

AMENDED FOR LOCATION CHANGE 10/31/08 EMG

3-28-08 CORRECTED

11-7-08 CORRECTED AMENDED FOR LOC. CHANGE

For KCC Use: Effective Date: 3-26-08 District #: 4 SGA? Yes No

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

Form C-1 December 2002 Form must be Signed All blanks must be Filled

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

Expected Spud Date April 15, 2008 month day year

OPERATOR: License# 31819 Name: Cholla Production, LLC Address: 7851 South Elati Street, Suite 201 City/State/Zip: Littleton, CO 80120 Contact Person: Emily Hundley-Goff Phone: 303-623-4565

CONTRACTOR: License# 33607 Name: Kaler Oil Company

Well Drilled For: Oil, Gas, OWWO, Seismic, Other. Well Class: Enh Rec, 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 #:

3-28-08 WAS: SW-NE-NE 1320' FEL IS: SE-NW-NE 1510' FEL

Spot SE NW NE. Sec. 5 Twp. 3 S. R. 26. 1180' 1205' feet from N/S Line of Section. 1510' 1365' feet from E/W Line of Section. Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side) County: Decatur Lease Name: Bailey Well #: 1-5 Field Name: NA Is this a Prorated / Spaced Field? Target Formation(s): Lansing/Kansas City Nearest Lease or unit boundary: 1180' Ground Surface Elevation: 2610' est Water well within one-quarter mile: Public water supply well within one mile: Depth to bottom of fresh water: 200' Depth to bottom of usable water: 1400' Surface Pipe by Alternate: 2 Length of Surface Pipe Planned to be set: 250' Length of Conductor Pipe required: none required Projected Total Depth: 4000' Formation at Total Depth: Arbuckle Water Source for Drilling Operations: Well Farm Pond Other DWR Permit #: application in progress

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

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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:

NOV 04 2008

- 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; 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.

I hereby certify that the statements made herein are true and to the best of my knowledge and belief.

Date: 3/18/08 Signature of Operator or Agent: Emily Hundley-Goff Title: Owner/Manager

For KCC Use ONLY API # 15 - 039-21055-0000 Conductor pipe required None feet Minimum surface pipe required 250 feet per Alt. Approved by: 3-21-08 / 3-28-08 / 11-7-08 This authorization expires: 3-21-09 Spud date: Agent: 1/12

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: 3-28-08

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

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IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW
Plat of acreage attributable to a well in a prorated or spaced field

CORRECTED

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 - _____
Operator: Cholla Production, LLC
Lease: Bailey
Well Number: 1-5
Field: NA

Location of Well: County: Decatur
~~1180~~ 1205' feet from N / S Line of Section
~~1205~~ ~~1510~~ 1365' feet from E / W Line of Section
Sec. 5 Twp. 3 S. R. 26 East West

Number of Acres attributable to well: 240
QTR / QTR / QTR of acreage: ~~SW~~ - ~~NW~~ - ~~NE~~
SE NW NE

