

For KCC Use: 9-13-08
 Effective Date: _____
 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: September 09 2008
month day year

OPERATOR: License# 33711
 Name: B-C Steel, LLC
 Address 1: 209 North Fry Street
 Address 2: _____
 City: Yates Center State: Ks Zip: 66783
 Contact Person: Bert Carlson
 Phone: 620-485-6064 620-496-6746
 CONTRACTOR: License# 30567
 Name: Rig 6 Drilling

Spot Description: NEW NE
 (200/10) 3,400 feet from N / S Line of Section
1,000 feet from E / W Line of Section

Is SECTION: Regular Irregular?

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

County: Cowley
 Lease Name: Davis Well #: 1
 Field Name: School Creek North

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Laton Layton

Nearest Lease or unit boundary line (in footage): 330 min
 Ground Surface Elevation: 1406.80 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: 20

Surface Pipe by Alternate: I II
 Length of Surface Pipe Planned to be set: 300 ft

Length of Conductor Pipe (if any): _____
 Projected Total Depth: 2500 ft

Formation at Total Depth: 2500 ft Layton

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: Oil Gas Seismic; # of Holes _____
 Enh Rec Storage Disposal 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 #: _____

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:

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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: 9-8-08 Signature of Operator or Agent: Bert Carlson Title: Admin

For KCC Use ONLY
 API # 15 - 035-24305-0000
 Conductor pipe required None feet
 Minimum surface pipe required 300 feet per ALT. I II
 Approved by: Rub 9-8-08
 This authorization expires: 9-8-09
 (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: _____

10
32
7
 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 - 035-24305-000
 Operator: B-C Steel, LLC
 Lease: Davis
 Well Number: 1
 Field: Davis #1

Location of Well: County: Cowley
3,400 feet from N / S Line of Section
1,000 feet from E / W Line of Section
 Sec. 10 Twp. 32 S. R. 7 E W

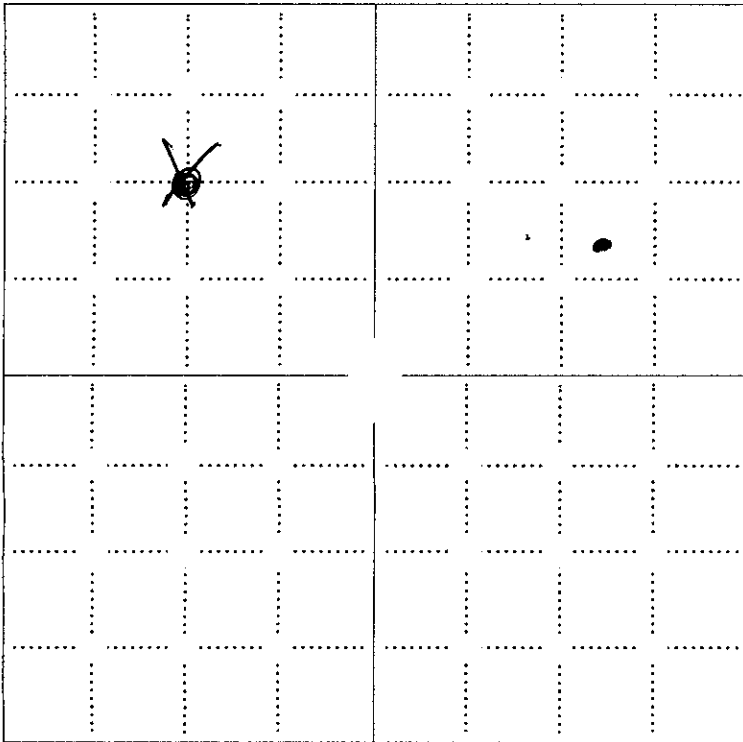
Number of Acres attributable to well: _____
 QTR/QTR/QTR/QTR of acreage: ~~NW~~ - ~~SW~~ - ~~NE~~ - ~~SE~~
NW SE NE

Is Section: Regular or Irregular

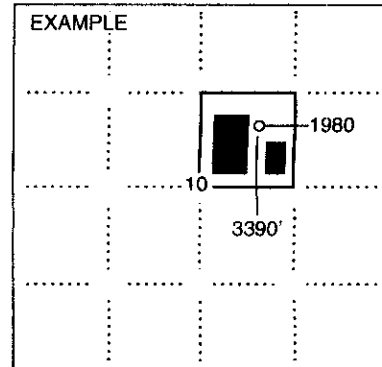
If Section is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

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).

