

For KCC Use: 10-22-08
 Effective Date: _____
 District # _____
 SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL

Form C-1
 October 2007
Form must be Typed
Form must be Signed
All blanks must be Filled

Must be approved by KCC five (5) days prior to commencing well

Expected Spud Date: December 1st 2008
 month day year

OPERATOR: License# 32787
 Name: Kansas Natural Gas Operating, Inc.
 Address 1: P. O. Box 815
 Address 2: _____
 City: Sublette State: KS Zip: 67877
 Contact Person: Steve Lehning
 Phone: 620-675-8185

CONTRACTOR: License# 33784
 Name: Trinidad Drilling Limited Partnership

Well Drilled For: Oil Gas 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: _____
 NE - SW - SW - Sec. 25 Twp. 29 S. R. 33 E W
 (0000) 1,250 feet from N / S Line of Section
 1,250 feet from E / W Line of Section

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

County: Haskell
 Lease Name: Daniels Well #: 1-3
 Field Name: Hugoton

Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Hugoton - Chase

Nearest Lease or unit boundary line (in footage): 1250' FWL
 Ground Surface Elevation: 2925.2 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: 600'
 Depth to bottom of usable water: 800'

Surface Pipe by Alternate: I II
 Length of Surface Pipe Planned to be set: 750' 820 min.

Length of Conductor Pipe (if any): None
 Projected Total Depth: 2750'
 Formation at Total Depth: Chase

Water Source for Drilling Operations:
 Well Farm Pond Other: Hauled Fresh Water

DWR Permit #: _____
 (Note: Apply for Permit with DWR)

Will Cores be taken? Yes No
 If Yes, proposed zone: _____

PRORATED & SPACED: HUGOTON PANOMA

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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OCT 17 2008
 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: OCT. 15TH 2008 Signature of Operator or Agent: Steven M. Lehning Title: Supr.

For KCC Use ONLY
 API # 15 - 081-21846-0000
 Conductor pipe required None feet
 Minimum surface pipe required 820 feet per ALT. I II
 Approved by: KMA 10/17/08
 This authorization expires: 10/17/09
 (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: _____

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 - ~~New Well - Infield~~ 15-081-21846-0000
Operator: Kansas Natural Gas Operating, Inc.
Lease: Daniels
Well Number: 1-3
Field: Hugoton

Number of Acres attributable to well: 640
QTR/QTR/QTR/QTR of acreage: NE - SW - SW -

Location of Well: County: Haskell
1,250 feet from N / S Line of Section
1,250 feet from E / W Line of Section
Sec. 25 Twp. 29 S. R. 33 E W

Is Section: Regular or Irregular

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

Section corner used: NE NW SE SW

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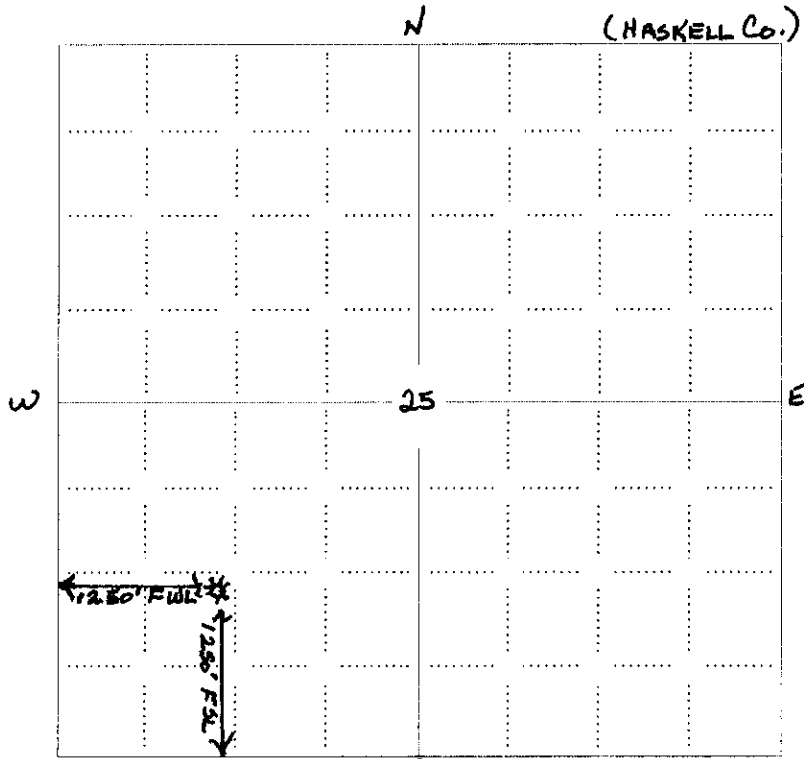
OCT 17 2008

