

For KCC Use: 11-19-08
 Effective Date: 4
 District # _____
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 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: 11 17 2008
month day year

OPERATOR: License# 5046
 Name: Raymond Oil Company, Inc.
 Address 1: PO BOX 48788
 Address 2: _____
 City: Wichita State: Ks Zip: 67201
 Contact Person: Ted McHenry
 Phone: 316-267-4214

CONTRACTOR: License# 30606
 Name: Murfin Drilling

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: Approx 120' E of per oper.
N/2 - N/2 - SE Sec. 22 Twp. 9 S. R. 34 E W
(a/a/a) 2,340 feet from N / S Line of Section
1,200 feet from E / W Line of Section

Is SECTION: Regular Irregular?

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

County: Thomas
 Lease Name: Herren A Well #: 1
 Field Name: Herren Ext.

Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): LKC, MISS

Nearest Lease or unit boundary line (in footage): 330'
 Ground Surface Elevation: 3209' 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: 228' 180'
 Depth to bottom of usable water: 1900'

Surface Pipe by Alternate: I II
 Length of Surface Pipe Planned to be set: 300' 300'

Length of Conductor Pipe (if any): _____
 Projected Total Depth: 4850'
 Formation at Total Depth: Miss

Water Source for Drilling Operations: Well Farm Pond Other: _____
 DWR Permit #: Contractor will file permit

(Note: Apply for Permit with DWR)

Will Cores be taken? Yes No

If Yes, proposed zone: _____

Oil & Gas Lease Attached.

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: 11/11/2008 Signature of Operator or Agent: Ted McHenry Title: Geologist

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NOV 13 2008

CONSERVATION DIVISION
 WICHITA, KS

For KCC Use ONLY
 API # 15 - 193-20753-0000
 Conductor pipe required None feet
 Minimum surface pipe required 230 feet per ALT: I II
 Approved by: [Signature]
 This authorization expires: 11-14-09
(This authorization void if drilling not started within 12 months of approval date.)
 Spud date: _____ Agent: _____

Remember:

- 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: _____

12
9
34
 E
 W

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 - 193-20753-0000
Operator: Raymond Oil Company, Inc.
Lease: Herren A
Well Number: 1
Field: Herren Ext.

Location of Well: County: Thomas
2,340 feet from N / S Line of Section
1,200 feet from E / W Line of Section
Sec. 21 Twp. 9 S. R. 34 E W

Number of Acres attributable to well: _____
QTR/QTR/QTR/QTR of acreage: _____ - N/2 - N/2 - SE

Is Section: Regular or Irregular

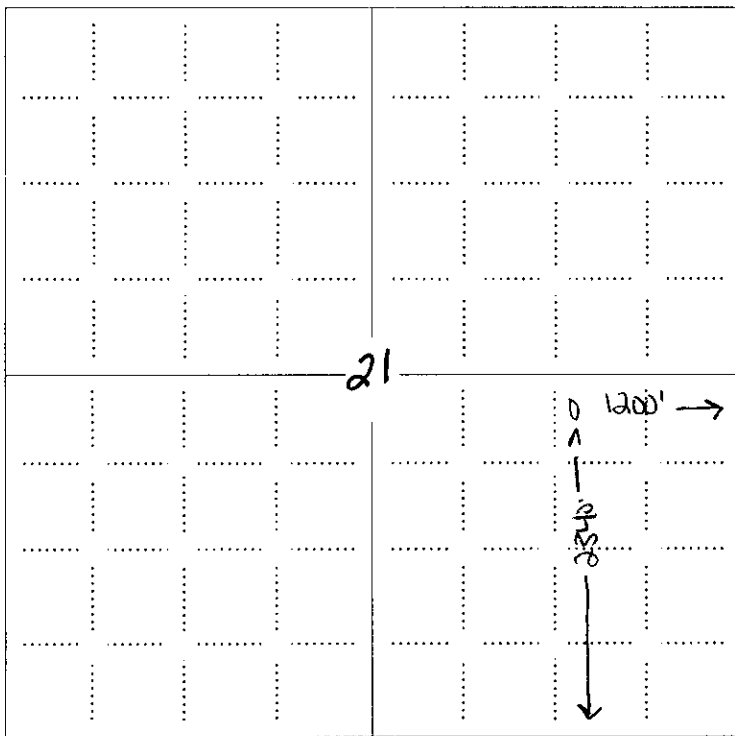
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

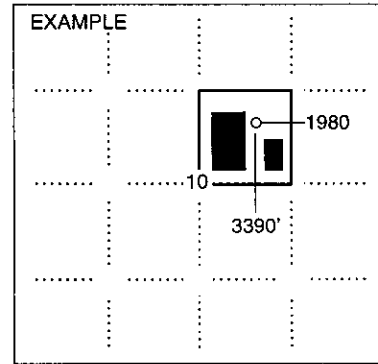
PLAT

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

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



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WICHITA, KS



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).