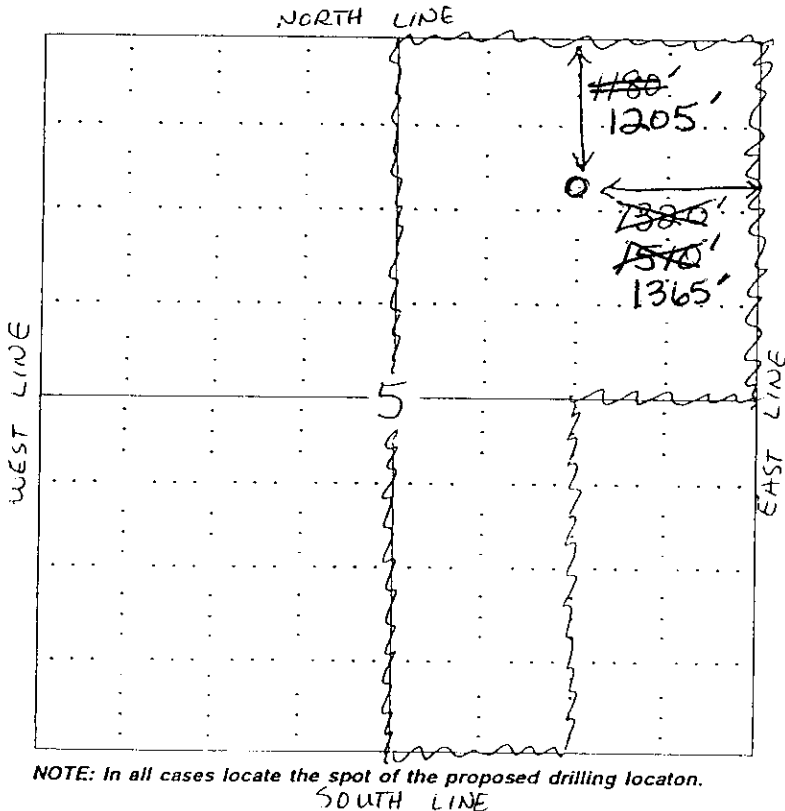
Is Section: Regular or Irregular

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

Section corner used: NE NW SE SW

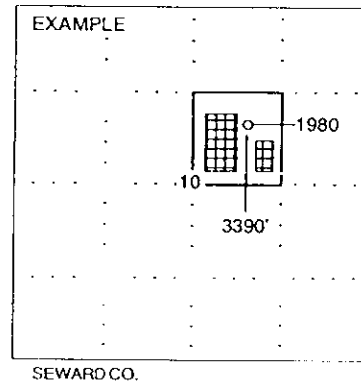
PLAT

(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.

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WICHITA, KS



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).



Fall & Associates

Stake and Elevation Service

719 W. 5th Street

P.O. Box 404

Concordia, KS. 66901

1-800-536-2821

Date 10-30-08

Invoice Number 1028081

CHOLLA PRODUCTION, INC.

1-5

Bailey

Operator

Number

Farm Name

Decatur-KS

5

3s

26w

1205' FNL 1365' FEL

County-State

S

T

R

Location

Elevation 2605 Gr.

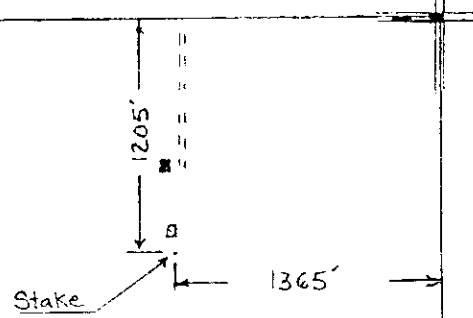
Ordered By: Leon Pfeifer

Cholla Production, Inc.
7851 S. Elati St. Ste. 201
Littleton, CO. 80120

Scale 1"=1000'



Ran routine staking procedure to verify stake set by dirt contractor.



5

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WICHITA, KS

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~~LOC. CHANGE~~
~~3/25/08 ENT~~

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION
 APPLICATION FOR SURFACE PIT

AMENDED FOR LOCATION
 CHANGE 10/31/08
 ENT

Form CDP-1
 April 2004
 Form must be Typed

Submit in Duplicate

CORRECTED

Operator Name: Cholla Production, LLC		License Number: 31819	
Operator Address: 7851 South Elati Street, Suite 201, Littleton, CO 80120			
Contact Person: Emily Hundley-Goff		Phone Number: (303) 623 - 4565	
Lease Name & Well No.: Bailey #1-5		Pit Location (QQQQ): SE SW NE NE SW SW NE NE	
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: 11160 _____ (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Sec. 5 Twp. 3 R. 26 <input type="checkbox"/> East <input checked="" type="checkbox"/> West Feet from 1180 1250 1275 1205 North / <input checked="" type="checkbox"/> South Line of Section Feet from 1250 1240 1295 1305 East / <input checked="" type="checkbox"/> West Line of Section Decatur _____ County	
Is the bottom below ground level? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: _____ mg/l <small>(For Emergency Pits and Settling Pits only)</small>	
Artificial Liner? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		How is the pit lined if a plastic liner is not used? well is to be drilled with bentonite based fresh water mud to seal drilling pit	
Pit dimensions (all but working pits): 125 _____ Length (feet) 125 _____ Width (feet) N/A: Steel Pits Depth from ground level to deepest point: 4 _____ (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 950' to NW _____ feet Depth of water well 182 _____ feet		Depth to shallowest fresh water 119 _____ feet. Source of information: _____ measured _____ well owner _____ 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: bentonite based fresh water mud Number of working pits to be utilized: one Abandonment procedure: evaporation and reclamation 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.			
3/18/08 _____ Date		Emily Hundley-Goff _____ Signature of Applicant or Agent	

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Date Received: 11/4/08 Permit Number: _____ Permit Date: 11/4/08 Lease Inspection: Yes No