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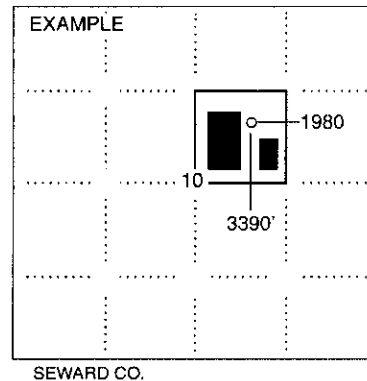
PLAT

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

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



Unit comprised of all of
Sec. 25-29S-33West
Total of 640 Acres



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).

PLAT AND CERTIFICATION OF ACREAGE ATTRIBUTABLE TO A GAS WELL

Kansas Corporation Commission, Conservation Division
 Finney State Office Building, 130 South Market, Room 2078
 Wichita, Kansas 67202

API NUMBER 15- 15081-21846-0000
New Well (Infield)

LOCATION OF WELL: COUNTY Haskell

OPERATOR Kansas Natural Gas Operating, Inc.

LEASE Daniels

1250' feet from south north line of section

WELL NUMBER 1-3

1250' feet from east west line of section

FIELD Hugoton - Chase Series

SECTION 25 TWP 29 (S) RG 33 E/W

NUMBER OF ACRES ATTRIBUTABLE TO WELL 640

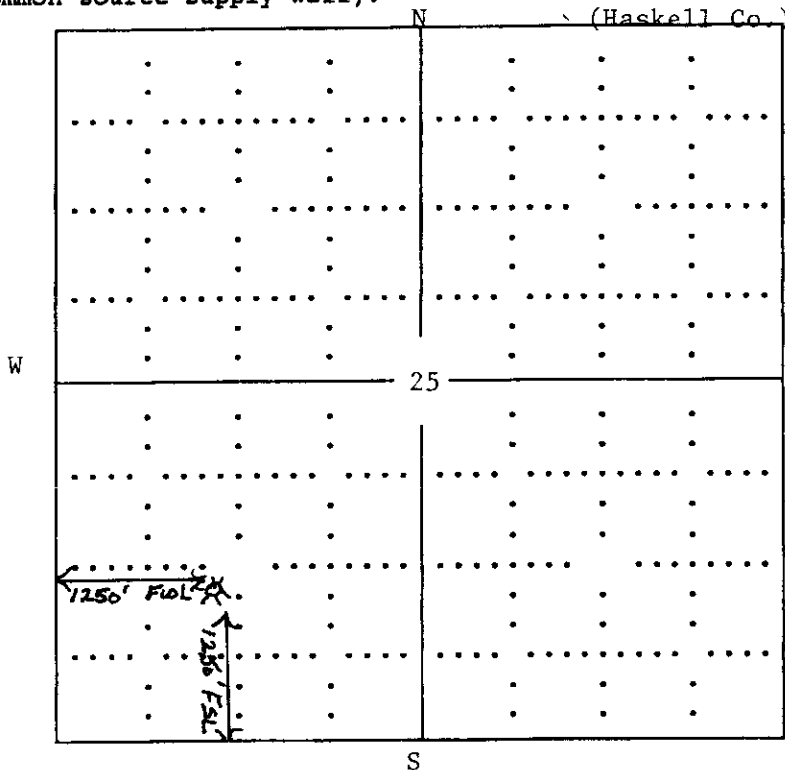
IS SECTION X REGULAR or IRREGULAR

QTR/QTR/QTR OF ACREAGE NE - SW - SW

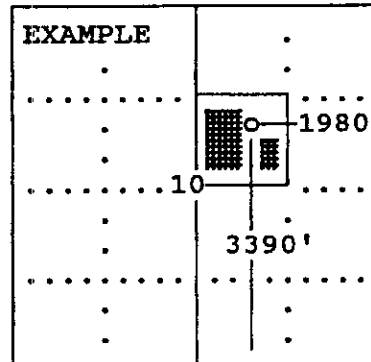
IF SECTION IS IRREGULAR, LOCATE WELL FROM
 NEAREST CORNER BOUNDARY. (check line below)

Section corner used: NE NW SE SW

(Show the location of the well and shade attributable acreage for prorated or spaced wells).
 (Show the footage to the nearest lease or unit boundary line; and show footage to the nearest
 common source supply well).



