

For KCC Use: Effective Date: 3-24-2009 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 5

Expected Spud Date: March 26 2009

Spot Description: 134' N & 42' E of
SW SW SW Sec. 24 Twp. 11 S. R. 27W E W
196 feet from N / S Line of Section
372 feet from E / W Line of Section

OPERATOR: License# 33906
Name: GNAD OIL, LLC
Address 1: 1411 Mount Pleasant Road
Address 2:
City: Hays State: KS Zip: 67601
Contact Person: Mike Gnad
Phone: (785) 650-7128

Is SECTION: Regular Irregular?
(Note: Locate well on the Section Plat on reverse side)
County: Gove
Lease Name: REINECKER Well #: 1-24
Field Name: Wildcat

CONTRACTOR: License# 31548
Name: Discovery Drilling

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

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

Nearest Lease or unit boundary line (in footage): 196'
Ground Surface Elevation: 2671 feet MSL
Water well within one-quarter mile: Yes No
Public water supply well within one mile: Yes No

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

Depth to bottom of fresh water: 150'
Depth to bottom of usable water: 750' / 1350'
Surface Pipe by Alternate: I II
Length of Surface Pipe Planned to be set: 200'
Length of Conductor Pipe (if any): None
Projected Total Depth: 4500'
Formation at Total Depth: Arbuckle

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

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:

Oil & gas Leases w/ pooling clauses submitted.

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:

RECEIVED
MAR 18 2009

- 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.

KCC WICHITA

I hereby certify that the statements made herein are true and correct to the best of my knowledge and belief.

Date: March 16, 2009 Signature of Operator or Agent: [Signature] Title: Agent

For KCC Use ONLY
API # 15 - 063-21770-00-00
Conductor pipe required None feet
Minimum surface pipe required 200 feet per ALT. I II
Approved by: [Signature] 3-19-2009
This authorization expires: 3-19-2010
(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:

24 11 27

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 - 063-21770-00-00
 Operator: GNAD OIL, LLC
 Lease: REINECKER # 1-24
 Well Number: 1-24
 Field: Wildcat

Location of Well: County: Gove
196 feet from N / S Line of Section
372 feet from E / W Line of Section
 Sec. 24 Twp. 11 S. R. 2/W E W

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

Is Section: Regular or Irregular

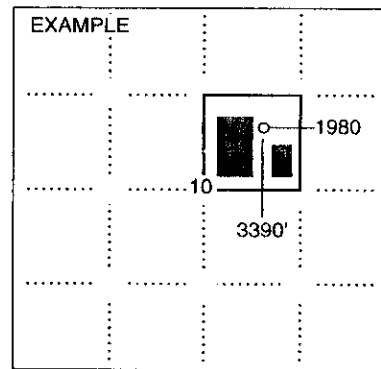
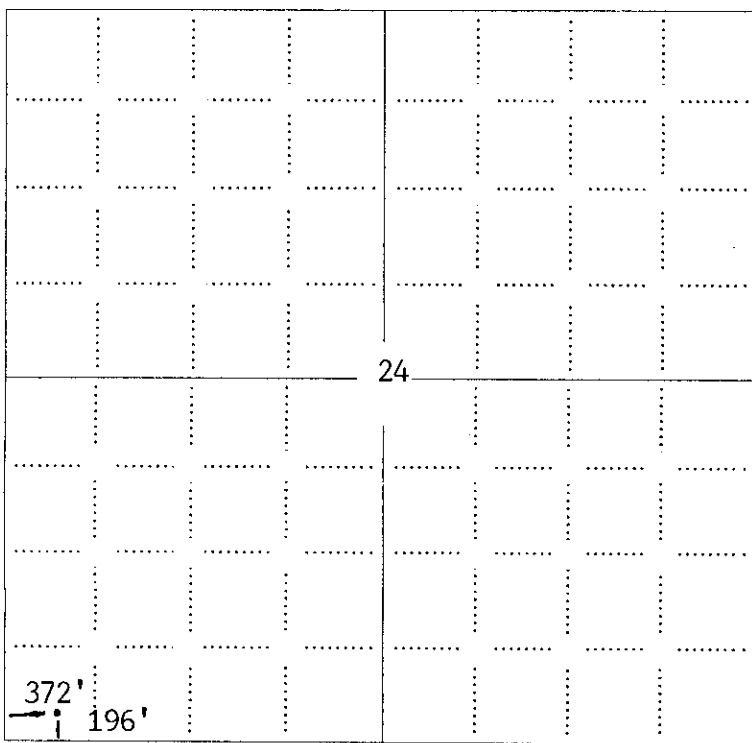
If Section is Irregular, locate well from nearest corner boundary.

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.)



SEWARD CO.

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

Gove Co., KS

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

Form CDP-1
April 2004
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: GNAD OIL, LLC		License Number: 33906	
Operator Address: 1411 Mount Pleasant Road Hays, KS 67601			
Contact Person: Mike Gnad		Phone Number: (785) 650 - 7128	
Lease Name & Well No.: RIENECKER # 1-24		Pit Location (QQQQ): 134' N ^S & 42' E of _____ SW _____ SW _____ SW	
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 (If WP Supply API No. or Year Drilled)		Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 3000 (bbls)	
		Sec. 24 Twp. 11S R. 27W <input type="checkbox"/> East <input checked="" type="checkbox"/> West 196 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 42 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Gove _____ County	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ mg/l (For Emergency Pits and Settling Pits only)	
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 soil, native and fresh mud.			
Pit dimensions (all but working pits): 70 Length (feet) 70 Width (feet) N/A: Steel Pits Depth from ground level to deepest point: 5 (feet)			
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 5180 feet Depth of water well 117 feet		Depth to shallowest fresh water 84 feet. Source of information: JR-KGS _____ measured _____ well owner _____ electric log _____ 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 liquid contents to evaporate, let cuttings 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.			
March 16, 2009 Date		RECEIVED MAR 18 2009 Signature of Applicant or Agent KCC WICHITA	
KCC OFFICE USE ONLY			
Date Received: 3/18/09 Permit Number: _____ Permit Date: 3/18/09 Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

15-063-2177D-00-00

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