

For KCC Use: 9-17-08
 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: _____ month _____ day _____ year

OPERATOR: License# 31739 ✓
 Name: Iuka Carmi Development LLC
 Address 1: PO Box 907
 Address 2: _____
 City: Pratt State: KS Zip: 67124 + _____
 Contact Person: Kenneth C. Gates
 Phone: (620) 672-9571 ext 5
 CONTRACTOR: License# 33843
 Name: Terra Drilling LLC

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 #: _____

Spot Description: _____
SW - NW - NE - NE Sec 25 Twp. 32 S. R. 11 E W
458 feet from N / S Line of Section
1,104 feet from E / W Line of Section

Is SECTION: Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)
 County: Barber
 Lease Name: R. Ricke Well #: 1-25

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

Nearest Lease or unit boundary line (in footage): 458
 Ground Surface Elevation: 1477 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: 42 feet 100
 Depth to bottom of usable water: 42 feet 180

Surface Pipe by Alternate: I II
 Length of Surface Pipe Planned to be set: 250'

Length of Conductor Pipe (if any): _____
 Projected Total Depth: 5000'
 Formation at Total Depth: Arbuckle

Water Source for Drilling Operations:
 Well Farm Pond Other: _____
 DWR Permit #: Application pending

(Note: Apply for Permit with DWR)
 Will Cores be taken? Yes No

If Yes, proposed zone: _____

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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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CONSERVATION DIVISION
 WICHITA, KS

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: 9-9-2008 Signature of Operator or Agent: Kenneth C. Gates Title: Managing Member

For KCC Use ONLY
 API # 15 - 007-23372-0000
 Conductor pipe required None feet
 Minimum surface pipe required 200 feet per ALT. I II
 Approved by: KMG 9-12-08
 This authorization expires: 9-12-09
 (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: _____

25 32 11 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 - 007-23372-0000
 Operator: Iuka Carmi Development LLC
 Lease: R. Ricke
 Well Number: 1-25
 Field: _____
 Number of Acres attributable to well: _____
 QTR/QTR/QTR/QTR of acreage: _____ - _____ - _____ - _____

Location of Well: County: Barber
 _____ feet from N / S Line of Section
 _____ feet from E / W Line of Section
 Sec. 25 Twp. 32 S. R. 11 E W

Is Section: Regular or Irregular

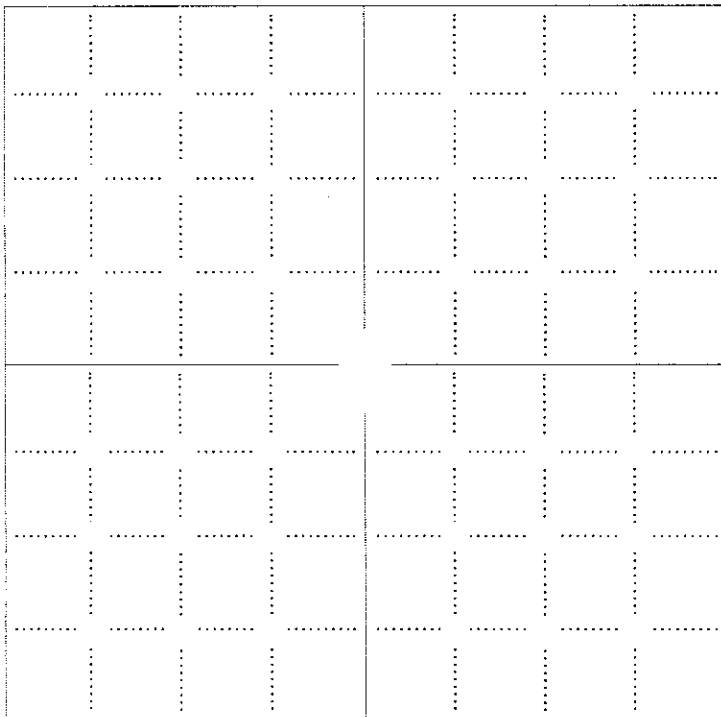
If Section is Irregular, locate well from nearest corner boundary.

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.)



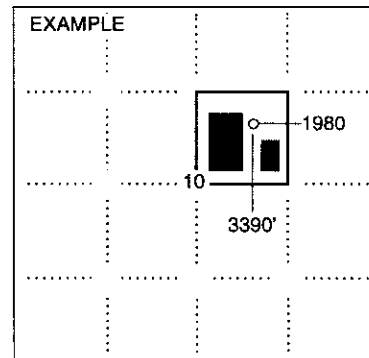
NOTE: In all cases locate the spot of the proposed drilling location.

* See Attached Plat

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CONSERVATION DIVISION
 WICHITA, KS



EXAMPLE
 SEWARD CO.

