

For KCC Use: 11-2508
 Effective Date: 3
 District #: 3
 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 month 18 day 2008 year

OPERATOR: License# 33712
 Name: Clark Energy LLC
 Address 1: 1198 Road 31
 Address 2:
 City: Havana, KS State: KS Zip: 67347 + 9 1 0 5
 Contact Person: Randy Clark
 Phone: 620-330-2110

CONTRACTOR: License# 5831
 Name: M.O.K.A.T Drilling

Well Drilled For: Oil Gas Enh Rec Storage Disposal Seismic Other
 Well Class: Infield Pool Ext. Wildcat Other
 Type Equipment: Mud Rotary Air Rotary Cable
 # of Holes: _____

If OWWO: old well information as follows:
 Operator: N/A
 Well Name: _____
 Original Completion Date: _____ Original Total Depth: _____

Directional, Deviated or Horizontal wellbore? Yes No
 If Yes, true vertical depth: N/A
 Bottom Hole Location: N/A
 KCC DKT #: _____

Spot Description:
 NW - NE - NW - NE Sec. 16 Twp. 33 S. R. 13 E W
5,235 feet from N / S Line of Section
1,970 feet from E / W Line of Section

Is SECTION: Regular Irregular?

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

County: Chautauqua
 Lease Name: Stevens Well #: 16-2
 Field Name: Fraiser

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Fleming Coal

Nearest Lease or unit boundary line (in footage): 1970'

Ground Surface Elevation: 818' 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: 105

Depth to bottom of usable water: 225

Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set: 40'

Length of Conductor Pipe (if any): N/A

Projected Total Depth: 1300

Formation at Total Depth: Fleming Coal

Water Source for Drilling Operations:

Well Farm Pond Other: N/A

DWR Permit #: _____

(Note: Apply for Permit with DWR)

Will Cores be taken? Yes No

If Yes, proposed zone: _____

Oil & Gas Lease Submitted (SE Sec. 9 & N/2 NE Sec 16)
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: 11-10-08 Signature of Operator or Agent: Randy W. Clark Title: Manager

For KCC Use ONLY
 API # 15 - 019-26953-0000
 Conductor pipe required None feet
 Minimum surface pipe required 40 feet per ALT. I II
 Approved by: Randy W. Clark 11-20-08
 This authorization expires: 11-20-09
 (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 prorations 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: _____

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

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16 33 13

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 - 019-26953-0000
Operator: Clark Energy LLC
Lease: Stephens
Well Number: 16-2
Field: Fraiser

Location of Well: County: Chautauqua
5,235 feet from N / S Line of Section
1,970 feet from E / W Line of Section
Sec. 16 Twp. 33 S. R. 13 E W

Number of Acres attributable to well: _____
QTR/QTR/QTR/QTR of acreage: NW - NE - NW - NE

Is Section: Regular or Irregular

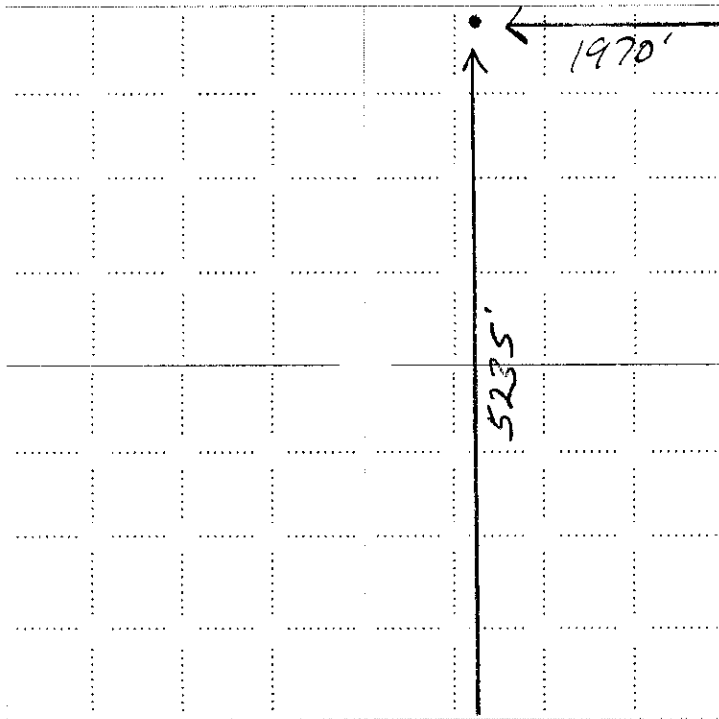
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

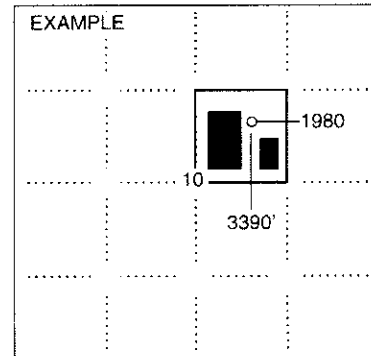
PLAT

(Show location of the well and shade 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.

