

For KCC Use:  
 Effective Date: 10-26-08  
 District #: 4  
 SGA?  Yes  No

KANSAS CORPORATION COMMISSION  
 OIL & GAS CONSERVATION DIVISION

\*\*\*Corrected\*\*\*  
 # Well # 11-10-08  
**CORRECTED**

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: October 28 2008  
month day year

OPERATOR: License# 8507  
 Name: PAXCO, INC.  
 Address 1: 8920 Peppertree Circle  
 Address 2:  
 City: Wichita State: KS Zip: 67226  
 Contact Person: Jay C. Clark  
 Phone: (316) 634-1714  
 CONTRACTOR: License# 31548  
 Name: Discovery Drilling

Spot Description: 22'N & 40'W of  
N/2 S/2 - NW Sec. 10 Twp. 14 S. R. 17W  E  W  
(a/a/a) 1628 feet from  N /  S Line of Section  
1280 feet from  E /  W Line of Section  
 Is SECTION:  Regular  Irregular?

(Note: Locate well on the Section Plat on reverse side)  
 County: Ellis  
 Lease Name: SANDER Well #: 10

Field Name:  
 Is this a Prorated / Spaced Field?  Yes  No  
 Target Formation(s): LKC & Arbuckle  
 Nearest Lease or unit boundary line (in footage): 1012

Ground Surface Elevation: 2008 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): None  
 Projected Total Depth: 3550'  
 Formation at Total Depth: Arbuckle

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:

Well Drilled For:  Oil  Gas  Seismic; # of Holes  Other:  
 Well Class:  Enh Rec  Storage  Disposal  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 #:

**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 correct to the best of my knowledge and belief.

Date: 20 Oct. 2008 Signature of Operator or Agent: [Signature] Title: Agent

RECEIVED  
 KANSAS CORPORATION COMMISSION  
 NOV 10 2008  
 CONSERVATION DIVISION  
 WICHITA, KS

For KCC Use ONLY  
 API # 15 - 051-25842-0000  
 Conductor pipe required None feet  
 Minimum surface pipe required 200 feet per ALT.  I  II  
 Approved by: NH 10-21-08 / per 11-10-08  
 This authorization expires: 10-21-09  
(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 - 051-25842-0000  
 Operator: PAXCO, INC.  
 Lease: SANDER  
 Well Number: 10  
 Field: \_\_\_\_\_  
 Number of Acres attributable to well: \_\_\_\_\_  
 QTR/QTR/QTR/QTR of acreage: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

Location of Well: County: Ellis  
1628 feet from  N /  S Line of Section  
1280 feet from  E /  W Line of Section  
 Sec. 10 Twp. 14 S. R. 17W  E  W

Is Section:  Regular or  Irregular

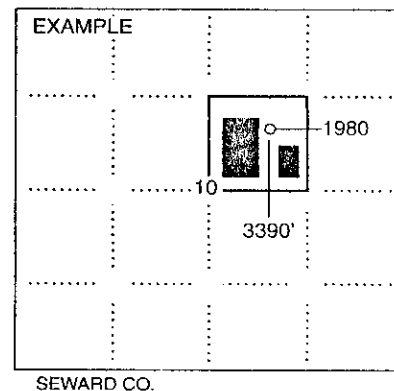
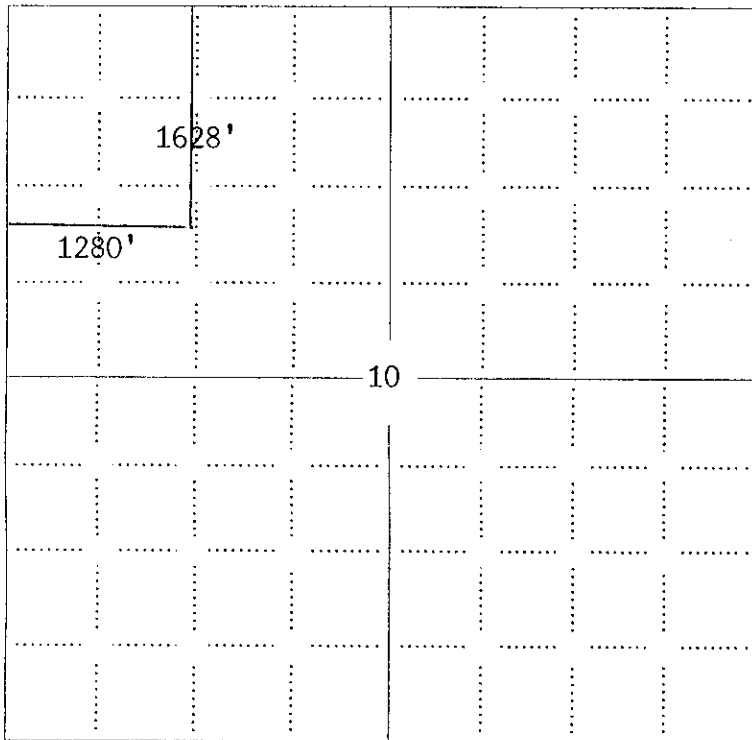
**If Section is Irregular, locate well from nearest corner boundary.**

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.**

Ellis Co., KS

**In plotting the proposed location of the well, you must show:**

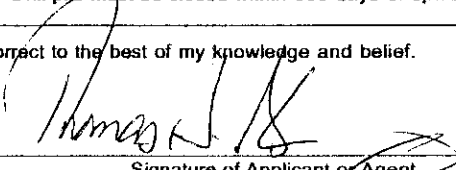
1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the south / north and east / west outside section lines.
3. The distance to the nearest lease 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).

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

Form GDP-1  
April 2004  
Form must be Typed

**CORRECTED**

Submit in Duplicate

Operator Name: PAXCO, INC.		License Number: 8507	
Operator Address: 8920 Peppertree Circle Wichita, KS 67226			
Contact Person: Jay C. Clark		Phone Number: ( 316 ) 634 - 1714	
Lease Name & Well No.: SANDER # 10		Pit Location (QQQQ): 22'N & 40'W of N/2 - S/2 - NW	
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 (If WP Supply API No. or Year Drilled)		Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 3000 (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ mg/l (For Emergency Pits and Settling Pits only)	
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 soil, native and fresh mud.			
Pit dimensions (all but working pits): 70 Length (feet) 70 Width (feet) N/A: Steel Pits Depth from ground level to deepest point: 5 (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 726 feet    Depth of water well 42 feet		Depth to shallowest fresh water 32 feet. Source of information: _____ measured _____ well owner _____ 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 Mud Number of working pits to be utilized: 3 Abandonment procedure: Allow liquid contents to evaporate, let cuttings dry and backfill. 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.			
20 October 2008 Date		 Signature of Applicant or Agent	
<b>KCC OFFICE USE ONLY</b>			
Date Received: 11/10/08    Permit Number: _____    Permit Date: 11/10/08    Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

RECEIVED  
KANSAS CORPORATION COMMISSION  
NOV 10 2008  
CONSERVATION DIVISION  
WICHITA, KS

15-051-25812-0000

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