

For KCC Use: 9-29-08
 Effective Date: _____
 District # _____
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION

Form C-1
 December 2002
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 Oct 4, 2008
 month day year

OPERATOR: License# 3273 ✓
 Name: Herman L. Loeb
 Address: P O Box 838
 City/State/Zip: Lawrenceville, IL 62439
 Contact Person: George A. Payne
 Phone: (812) 853-3813

CONTRACTOR: License# 5822 ✓
 Name: Val Energy, Inc.

Well Drilled For:	Well Class:	Type Equipment:
<input type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input checked="" type="checkbox"/> Infield
<input checked="" type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input checked="" type="checkbox"/> Mud Rotary
<input type="checkbox"/> OWWO	<input type="checkbox"/> Disposal	<input type="checkbox"/> Air Rotary
<input type="checkbox"/> Seismic; # of Holes _____	<input type="checkbox"/> Wildcat	<input type="checkbox"/> Cable
<input type="checkbox"/> Other _____	<input type="checkbox"/> Pool Ext.	
	<input type="checkbox"/> Other _____	

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 East
SE SE NW Sec. 12 Twp. 33 S. R. 13 West
2260 feet from N / S Line of Section
2060 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: Cinda Lytle Well #: 5
 Field Name: Medicine Lodge - Boggs

Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Marmaton, Mississippian, Simpson

Nearest Lease or unit boundary: 2,060 ft
 Ground Surface Elevation: 1,607 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 ft
 Depth to bottom of usable water: 180 ft

Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 400 ft

Length of Conductor Pipe required: _____
 Projected Total Depth: 5,100 ft

Formation at Total Depth: Simpson sand

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

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 to the best of my knowledge and belief.

Date: Sept 2, 2008 Signature of Operator or Agent: George A. Payne Title: Petroleum Engineer

RECEIVED
 KANSAS CORPORATION COMMISSION

SEP 23 2008

CONSERVATION DIVISION
 WICHITA, KS

For KCC Use ONLY
 API # 15 - 007-23376-0000
 Conductor pipe required None feet
 Minimum surface pipe required 200 feet per Alt. 1
 Approved by: gaw 9-24-08
 This authorization expires: 9-24-09
 (This authorization void if drilling not started within 12 months of effective 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;
 - 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
 Signature of Operator or Agent: _____
 Date: _____

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

12
 33
 13W

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a prorated or spaced field

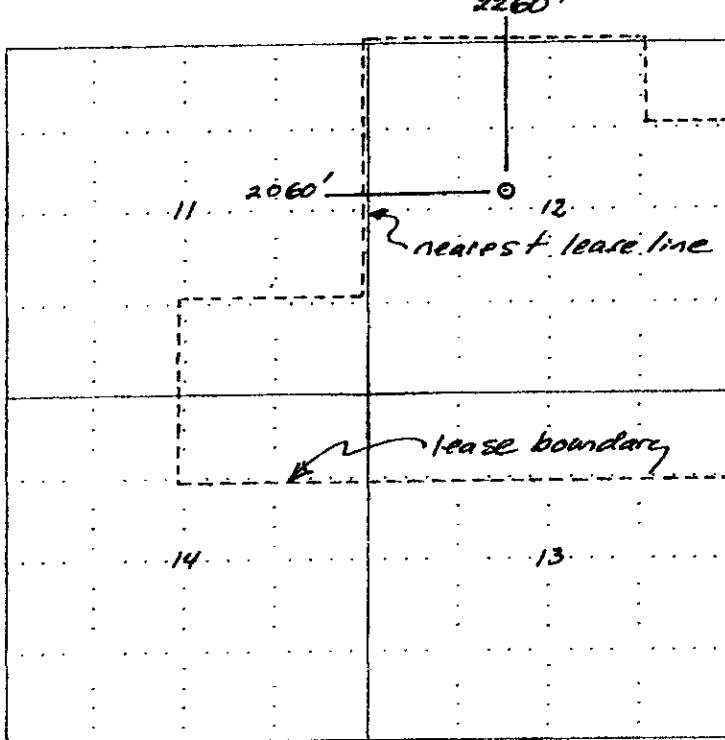
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please 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 - 007-23376-0000
 Operator: Herman L. Loeb
 Lease: Cinda Lytle
 Well Number: 5
 Field: Medicine Lodge
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: SE - SE - NW

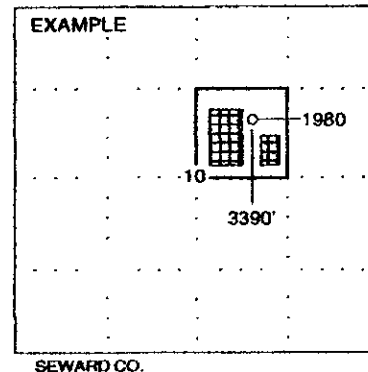
Location of Well: County: Barber
2260 feet from N / S Line of Section
2060 feet from E / W Line of Section
 Sec. 12 Twp. 33 S. R. 13 East West
 Is Section: Regular or Irregular
 If Section is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

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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 SEP 23 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 section's south / north and east / west.
3. The distance to the nearest lease or unit boundary line.
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 POND**