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

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: Raymond Oil Company, Inc.		License Number: 5046
Operator Address: PO BOX 48788		Wichita Ks 67201
Contact Person: Ted McHenry		Phone Number: 316-267-4214
Lease Name & Well No.: Herren A #1		Pit Location (QQQQ): <i>NW NE</i> N/2 - N/2 - 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: _____ (bbls)	Sec. <i>12 91 per oper.</i> 12 Twp. 9 R. 34 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 2,310 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 1,200 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Thomas County
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? Bentonite Mud
Pit dimensions (all but working pits): <u>80</u> Length (feet) <u>80</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.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. DAILY INSPECTION
Distance to nearest water well within one-mile of pit <u>1590</u> feet Depth of water well <u>185</u> feet		Depth to shallowest fresh water <u>122</u> 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: <u>fresh mud</u> Number of working pits to be utilized: <u>3</u> Abandonment procedure: <u>Evaporate & backfill</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.		RECEIVED KANSAS CORPORATION COMMISSION
<u>11/11/2008</u> Date	 Signature of Applicant or Agent	NOV 13 2008 CONSERVATION DIVISION WICHITA, KS
KCC OFFICE USE ONLY		
Steel Pit <input type="checkbox"/> RFAC <input type="checkbox"/> RFAS <input type="checkbox"/>		
Date Received: <u>11/13/08</u> Permit Number: _____ Permit Date: <u>11/13/08</u> Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

15793-20753-0000

15-193-20753-0000

63 U (Rev. 1993, ATH 12/2006)

BOOK 185 PAGE 660

OIL AND GAS LEASE

AGREEMENT, made and entered into this 18th day of January, 2007, by and between

Claude W. Herren and Cieta Herren, husband and wife, whose mailing address is

949 County Rd. 16, Colby, KS 67701, hereinafter called lessor (whether one or more), and

Raymond Oil Company, Inc., PO Box 48788, Wichita, KS 67201, hereinafter called lessee.

1. Lessor, in consideration of Ten Dollars (\$ 10.00) in hand paid, receipt of which is hereby acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring by geophysical and other means, prospecting, drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest, therein situated in the County of Thomas State of Kansas, described as follows, to wit:

- Tract 1: SE/4 of Section 20
Tract 2: NE/4 of Section 21
Tract 3: SE/4 of Section 21
Tract 4: NE/4 of Section 22
Tract 5: NW/4 of Section 22
Tract 6: SW/4 of Section 22
Tract 7: SE/4 of Section 22

In Section XX, Township 9 South, Range 34 West, and containing 1120.00 Acres, more or less, and all accretions thereto.

- 2. Subject to the provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term"), and as long as thereafter as oil, liquid hydrocarbons or gas or other respective constituent products, or any form of them is produced from said land or land with which said land is pooled.
3. In consideration of these premises lessee covenants and agrees:
a. To deliver to the credit of lessor, free of cost, in the pipeline to which lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.
b. To pay lessor for gas of whatsoever nature or kind produced and sold or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8), at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (1/8) of the proceeds received by lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly.
4. This lease may be maintained during the primary term hereof without further payment or drilling operations.
5. If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid to lessor only in the proportion which lessor's interest bears to the whole and undivided fee.
6. Lessee shall have the right to use, free of cost, gas, oil and water produced on the leased premises for lessee's operations thereon, except water from wells of lessor.
7. When requested by the lessor, lessee shall bury lessor's pipelines below plow depth.
8. No well shall be drilled nearer than 200 feet to a house or barn now on said premises without the written consent of the lessor.
9. Lessee shall pay for all damages caused by lessee's operations to growing crops on said land.
10. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.
11. If the estate of either party hereto is assigned and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to its heirs, executors, administrators, successors or assigns, but no change in the ownership of the lands or assignment of rentals or royalties shall be binding on lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof.
12. Lessee may at any time execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.
13. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.
14. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and the undersigned lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.
15. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.
16. Lessee, or its assigns, will consult with Lessor regarding routes of ingress and egress prior to commencing operations.
17. Lessee, or its assigns, will restore surface to original condition as nearly as is practicable upon completion of operations, including backfilling all pits when drilled and restoring terraces disturbed by operations.