Unit comprised of all of
 Sec 25-29S-33 West
 Total of 640 Acres



The undersigned hereby certifies as Steven M. Lehning, Supt. (title) for

Kansas Natural Gas Operating, Inc. (Co.), a duly authorized agent, that all
 information shown hereon is true and correct to the best of my knowledge and belief, that all
 acreage claimed attributable to the well named herein is held by production from that well
 and hereby make application for an allowable to be assigned to the well upon the filing of
 this form and the State test, whichever is later.

Signature Steven M. Lehning, Supt.

Subscribed and sworn to before me on this 15th day of October, 192008

Kraig L. Gross
 Notary Public

My Commission expires May 8, 2010

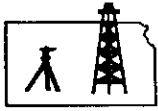
RECEIVED FORM CG-8 (12/94)
 KANSAS CORPORATION COMMISSION



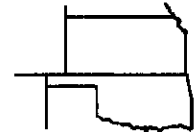
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15-08-21846-0000



ROBINSON SERVICES
Oil Field & Construction Staking
P.O. Box 2324
Garden City, Kansas 67846
Office/Fax: (620) 276-6159
Cell: (620) 272-1499



m100708-k
PLAT NO.

7942
INVOICE NO.

Kansas Natural Gas, Inc.
OPERATOR

Daniels #1-3
LEASE NAME

Haskell County, KS
COUNTY

25 29s 33w
Sec. Top. Rog.

1250' FSL - 1250' FWL
LOCATION SPOT

SCALE: **1" = 1000'**
DATE STAKED: **Oct. 3rd, 2008**
MEASURED BY: **Tom W.**
DRAWN BY: **Gabe Q.**
AUTHORIZED BY: **Steve L. & Gary U.**

