

For KCC Use:
 Effective Date: 3-10-2009
 District #: 2
 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 6, 2009
 month day year

Spot Description:
SW - SW - SW Sec. 26 Twp. 23 S. R. 4 E W
 (0000) 480 feet from N / S Line of Section
 380 feet from E / W Line of Section

OPERATOR: License# 4252
 Name: Kahan & Associates, Inc.
 Address 1: P.O. Box 700780
 Address 2:
 City: Tulsa State: OK Zip: 74170 + 0 7 8 0
 Contact Person: David M. Wilson
 Phone: (918) 492-9797
 CONTRACTOR: License# 33350
 Name: Southwind Drilling, Inc.

Is SECTION: Regular Irregular?

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

County: Reno

Lease Name: Goering 'A' Well #: 13

Field Name: Burton

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Hunton

Nearest Lease or unit boundary line (in footage): 380'

Ground Surface Elevation: ~1470 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: 240'

Depth to bottom of usable water: 240'

Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set: 260'

Length of Conductor Pipe (if any): 260'

Projected Total Depth: 3650'

Formation at Total Depth: Hunton

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
 Enh Rec Storage Disposal
 Seismic; # of Holes Other:
 Other:
 If OWWO: old well information as follows:

Well Class: Infield Pool Ext. Wildcat Other
 Type Equipment: Mud Rotary Air Rotary Cable

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 #:

* Conductor Pipe Required; minimum 12" diameter.

AFFIDAVIT

KANSAS CORPORATION COMMISSION

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: 02/25/09 Signature of Operator or Agent: [Signature] Title: Chief Operating Officer

MAR 02 2009

RECEIVED

For KCC Use ONLY
 API # 15 - 155-21546-00-00
 * Conductor pipe required 260' of 12" or greater feet
 Minimum surface pipe required 260 feet per ALT. I II
 Approved by: PUT 3-5-2009
 This authorization expires: 3-5-2010
 (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:

26
23
4
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 - 155-21546-00-00
 Operator: Kahan & Associates, Inc.
 Lease: Goering 'A'
 Well Number: 13
 Field: Burton

Location of Well: County: Reno
480 feet from N / S Line of Section
380 feet from E / W Line of Section
 Sec. 26 Twp. 23 S. R. 4 E W

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

Is Section: Regular or Irregular

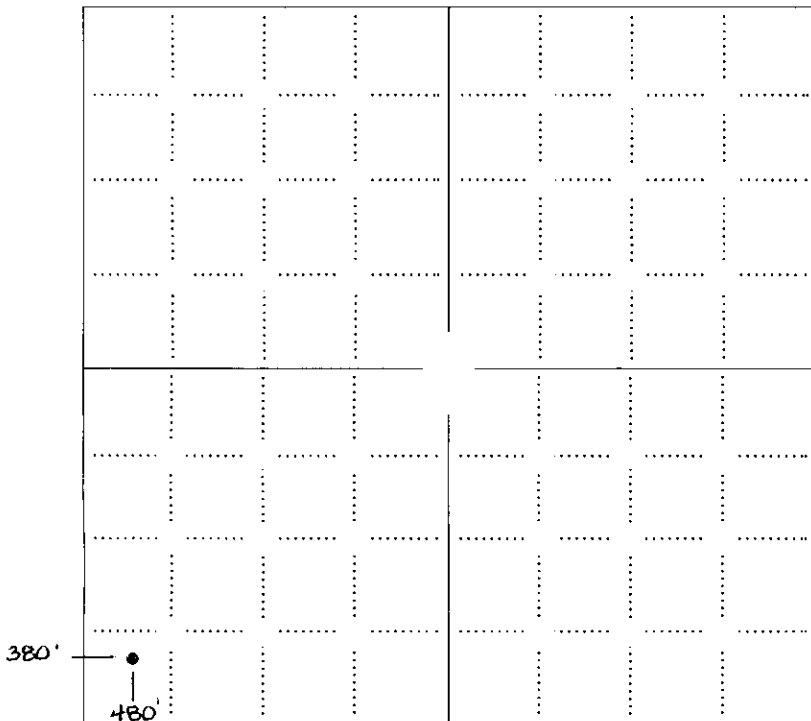
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