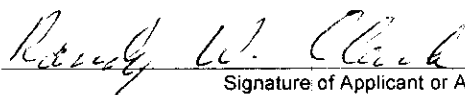
In plotting the proposed location of the well, you must show:

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: Clark Energy LLC		License Number: 33712
Operator Address: 1198 Road 31		Havana , KS KS 67347
Contact Person: Randy Clark		Phone Number: 620-330-2110
Lease Name & Well No.: Stephens 16-2		Pit Location (QQQQ): <u> </u> NW <u> </u> NE <u> </u> NW <u> </u> NE Sec. <u>16</u> Twp. <u>33</u> R. <u>13</u> <input checked="" type="checkbox"/> East <input type="checkbox"/> West <u>5,235</u> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <u>1,970</u> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Chautauqua County
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 type="checkbox"/> Proposed <input checked="" type="checkbox"/> Existing If Existing, date constructed: <u>10-1-2008</u> Pit capacity: <u>300</u> (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? Clay lined
Pit dimensions (all but working pits): <u>45</u> Length (feet) <u>25</u> Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: <u>7</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.
		RECEIVED KANSAS CORPORATION COMMISSION NOV 14 2008 CONSERVATION DIVISION WICHITA, KS
Distance to nearest water well within one-mile of pit <u>N/A</u> feet Depth of water well _____ feet	Depth to shallowest fresh water _____ feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input type="checkbox"/> KDWR	15-019-26953-0000
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>Air Drill</u> Number of working pits to be utilized: <u>1</u> Abandonment procedure: <u>Evaporate and fill</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>11-10-08</u> Date	 Signature of Applicant or Agent	
KCC OFFICE USE ONLY		
Date Received: <u>11/14/08</u> Permit Number: _____		Steel Pit <input type="checkbox"/> RFAC <input checked="" type="checkbox"/> RFAS <input type="checkbox"/>
Permit Date: <u>11/14/08</u>		Lease Inspection: <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> NO

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



Kathleen Sebelius, Governor
Thomas E. Wright, Chairman
Michael C. Moffet, Commissioner
Joseph F. Harkins, Commissioner

November 14, 2008

Clark Energy LLC
1198 Road 31
Havana, KS 67347-9105

RE: Drilling Pit Application
Stephens Lease Well No. 16-2
NE/4 Sec. 16-33S-13E
Chautauqua County, Kansas

Dear Sir or Madam:

District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as practical after drilling operations have ceased.

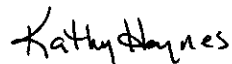
If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

The fluids should be taken to an authorized disposal well. Please call the District Office at (620) 432-2300 when the fluids have been removed. Please file form CDP-5 (August 2004), Exploration and Production Waste Transfer, within 30 days of fluid removal. Conservation division forms are available through our office and on the KCC web site:
www.kcc.state.ks.us/conservation/forms.

A copy of this letter should be posted in the doghouse along with the approved Intent to Drill.

If you have any questions or concerns please feel free to contact the undersigned at the above address.

Sincerely,


Kathy Haynes

Environmental Protection and Remediation Department

cc: File

STATE OF KANSAS)
Chautauqua County) ss \$32.00

This instrument was filed for record this 9 day of
February 2007 at 8:30 o'clock AM and duly recorded in
135 of records on page 767

Laura Deason
REGISTER OF DEEDS

OIL AND GAS LEASE

15-019-26953-0000

AGREEMENT made and entered into effective the 26 day
of August, 2006, by and between:

HOWARD E. STEPHENS and BETTY E. STEPHENS, husband and wife;
MARY M. WARREN and JACK WARREN, wife and husband; and
SHERRY L. DICKSON and DONALD L. DICKSON, wife and husband,
hereinafter referred to as Party of the First Part and/or
Lessor (whether one or more), and

CLARK ENERGY, LLC, 1198 Road 31, Havana, KS 67347,
hereinafter referred to as Party of the Second Party and/or
Lessee (whether one or more).

WITNESSETH: That the said Lessor, for and in
consideration of One Dollar (\$1.00) and other valuable
consideration, the receipt and sufficiency of which is
hereby acknowledged by Lessor, and of the covenants and
agreements hereinafter contained on the part of the Lessee
to be paid, kept and performed, Lessor has granted,
demised, leased and let and by these presents does grant,
demise, lease and let unto said Lessee, for the sole and
only purpose of mining, exploring, developing and operating
for oil and gas, hydrocarbons, all gases and their
respective constituent products, injecting gas, water,
other fluids and air into subsurface strata, and laying
pipelines and building tanks, roadways, power stations,
storing oil and other necessary structures and things
thereon, to produce, save, treat, process, store,
transport, market and take care of said products, the
following described real estate together with any
reversionary rights and after-acquired interests therein,
situated in **CHAUTAUQUA COUNTY, KANSAS,** and described as
follows, to-wit:

**THE SOUTHEAST QUARTER OF SECTION 9 AND THE NORTH HALF OF
THE NORTHEAST QUARTER OF SECTION 16, ALL IN TOWNSHIP 33
SOUTH, RANGE 13, EAST OF THE 6TH P.M.,**

and containing 240 acres, more or less.

It is agreed that this lease shall remain in full
force for a **Primary Term of three (3) years** from the above
date, and as long thereafter as oil or gas, or either of
them, is produced from said land by the Lessee.

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