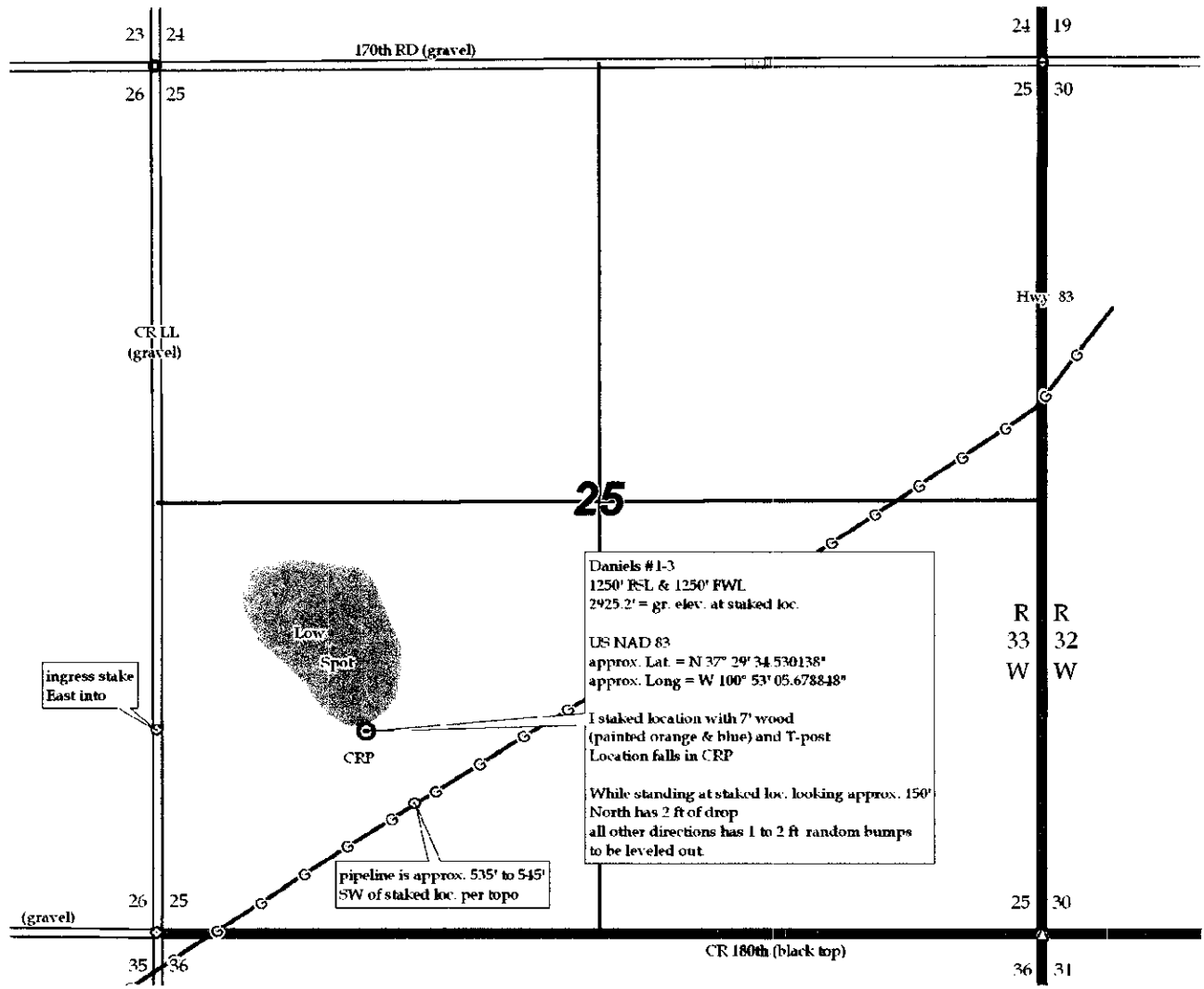


GR. ELEVATION: **2925.2''**

Directions: From 1 mile SW of Sublette, Ks at the intersection of Hwy 83 & Hwy 56 - Now go 1 miles North on Hwy 83 - Now go 1 mile West on 180th Rd to the SW corner of section 25-29s-33w - Now go 0.3 mile North on CR LL to ingress stake East into - Now go 1250' East through CRP into staked location..

Final ingress must be verified with land owner or Kansas Natural Gas, Inc.

This drawing does not constitute a monumented survey or a land survey plat
This drawing is for construction purposes only



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**KANSAS CORPORATION COMMISSION
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APPLICATION FOR SURFACE PIT**

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: Kansas Natural Gas Operating, Inc.		License Number: 32787
Operator Address: P O Box 815 Sublette, KS 67877		
Contact Person: Steve Lehning		Phone Number: 620-675-8185
Lease Name & Well No.: Daniels 1-3		Pit Location (QQQQ): NE SW SW 1/4
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: 2,500 (bbls)	Sec. 25 Twp. 29 R. 33 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1,260 ^{1250} Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 1,210 ^{1250} Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Haskell County
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: <u>N/A</u> 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? Gel Mud
Pit dimensions (all but working pits): <u>70</u> Length (feet) <u>70</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. NA	Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. NA	
Distance to nearest water well within one-mile of pit NA <u>4605</u> feet Depth of water well <u>N/A</u> ^{<u>465</u>} feet	Depth to shallowest fresh water <u>690</u> ^{<u>290</u>} feet. Source of information: <input type="checkbox"/> measured <input checked="" type="checkbox"/> well owner <input type="checkbox"/> electric log <input checked="" 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>Fresh Water - Drill Mud</u> Number of working pits to be utilized: <u>1</u> Abandonment procedure: <u>Evaporate till dry. Backfill and spread manure over location.</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>OCTOBER 15TH 2008</u> Date	<u>Steven M. Lehning, Supt.</u> Signature of Applicant or Agent	
KCC OFFICE USE ONLY		
Date Received: <u>10/17/08</u> Permit Number: _____		Steel Pit <input type="checkbox"/> RFAC <input type="checkbox"/> RFAS <input type="checkbox"/>
Permit Date: <u>10/17/08</u> Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

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