

For KCC Use:
 Effective Date: 3-9-2009
 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: March 9, 2009
month day year

OPERATOR: License# 31002
 Name: Kelly Company, LC
 Address 1: 9746 Pflumm Road
 Address 2: _____
 City: Lenexa State: KS Zip: 66215 + _____
 Contact Person: Jim O. Guinotte
 Phone: (620) 432-4545
 CONTRACTOR: License# 5989
 Name: Kurt Finney dba Finney Drilling Company

Spot Description:
 SW - NE - NW - NE Sec. 15 Twp. 14 S. R. 22 E W
 (a/a/a/a) 4,700 feet from N / S Line of Section
1,675 feet from E / W Line of Section

is SECTION: Regular Irregular?

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

County: Johnson
 Lease Name: Knabe-M Well #: KAI-2
 Field Name: Gardner

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Bartlesville

Nearest Lease or unit boundary line (in footage): 580 ft.

Ground Surface Elevation: 1,000 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: 200+

Depth to bottom of usable water: 300'

Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set: 20'

Length of Conductor Pipe (if any): _____

Projected Total Depth: 900 ft.

Formation at Total Depth: Bartlesville

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: Bartlesville

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

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: March 4, 2009 Signature of Operator or Agent: Donna Thanda Title: Agent

RECEIVED

MAR 04 2009

KCC WICHITA

For KCC Use ONLY
 API # 15 - 091-23342 00-00
 Conductor pipe required None feet
 Minimum surface pipe required 20 feet per ALT. I II
 Approved by: Don 3-4-2009
 This authorization expires: 3-4-2010
 (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: _____

15 14 22
 E W

**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: Kelly Company, LC		License Number: 31002	
Operator Address: 9746 Pflumm Road		Lenexa KS 66215	
Contact Person: Jim O. Guinotte		Phone Number: (620) 432-4545	
Lease Name & Well No.: Knabe-M KAI-2		Pit Location (QQQQ): SW NE NW NE Sec. <u>15</u> Twp. <u>14</u> R. <u>22</u> <input checked="" type="checkbox"/> East <input type="checkbox"/> West <u>4,700</u> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <u>1,675</u> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Johnson 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 W/P Supply API No. or Year Drilled)</small>	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: <u>120</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? native clay	
Pit dimensions (all but working pits): <u>10</u> Length (feet) <u>10</u> Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: <u>5</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 MAR 04 2009 KCC WICHITA	
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 <u>20</u> feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input type="checkbox"/> KDWR	15-097-23342-00-00	
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>Drilling Mud</u> Number of working pits to be utilized: <u>2</u> Abandonment procedure: <u>Let air dry and 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.			
<u>3-4-09</u> Date		<u>Donna Thanda</u> Signature of Applicant or Agent	

KCC OFFICE USE ONLY		Steel Pit <input type="checkbox"/>	RFAC <input type="checkbox"/>	RFAS <input type="checkbox"/>
Date Received: <u>3/4/09</u>	Permit Number: _____	Permit Date: <u>3/4/09</u>	Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

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

**NOTICE TO OPERATORS FILING INTENT TO DRILL
FOR DISPOSAL OR ENHANCED RECOVERY
INJECTION WELLS, (CLASS II INJECTION WELL)**

The attached approved Notice of Intent to Drill indicates the proposed well is to be used for injection. An approved "Intent to Drill" does not approve injection authority as a Class II Injection Well in Kansas.

Before any well is used for injection purposes, the operator must file an application for injection authority in accordance with K.A.R. 82-3-401 and provide notice in accordance with K.A.R. 82-3-402. The Conservation Division must issue a written permit granting the application before commencement of injection.

The Conservation Division requirements and restrictions associated with Class II Injection are identified in **K.A.R. 82-3-400 et seq** of our regulations. Associated regulations governing drilling, completion and injection applications may be found in K.A.R. 82-3-135, Table I, Table II, in the Cedar Hills Sandstone Moratorium, (Docket #156,397-C), and the Eastern Kansas Surface Casing Order, (Docket #133,891-C).

If you have questions regarding the approval of injection authority, an injection application may be filed as a "Design Approval" before actual drilling and completion of the well occurs. If you have any questions or concerns regarding Class II injection wells or regulations, call the Underground Injection Control Department at 316-337-6200.

Failure to obtain commission approval before beginning injection is punishable by a penalty, shut-in of the well or both.