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: (C0-7 for oil wells; CG-8 for gas wells).

ADVANTAGE ELEVATIONS

OIL FIELD SURVEYORS

BOX 8604 - PRATT, KS 67124
(620) 672-6491

92081
INVOICE NO

IUKA-CARMI DEVELOPMENT LLC
OPERATOR

1 Ricke
NO FARM

Barber 25 32s 11w
COUNTY S T R

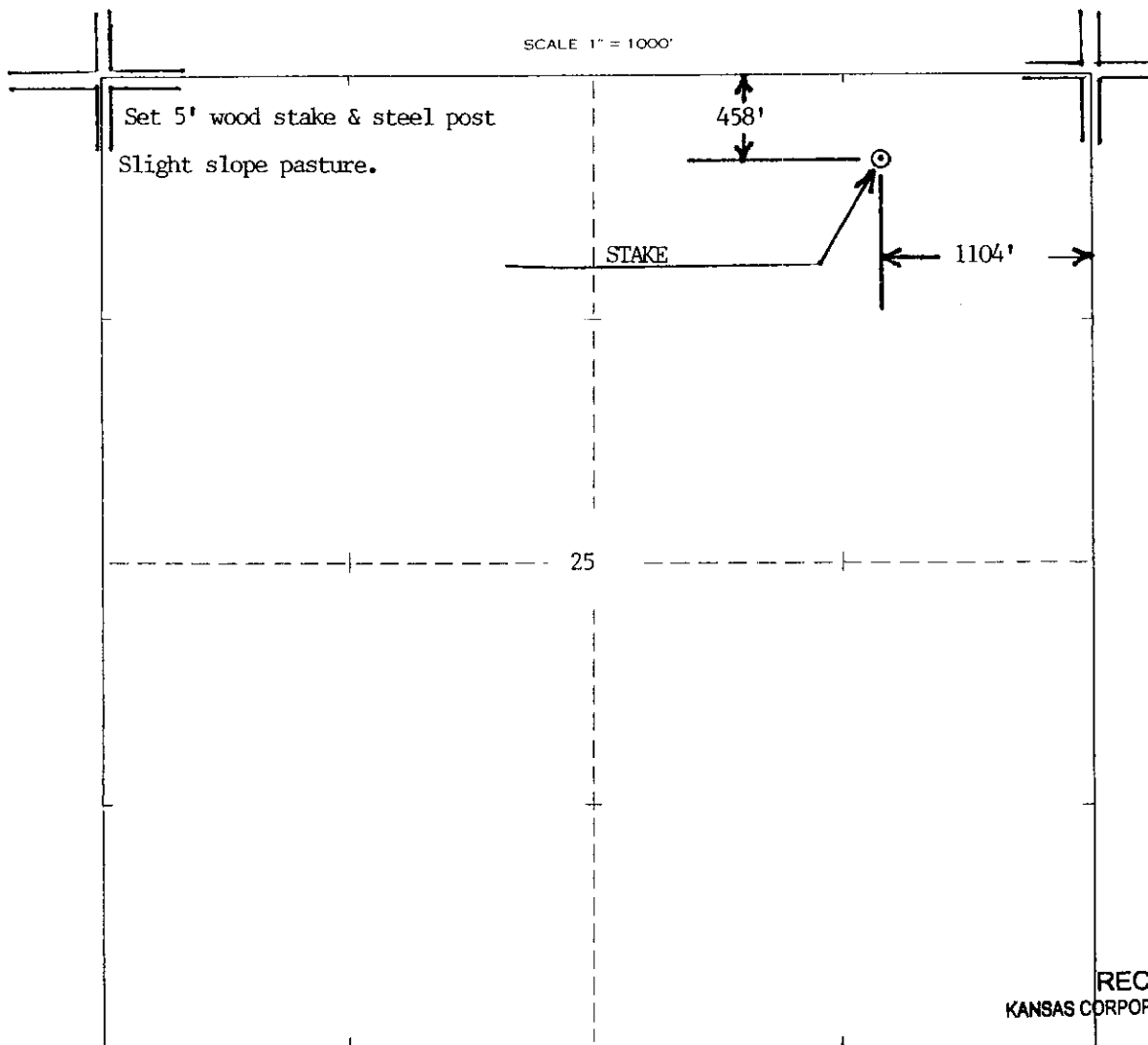
458' FNL & 1104' FEL
LOCATION

ELEVATION 1477' GR



IUKA-CARMI DEVELOPMENT LLC
PO Box 907
Pratt KS 67124

AUTHORIZED BY Kenny Gates



Staked 09/02/08

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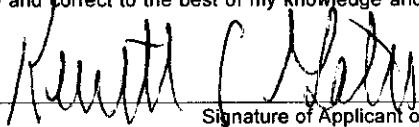
SEP 10 2008

