

For KCC Use:

Effective Date: 12-7-08

District # 4

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: 12 2 2008
month day year

OPERATOR: License# 33315 ✓

Name: Mar-Lou Oil Company, LLC

Address 1: P.O. Box 218

Address 2: _____

City: Wilson State: KS Zip: 67490 + _____

Contact Person: Shawn D. Evans

Phone: 785-445-2942

CONTRACTOR: License# 33905 ✓

Name: Royal Drilling, Inc.

Well Drilled For:	Well Class:	Type Equipment:
<input checked="" type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input checked="" type="checkbox"/> Infield
<input type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Pool Ext.
	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat
<input type="checkbox"/> Seismic ; _____ # of Holes	<input type="checkbox"/> Other	<input type="checkbox"/> Cable
<input type="checkbox"/> Other: _____		

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 SE SW SE Sec. 15 Twp. 14 S. R. 15 E W

(or or) 370 feet from N / S Line of Section

1,630 feet from E / W Line of Section

Is SECTION: Regular Irregular?

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

County: Russell

Lease Name: Mermis Well #: 1

Field Name: Gorham

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Arbuckle ✓

Nearest Lease or unit boundary line (in footage): 370

Ground Surface Elevation: 1828 Est. _____ 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: 170

Depth to bottom of usable water: 200

Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set: 240

Length of Conductor Pipe (if any): _____

Projected Total Depth: 3400

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: _____

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: 11/25/2008 Signature of Operator or Agent: Sherry Payne Title: Agent

For KCC Use ONLY

API # 15 - 167-23553-0000

Conductor pipe required None feet

Minimum surface pipe required 200 feet per ALT. I II

Approved by: 12-2-08

This authorization expires: 12-2-09

(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: _____

RECEIVED
KANSAS CORPORATION COMMISSION

DEC 01 2008

CONSERVATION DIVISION
WICHITA, KS

15
14
15
 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 - 167-23553-0000
 Operator: Mar-Lou Oil Company, LLC
 Lease: Mermis
 Well Number: 1
 Field: Gorham

Location of Well: County: Russell
370 feet from N / S Line of Section
1,630 feet from E / W Line of Section
 Sec. 15 Twp. 14 S. R. 15 E W

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

Is Section: Regular or Irregular

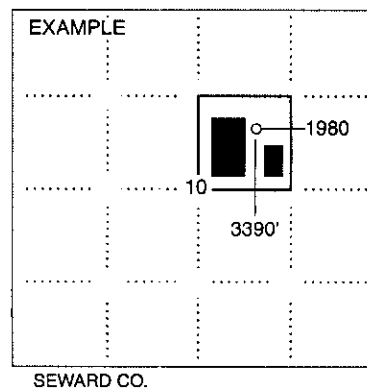
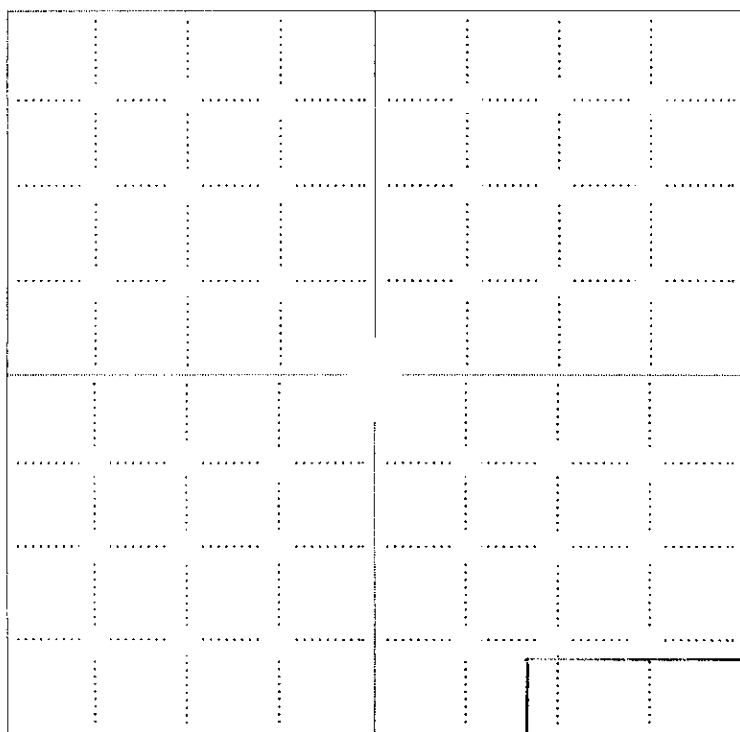
If Section is Irregular, locate well from nearest corner boundary.

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.)



NOTE: In all cases locate the spot of the proposed drilling location.

1630' FEL

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: Mar-Lou Oil Company, LLC		License Number: 33315	
Operator Address: P.O. Box 218		Wilson KS 67490	
Contact Person: Shawn D. Evans		Phone Number: 785-445-2942	
Lease Name & Well No.: Mermis 1		Pit Location (QQQQ): NE SE SW 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 <i>(If WP Supply API No. or Year Drilled)</i>		Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 1,200 (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ mg/l <i>(For Emergency Pits and Settling Pits only)</i>	
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? Native Mud			
Pit dimensions (all but working pits): 80 Length (feet) 80 Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: 6 (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.	
Distance to nearest water well within one-mile of pit N/A 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	
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: Fresh Mud Number of working pits to be utilized: 3 Abandonment procedure: Allow to 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.		RECEIVED KANSAS CORPORATION COMMISSION	
Date: 11/25/2008		Signature of Applicant or Agent: <i>Shawn D. Evans</i>	
		DEC 01 2008 CONSERVATION DIVISION WICHITA, KS	
KCC OFFICE USE ONLY			
Date Received: 12/1/08		Permit Number: _____ Permit Date: 12/1/08	
		Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

15-167-23553-000