Form GDP-1
January 2001
Form must be Typed

Submit in Duplicate

Operator Name: Herman L. Loeb		License Number: 3273
Operator Address: P O Box 524 Lawrenceville, IL 62439		
Contact Person: George A. Payne		Phone Number: (812) 853 - 3813
Lease Name: Cinda Lytle 5		Pit Location:
Type of Pond: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Treatment Pit <input type="checkbox"/> Workover Pit <input checked="" type="checkbox"/> Drilling Pit <input type="checkbox"/> Burn Pit <small>(If VWP Supply API No. or Year Drilled)</small>	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 6,000 (bbls)	NW Qtr. Sec. 12 Twp. 33S R. 13 <input type="checkbox"/> E <input checked="" type="checkbox"/> W 2260 Feet from (N) S (circle one) Line of Section 2060 Feet from E (W) (circle one) Line of Section Barber County
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ mg/l <small>(For Emergency Pits and Treatment 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? Clay
Pit dimensions (all but working pits): <u>100</u> Length (feet) <u>100</u> Width (feet) Depth from ground level to deepest point: <u>5</u> (feet)		
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>3,598</u> feet Depth of water well <u>90</u> feet		Depth to shallowest fresh water <u>30</u> feet. Source of information: _____ measured _____ well owner _____ electric log <input checked="" type="checkbox"/> KDWR
Emergency, Treatment 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 pond? <input type="checkbox"/> Yes <input type="checkbox"/> No		Drilling and Workover Pits ONLY: Type of material utilized in drilling/workover: <u>Fresh water mud</u> Number of working pits to be utilized: <u>1</u> Abandonment procedure: <u>Vent sides, allow water to evaporate, backfill & smooth.</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>9/2/08</u> Date	 Signature of Applicant or Agent	RECEIVED KANSAS CORPORATION COMMISSION SEP 23 2008 CONSERVATION DIVISION WICHITA, KS
KCC OFFICE USE ONLY		
Date Received: <u>9/23/08</u> Permit Number: _____ Permit Date: _____ Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		

15-007-23376-0000



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

September 24, 2008

Herman Loeb
PO Box 838
Lawrenceville, IL 62439

RE: Drilling Pit Application
Cinda Lytle Lease Well No. 5
NW/4 Sec. 12-33S-13W
Barber County, Kansas

Dear Sir or Madam:

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 the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred. The fluids should be removed again 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 (620) 225-8888 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
Department of Environmental Protection and Remediation

cc: File

KCC -- Conservation Division Forms -- 11/01/2007

Internet KCC Home Page -- <http://kcc.ks.gov>

Conservation Division Home Page -- <http://kcc.ks.gov/conservation/index.htm>

Conservation Division Forms -- <http://kcc.ks.gov/conservation/forms/index.htm>

ADOBE FILL-IN FORM ON INTERNET

FORM DATE

General Administrative

- 09/2005 ■ License Application OPL-1
- 04/2004 ■ Request for Change of Operator; Transfer of Injection or Surface Pit Permit T-1

Well Permitting

- 10/2007 ■ Notice of Intent to Drill C-1 Please use updated form on future filings.
- 04/2004 ■ Application for Surface Pit CDP-1
- 12/1993 ■ Cathodic Protection Borehole Intent to Drill CB-1

Well Completion Reports and Other Well Application

- 09/1999 ■ Well Completion Form ACO-1
- 09/2005 ■ Commingling Application ACO-4
- 05/1988 ■ Dual Completion Report ACO-5
- 09/2005 ■ Well Location Exception Application Check List ACO-17
- 09/2005 ■ Venting-Flaring of Gas ACO-18
- 09/2005 ■ Extended Gas Venting Affidavit CG-3
- 09/2005 ■ Coalbed Natural Gas Venting Affidavit CG-4
- 10/2004 ■ Temporary Abandonment Application CP-111
- 09/2003 ■ Verified Affidavit For Vacuum Operations V-1

Surface Pits and Waste Transfer

- 04/2004 ■ Application for Surface Pit CDP-1
- 04/2004 ■ Closure of Surface Pit CDP-4
- 04/2004 ■ Exploration and Production Waste Transfer CDP-5

Well Plugging Report

- 09/2003 ■ Well Plugging Application CP-1
- 12/2003 ■ Well Plugging Record CP-4
- 08/2003 ■ Seismic Hole Affidavit

Oil & Gas Well Testing Report

- 10/1996 ■ Oil Productivity Test & GOR Report C-5
- 10/1996 ■ Multi-Point Back Pressure Test CG-1
- 07/2003 ■ One Point Stabilized Open Flow or Deliverability Test G-2

Gas Gathering Report

- 04/1998 ■ Gas Gathering Report GG-1
- 04/1998 ■ Gas Gathering Segment Report GG-1a

Oil and Gas Producer's Report

- 06/1989 ■ Summary of Oil Producers Report CO-8, CO-8A
- 08/2000 ■ Gas Producer/Purchaser Monthly Report CG-7, CG-7A

Acreage Attribution and Well Spacing Report

- 12/1994 ■ Oil Acreage Attribution Plat CO-7
- 12/1994 ■ Gas Acreage Attribution Plat CG-8
- 05/1989 ■ Application for Well Spacing ACO-7

New Pool and Certificate of Enhancement Projects (Severance Tax Exemptions) Request

- 10/2005 ■ New Pool Determination-Discovery Allowable ACO-16
- 10/1999 ■ Application for Enhanced Recovery Project Certification CER-1, and
Calculation Sheet Base Production Calculation and Certification CER 1-A

Underground Injection Control Report

- 07/2003 ■ UIC Application U-1
- 07/2003 ■ Annual Report U3-C. This form is required on an annual basis due each March 1.
- 07/2003 ■ Notice of Injection (of commencement or termination of injection) U-5
- 07/2003 ■ Application to Amend Injection Order U-8
- 07/2003 ■ Notice to Modify Injection Order U-9

Wireline Service

- 08/2003 ■ Monthly Wireline Service Company Report MWSC-1