CONSERVATION DIVISION
WICHITA, KS

**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: Iuka Carmi Development LLC		License Number: 31739	
Operator Address: PO Box 907		Pratt	KS 67124
Contact Person: Kenneth C. Gates		Phone Number: (620) 672-9571 ext 5	
Lease Name & Well No.: R. Ricke 1-25		Pit Location (QQQQ): <u> </u> <u> </u> <u> </u> <u> </u> <u> </u> <u> </u> NW NE NE Sec. <u>25</u> Twp. <u>32</u> R. <u>11</u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <u>458</u> Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section <u>1,104</u> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Barber County	
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 <i>(If WP Supply API No. or Year Drilled)</i>		Pit is: <input checked="" type="checkbox"/> Proposed <input 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 checked="" type="checkbox"/> No		Chloride concentration: _____ mg/l <i>(For Emergency Pits and Settling Pits only)</i>	
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? Native Clay	
Pit dimensions (all but working pits): <u>50</u> Length (feet) <u>50</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.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.	
Distance to nearest water well within one-mile of pit <u>1980</u> feet Depth of water well <u>42</u> feet		Depth to shallowest fresh water <u>12</u> feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input 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>Drilling Mud</u> Number of working pits to be utilized: <u>1</u> Abandonment procedure: <u>Haul off contents, natural evaporation</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.		RECEIVED KANSAS CORPORATION COMMISSION SEP 10 2008 CONSERVATION DIVISION WICHITA, KS	
<u>9-9-2008</u> Date	 Signature of Applicant or Agent		
KCC OFFICE USE ONLY			
Date Received: <u>9/10/08</u>		Permit Number: _____ Permit Date: <u>9/10/08</u> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

15-007-23372-0000



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

September 11, 2008

Iuka Carmi Development, LLC
PO Box 907
Pratt, KS 67124

RE: Drilling Pit Application
R. Ricke Lease Well No. 1-25
NE/4 Sec. 25-32S-11W
Barber County, Kansas

Dear Sir or Madam:

District staff has inspected the location and has determined that an unsealed condition will present a pollution threat to water resources.

District staff has instructed that no earthen pits are to be used at the location. Steel pits are to be used. Please inform the Commission in writing as to which disposal well you will utilize to dispose of the contents in the steel pits and the amount of fluid that will be disposed. **If a haul-off pit is necessary please file, form CDP-1, Application for Surface Pit.** This location will have to be inspected prior to approval of the haul-off pit application.

If fluids are taken to an authorized disposal well, please call the District Office at (620) 225-8888. Please file form CDP-5, 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.

Sincerely,

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

Kathy Haynes
Environmental Protection and Remediation Department

Cc: File

**HAUL-OFF PIT APPLICATION
FILING REQUIREMENTS**

82-3-607. DISPOSAL OF DIKE AND PIT CONTENTS.

- (a) Each operator shall perform one of the following when disposing of dike or pit contents:
- (1) Remove the liquid contents to a disposal well or other oil and gas operation approved by the commission or to road maintenance or construction locations approved by the department;
 - (2) dispose of reserve pit waste down the annular space of a well completed according to the alternate I requirements of K.A.R. 82-3-106, if the waste to be disposed of was generated during the drilling and completion of the well; or
 - (3) dispose of the remaining solid contents in any manner required by the commission. The requirements may include any of the following:
 - (A) Burial in place, in accordance with the grading and restoration requirements in K.A.R. 82-3-602 (f);
 - (B) removal and placement of the contents in an on-site disposal area approved by the commission;
 - (C) removal and placement of the contents in an off-site disposal area on acreage owned by the same landowner or to another producing lease or unit operated by the same operator, if prior written permission from the landowner has been obtained; or
 - (D) removal of the contents to a permitted off-site disposal area approved by the department.
- (b) Each violation of this regulation shall be punishable by the following:
- (1) A \$1,000 penalty for the first violation;
 - (2) a \$2,500 penalty for the second violation; and
 - (3) a \$5,000 penalty and an operator license review for the third violation.

Complete and return with Haul-Off Pit Application, Form CDP1(2004)

Haul-off pit will be located in an on-site disposal area: Yes No

Haul-off pit is located in an off-site disposal area on acreage owned by the same landowner: Yes
No If yes, written permission from the landowner must be obtained. Attach written permission to haul-off pit application.

Haul-off pit is located in an off-site disposal area on another **producing** lease or unit operated by the same operator: Yes No If yes, written permission from the landowner must be obtained. Attach permission and a copy of the lease assignment that covers the acreage where the haul-off pit is to be located, to the haul-off pit application.