ 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.)*

660' - 0 130' South of North 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).

15-101-22124-0000

DECLARATION OF POOLING AND UNITIZATION

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, CARMEN SCHMITT INC., P.O. Box 47, Great Bend, Ks 67530, hereinafter referred to as an "undersigned", is the owner of the Lane County Kansas oil and gas lease described herein to-wit:

Lessor: Calvin B. Ehmke, a single person
Lessee: J. Fred Hambright Inc.
Dated: April 25, 2006
Recorded: Book 114, Page 54
Description: T19S-R29W, Sec. 5: W/2

and Scout Exploration Corp., P.O. Box 1348, Edmond, Oklahoma 73083, hereinafter referred to as an "undersigned", is the owner of the Lane County Kansas oil and gas leases described herein to-wit:

Lessor: Sherrie L. Ehmke, a single person
Lessee: Scout Exploration Corp.
Dated: February 9, 2007, but effective July 6, 2007
Recorded: Book 119, Page 52
Description: T18S-R29W, Sec. 32: SW/4

Lessor: Melissa M. Wilson, a single person
Lessee: Scout Exploration Corp.
Dated: February 9, 2007, but effective July 6, 2007
Recorded: Book 119, Page 43
Description: T18S-R29W, Sec. 32: SW/4

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WHEREAS, the oil and gas leases above described contain or have been amended to contain a pooling and unitization clause which states:

"Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgement it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved."

or similar, no less restrictive language granting the lessee the right to pool or unitize all or part of the leased lands.

WHEREAS, the undersigned desire to pool and unitize all oil and gas leases described hereinabove, insofar and only insofar as the same cover the following described lands, to-wit:

TOWNSHIP 19 SOUTH - RANGE 29 WEST

SECTION 5: A tract of land with the Point of Beginning being the Northwest Corner of said Section, thence South 760 feet, thence East 1320 feet, thence North 760 feet, thence West 1320 feet to the Point of Beginning (23.030303 acres).

TOWNSHIP 18 SOUTH - RANGE 29 WEST

SECTION 32: A tract of land with the Point of Beginning being the Southwest Corner of said Section, thence North 560 feet, thence East 1320 feet, thence South 560 feet, thence West 1320 feet to the Point of Beginning (16.969697 acres).

Said lands, containing 40.0 acres, more or less, now being identified as "THE POOLED AND UNITIZED AREA" for production of oil and/or gas and associated hydrocarbons from all zones and formations.

NOW THEREFORE, the undersigned does hereby pool and unitize the above described lands into one pooled and unitized area, containing 40.0 acres, provided that said pooling and unitization is limited to production of oil and/or gas and associated hydrocarbons from all zones and formations.

The royalties accruing from any well located on said unit shall be prorated and paid to lessors of the various tracts included in the POOLED AND UNITIZED AREA in the same proportion that each tract of said lessor bears to the total of the POOLED AND UNITIZED AREA.

IN WITNESS WHEREOF, this DECLARATION OF POOLING AND UNITIZATION, was executed this 30th day of August, 2008.

CARMEN SCHMITT INC.

By: Carmen Schmitt
Carmen Schmitt, Secretary

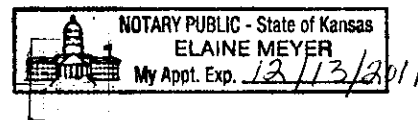
SCOUT EXPLORATION CORP.

By: James M. Hutchison
James M. Hutchison, President

STATE OF KANSAS, COUNTY OF BARTON, SS:

This instrument was acknowledged before me on this 30th day of August, 2008 by Carmen Schmitt as Secretary of Carmen Schmitt Inc., a Kansas corporation on behalf of said corporation.

My commission expires 12/13/2011 Elaine Meyer
Notary Public



STATE OF OKLAHOMA, COUNTY OF OKLAHOMA, ss:

This instrument was acknowledged before me on this 30th day of August, 2008 by James H. Hutchison as President of Scout Exploration Corp., an Oklahoma corporation on behalf of said corporation.

My Commission Expires: 12/15/2011
My Commission Number: 99019985

Emily M. Bass
Notary Public

A circular notary seal for Emily M. Bass, a Notary Public in the State of Oklahoma. The seal contains the text "EMILY M. BASS", "NOTARY PUBLIC", "STATE OF OKLAHOMA", and "#99019985 EXP. 12/15/11".

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