



For KCC Use:
 Effective Date: 10/18/2008
 District # 3
 SGA? Yes No

KANSAS CORPORATION COMMISSION 1023156
 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: 10/18/2008
 month day year

OPERATOR: License# 5682
 Name: Hughes Drilling Co, a General Partnership
 Address 1: 122 MAIN
 Address 2:
 City: WELLSVILLE State: KS Zip: 66092 + 8522
 Contact Person: Carl (Clay) Hughes
 Phone: 913-963-9127

CONTRACTOR: License# 5682
 Name: Hughes Drilling Co, a General Partnership

Well Drilled For: Oil Gas Seismic; # of Holes Other
 Enh Rec Storage Disposal
 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:
 S2 - S2 - SW - SW Sec. 23 Twp. 23 S. R. 22 E W
 (0-0-0) 220 feet from N / S Line of Section
 4,620 feet from E / W Line of Section

Is SECTION: Regular Irregular?

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

County: Bourbon
 Lease Name: Smith Well #: 1
 Field Name: unknown

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Bartlesville

Nearest Lease or unit boundary line (in footage): 220

Ground Surface Elevation: 895 Estimated 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: 50

Depth to bottom of usable water: 100

Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set: 20

Length of Conductor Pipe (if any):

Projected Total Depth: 550

Formation at Total Depth: Bartlesville

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.

Submitted Electronically

For KCC Use ONLY
 API # 15 15-011-23452-00-00
 Conductor pipe required 0 feet
 Minimum surface pipe required 20 feet per ALT. I II
 Approved by: Rick Hestermann 10/13/2008
 This authorization expires: 10/13/2009
 (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:

23 23 22 E W



KANSAS CORPORATION COMMISSION 1023156
OIL & GAS CONSERVATION DIVISION

Form CDP-1
April 2004
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: Hughes Drilling Co, a General Partnership		License Number: 5682	
Operator Address: 122 MAIN		WELLSVILLE KS 66092	
Contact Person: Carl (Clay) Hughes		Phone Number: 913-963-9127	
Lease Name & Well No.: Smith 1		Pit Location (QQQQ): S2 S2 SW SW Sec. 23 Twp. 23 R. 22 <input checked="" type="checkbox"/> East <input type="checkbox"/> West 220 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 4,620 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Bourbon 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: 120 (bbls)		
Is the pit located in a Sensitive Ground Water Area? <input 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? sealed with bentonite gel	
Pit dimensions (all but working pits): 6 Length (feet) 8 Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: 5 (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 n/a feet Depth of water well _____ feet		Depth to shallowest fresh water _____ 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: Drilling mud Number of working pits to be utilized: 2 Abandonment procedure: <u>Let air dry and backfill</u> Drill pits must be closed within 365 days of spud date.	
Submitted Electronically			
KCC OFFICE USE ONLY			
Date Received: 10/10/2008		Permit Number: 15-011-23452-00-00	
Permit Date: 10/13/2008		Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
		Steel Pit <input type="checkbox"/> RFAC <input checked="" type="checkbox"/> RFAS <input type="checkbox"/>	

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



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

October 13, 2008

Carl (Clay) Hughes
Hughes Drilling Co, a General Partnership
122 MAIN
WELLSVILLE, KS66092-8522

Re: Drilling Pit Application
Smith Lease Well No. 1
SW/4 Sec.23-23S-22E
Bourbon County, Kansas

Dear Carl (Clay) Hughes:

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 practical 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) 432-2300 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:
kcc.ks.gov/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 District Office at (620) 432-2300.