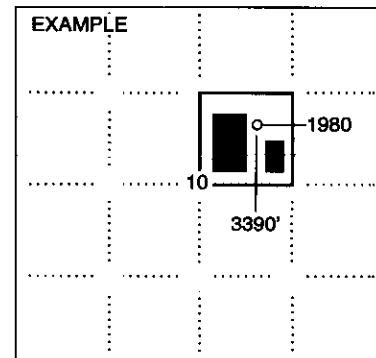
PLAT

(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.



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: Kahan & Associates, Inc.		License Number: 4252
Operator Address: P.O. Box 700780		Tulsa OK 74170
Contact Person: David M. Wilson		Phone Number: (918) 492-9797
Lease Name & Well No.: Goering 'A' #13		Pit Location (QQQQ): <u>SW SW SW</u> Sec. <u>26</u> Twp. <u>23</u> R. <u>4</u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <u>480</u> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <u>380</u> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Reno 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 checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 5,000 (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input 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?
Pit dimensions (all but working pits): <u>75</u> Length (feet) <u>75</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. Constant level monitoring and area monitoring for leaks
Distance to nearest water well within one-mile of pit <u>159</u> feet Depth of water well <u>182</u> feet		Depth to shallowest fresh water <u>50</u> feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input checked="" 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 Bentonite Mud</u> Number of working pits to be utilized: <u>3</u> Abandonment procedure: <u>Desiccate and bury</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>02/25/09</u> Date		KANSAS CORPORATION COMMISSION MAR 02 2009 RECEIVED
KCC OFFICE USE ONLY		
Steel Pit <input type="checkbox"/> RFAC <input checked="" type="checkbox"/> RFAS <input checked="" type="checkbox"/>		
Date Received: <u>3/2/09</u> Permit Number: _____ Permit Date: <u>3/4/09</u> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		

15155-21546-0000

APPLICATION FOR SURFACE PIT (FORM CDP-1)
Instructions

General Instructions.

1. All Notices of Intent to Drill must include an Application for Surface Pit, even if steel pits will be used.
2. Operators need to submit two copies of all CDP-1s.
3. Form must be typed.

Section 1: Operator information.

- 1a. **Operator Name.** Enter the operator's full name as it appears on operator's license.
- 1b. **License Number.** Enter the operator's license number. To verify KCC operator license information check the Commission's website at http://www.kcc.state.ks.us/conservation/oil_license.cgi or contact the Conservation Division's Licensing Department at (316) 337-6194.
- 1c. **Operator Address.** Enter the operator's mailing address.
- 1d. **Contact Person.** Enter the name of the individual who will be the operator's contact person for this Application for Surface Pit, should Conservation Division Staff need to contact the operator about the Application for Surface Pit. The contact person may be the operator or the operator's agent.
- 1e. **Phone Number.** Enter the phone number of the contact person, so that Conservation Division Staff may easily reach the contact person if necessary.

Section 2: Lease/Well/Pit Information.