18. It is understood and agreed by Lessor and Lessee that this document shall be treated as a separate lease for each of the numbered tracts described above.
19. If at the end of the primary term this lease is not being maintained in force under the provisions hereof, this lease shall expire, unless Lessee on or before the end of the primary term shall pay or tender as royalty to lessor the sum of \$10.00 multiplied by the number of net mineral acres owned by Lessor in the land above described and then subject to this lease; and provided that if at the end of the primary term of this lease, the primary term shall be extended for an additional term of 2 years from the end of the primary term thereof.

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first written above.
Witnesses:

Claude W. Herren
Claude W. Herren

Cieta Herren
Cieta Herren

Tax ID #

Tax ID#

5-097-6600-00

Original in 15-097-6600-00

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NOV 14 2008

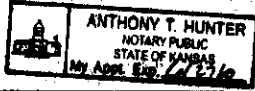
CONSERVATION DIVISION
WICHITA, KS

15193 20753-0000

STATE of Kansas)
COUNTY of Thomas) ss: Acknowledgment for Individual (KS, OK, CO)

Before me, the undersigned, a Notary Public, within and for said County and State, on this 18th day of January, 2007, personally appeared Claude W. Herren and Clea Herren, husband and wife, to me personally known to be the identical person(s) who executed the within foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act(s) and deed(s) for the uses and purposes therein set forth. IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires _____



Anthony T. Hunter
Anthony T. Hunter, Notary Public

STATE of _____)
COUNTY of _____) ss: Acknowledgment for Individual (KS, OK, CO)

Before me, the undersigned, a Notary Public, within and for said County and State, on this _____ day of _____, personally appeared _____ to me personally known to be the identical person(s) who executed the within foregoing instrument and acknowledged to me that _____ executed the same as _____ free and voluntary act(s) and deed(s) for the uses and purposes therein set forth. IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires _____

_____, Notary Public

STATE of _____)
COUNTY of _____) ss: Acknowledgment for Individual (KS, OK, CO)

Before me, the undersigned, a Notary Public, within and for said County and State, on this _____ day of _____, personally appeared _____ to me personally known to be the identical person(s) who executed the within foregoing instrument and acknowledged to me that _____ executed the same as _____ free and voluntary act(s) and deed(s) for the uses and purposes therein set forth. IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires _____

_____, Notary Public

STATE of _____)
COUNTY of _____) ss: Acknowledgment for Individual (KS, OK, CO)

Before me, the undersigned, a Notary Public, within and for said County and State, on this _____ day of _____, personally appeared _____ to me personally known to be the identical person(s) who executed the within foregoing instrument and acknowledged to me that _____ executed the same as _____ free and voluntary act(s) and deed(s) for the uses and purposes therein set forth. IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires _____

_____, Notary Public



FILE NUMBER 20070510 BK 185 PAGE 660 -
RECORDED 2/6/2007 at 11:37 AM
RECORDING FEE: \$ 12.00
Thomas County, KANSAS
LORA L. VOLK, DEPUTY
MAYBELLE MOORE, REGISTER OF DEEDS

Vertical lines for recording details: No., OIL AND GAS LEASE, FROM, TO, Date, Section, No. of Acres, STATE OF, County of, This instrument was filed for, day of, at, o'clock, recorded in Book, P, of the records of this office, By, Register, When recorded, return to

STATE of _____)
COUNTY of _____) ss: Acknowledgment for Corporation (KS, OK, CO)

Be it remembered that on this _____ day of _____, 20____, before me, the undersigned, a Notary Public, duly commissioned, in and for the county and state aforesaid, came _____, President of _____ a corporation of the State of _____ personally known to me to be such officer, and to be the same person who executed as such officer the foregoing instrument of writing in behalf of said corporation, and _____ duly acknowledged the execution of the same for _____ self and for said corporation for the uses and purposes therein set forth. IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires _____

_____, Notary Public

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MICHITA, KS