



For KCC Use:  
 Effective Date: 10/18/2008  
 District # 1  
 SGA?  Yes  No

KANSAS CORPORATION COMMISSION 1023217  
 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: 10/24/2008  
month day year

OPERATOR: License# 30742  
 Name: Palomino Petroleum, Inc.  
 Address 1: 4924 SE 84TH ST  
 Address 2:  
 City: NEWTON State: KS Zip: 67114 + 8827  
 Contact Person: Klee R. Watchous  
 Phone: 316-799-1000

CONTRACTOR: License# 33350  
 Name: Southwind Drilling, Inc.

Well Drilled For:  Oil  Gas  Seismic; # of Holes  Other  
 Enh Rec  Storage  Disposal  Other  
 Well Class:  Infield  Pool Ext.  Wildcat  
 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:  
 NW - SE - SE - SE Sec. 10 Twp. 20 S. R. 22  E  W  
 (0/0/0/0) 610 feet from  N /  S Line of Section  
 610 feet from  E /  W Line of Section

Is SECTION:  Regular  Irregular?  
 (Note: Locate well on the Section Plat on reverse side)

County: Ness  
 Lease Name: Stieben Well #: 1  
 Field Name: None (Wildcat)

Is this a Prorated / Spaced Field?  Yes  No  
 Target Formation(s): Cherokee Sand

Nearest Lease or unit boundary line (in footage): 610  
 Ground Surface Elevation: 2223 Surveyed 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: 180  
 Depth to bottom of usable water: 650

Surface Pipe by Alternate:  I  II  
 Length of Surface Pipe Planned to be set: 200

Length of Conductor Pipe (if any): 0  
 Projected Total Depth: 4500

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**

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 - 15-135-24863-00-00  
 Conductor pipe required 0 feet  
 Minimum surface pipe required 200 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:

10  
20  
22  
 E  W



1023217

**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 - 15-135-24863-00-00

Operator: Palomino Petroleum, Inc.

Lease: Stieben

Well Number: 1

Field: None (Wildcat)

Location of Well: County: Ness

610 feet from  N /  S Line of Section

610 feet from  E /  W Line of Section

Sec. 10 Twp. 20 S. R. 22  E  W

Number of Acres attributable to well:

QTR/QTR/QTR/QTR of acreage: NW - SE - SE - SE

Is Section:  Regular or  Irregular

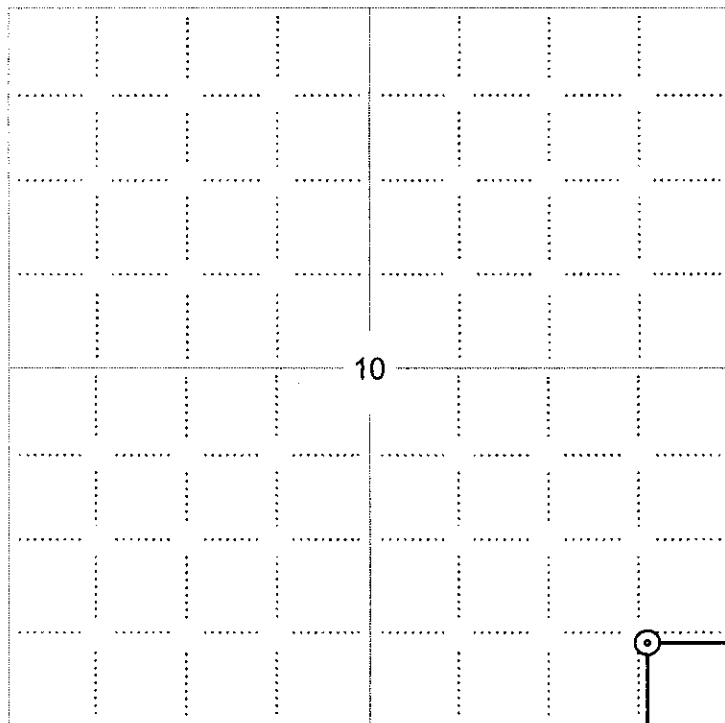
**If Section is Irregular, locate well from nearest corner boundary.**

Section corner used:  NE  NW  SE  SW

**PLAT**

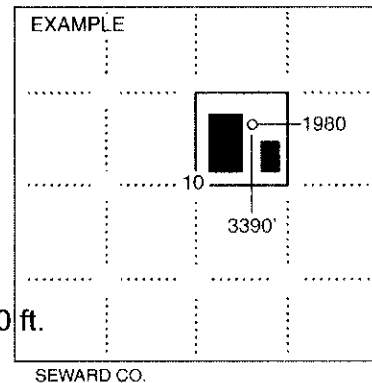
*(Show location of the well and shade attributable acreage for prorated or spaced wells.)*

*(Show footage to the nearest lease or unit boundary line.)*



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

610 ft.



**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).



KANSAS CORPORATION COMMISSION 1023217

OIL & GAS CONSERVATION DIVISION

Form CDP-1

April 2004

Form must be Typed

**APPLICATION FOR SURFACE PIT**

Submit in Duplicate

Operator Name: Palomino Petroleum, Inc.		License Number: 30742	
Operator Address: 4924 SE 84TH ST		NEWTON KS 67114	
Contact Person: Klee R. Watchous		Phone Number: 316-799-1000	
Lease Name & Well No.: Stieben 1		Pit Location (QQQQ): NW SE SE SE	
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 <small>(If WP Supply API No. or Year Drilled)</small>		Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 6,800 (bbls)	
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 Settling 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? Drilling mud and shale from well bore			
Pit dimensions (all but working pits): 80 Length (feet) 80 Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: 3 (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 4472 feet    Depth of water well 309 feet		Depth to shallowest fresh water 80 feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input checked="" type="checkbox"/> KDWR	
<b>Emergency, Settling and Burn Pits ONLY:</b> 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		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> Type of material utilized in drilling/workover: fresh _____ Number of working pits to be utilized: 2 Abandonment procedure: <u>evaporate and backfill</u> _____ Drill pits must be closed within 365 days of spud date.	
Submitted Electronically			

**KCC OFFICE USE ONLY**

Steel Pit  RFAC  RFAS

Date Received: 10/13/2008    Permit Number: 15-135-24863-00-00    Permit Date: 10/13/2008    Lease Inspection:  Yes  No

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