- 2a. **Lease Name & Well No.** Enter the name of the lease, and if applicable the well number, at which the pit is or will be located.
- 2b. **Type of Pit.** Mark the appropriate box to indicate the type of pit. Note—if the pit is a workover pit, the operator must enter the API No. or Year Drilled of the well which is to be worked over.
- 2c. **Proposed or Existing Pit.** Operator should mark the appropriate box to indicate if the pit is proposed or already exists.
 - 2c(1). **Existing Pits.** The operator should provide the date pit was constructed.
 - 2c(2). **Proposed and Existing Pits.** The operator must provide the pit capacity.
- 2d. **Pit Location.**
 - 2d(1). **¼ ¼ ¼ Section.** The operator should list the location of the pit by ¼ ¼ ¼ Section.
 - 2d(2). **Sec., Twp., and R.** The operator should enter the Section, Township and Range Number in which the pit is located, and should mark either the "East" or "West" box to indicate if the Range # is East or West.
 - 2d(3). **Footage Location.** This is where the operator reports the location of the pit from the North or South section line and the East or West section line. Enter in the blank provide the number of feet the pit is or will be from the North or South section line and then mark the appropriate box for the measurement to indicate if the footage is from the North or South section line. Follow the same procedure with respect to the location of the pit from the East or West section line.
 - 2d(4). **County.** Enter the county in which the pit is or will be located.
- 2e. **Sensitive Groundwater Area.** Mark the appropriate box as to whether or not the pit is located in a Sensitive Groundwater Area. Operators may find a listing of Sensitive Groundwater Areas in Table III of the Conservation Division's Rules and Regulations. The Commission's rules and regulations for the conservation of oil and gas, including Table III, are available in an Adobe pdf file from the Conservation Division's website at <http://www.kcc.state.ks.us/conservation/index.htm>.
- 2f. **Chloride Concentration (for emergency and settling pits only).** Indicate the chloride concentration level of fluids which the pit is or will be used to contain. A sample should be taken from the salt water tank. This information is needed to determine the potential for contamination should the salt water tank discharge into the emergency pit.

- 2g. **Below Ground Level.** Mark the appropriate box to indicate whether the bottom of the pit is below ground level.
- 2h. **Artificial Liner.** Mark the appropriate box to indicate whether the pit is or will be constructed with an artificial liner.
- 2i. **Other Liner.** Explain how the pit is constructed if a plastic liner is not used.
- 2j. **Pit Dimensions (all but working pits).** For all but steel pits, enter the length, width, and depth (from ground level to the deepest point) in feet of the pit. If the pit is a steel pit, the operator only needs to mark the "steel pits" blank.

Section 3: Description of Liner.

If the pit is lined, enter a brief description of the liner material, thickness, and installation procedure.

Section 4: Description of Maintenance.

Enter a brief description of the procedures used for periodic maintenance and determining liner integrity, including any special monitoring.

Section 5: Distance to Nearest Water Well Within One Mile of Pit.

Enter the distance to the nearest water well within one mile of the pit location and the total depth of the water well. If there are not any water wells within a one-mile radius of the pit location, the space should be left blank. Water well information is available from the Kansas Geological Survey's website, at <http://www.kgs.ku.edu/Magellan/WaterWell/index.html>.

Section 6: Shallowest Freshwater Depth.

Enter the depth to the shallowest fresh water in the area of the pit and mark the appropriate box as the source of the freshwater information.

Section 7: Emergency, Settling, and Burn Pits ONLY.

Enter the formation from which wells on the lease are producing, the number of producing wells on the lease, and the number of barrels of fluids produced daily on the lease. The operator should also mark the appropriate box to indicate if the slope of the tank battery allows all spilled fluids to flow in the pit.

Section 8: Drilling, Workover, and Haul-Off Pits ONLY.

Enter the type of material utilized in the drilling or workover of the well, the number of working pits to be utilized, and the procedure to be used for abandoning the pits after work at the well is complete.

Section 9: Affidavit.

Date and sign the certification that the above statements are true and correct to the best of the signee's knowledge and belief.



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

March 4, 2009

Kahan & Associates, Inc.
PO Box 700780
Tulsa, OK 74170-0780

Re: Drilling Pit Application
Goering A Lease Well No. 13
SW/4 Sec. 26-23S-04W
Reno 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 the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred. The fluids should be removed again within 72 hours 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 (316) 630-4000 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,

A handwritten signature in black ink that reads "Kathy Haynes".

Kathy Haynes

Environmental Protection and Remediation Department

cc: File