

* Replaces 15-065-23544-00-00 *

~~***CORRECTED***~~

For KCC Use:
Effective Date: 6-14-2009
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

Expected Spud Date: June 1 2009
month day year

OPERATOR: License# 3715
Name: S-B OIL COMPANY
Address 1: 921 West 41st
Address 2:
City: Hays State: KS Zip: 67601
Contact Person: Chris Gottschalk
Phone: (785) 623-1524
CONTRACTOR: License# 31548
Name: Discovery Drilling

Spot Description: 70'S & 80'E of
S/2 N/2 NW Sec. 35 Twp. 7 S. R. 21W E W
1060 feet from N / S Line of Section
1400 feet from E / W Line of Section
Is SECTION: Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)
County: Graham
Lease Name: STEHNO Well #: 3
Field Name: Kenyon NE

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

Nearest Lease or unit boundary line (in footage): 1060
Ground Surface Elevation: 2055 EGL at 2000' 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: 150'
Depth to bottom of usable water: 1000' 800'

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: 3650'
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:

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

* Replaces 15-065-23544-0000 *
(Filed in wrong section)

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: May 12, 2009 Signature of Operator or Agent: [Signature] Title: Agent

For KCC Use ONLY
API # 15 - 065-23552-00-00
Conductor pipe required None feet
Minimum surface pipe required 200 feet per ALT. I II
Approved by: Perm 6-9-2009
This authorization expires: 6-9-2010
(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:

RECEIVED
JUN 08 2009

WAS: Section 34
IS: Section 35/7S/21W KCC WICHITA

35-7-21

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 - 065-23552-00-00
Operator: S-B OIL COMPANY
Lease: STEHNO
Well Number: 3
Field: Kenyon NE

Location of Well: County: Graham
1060 feet from N / S Line of Section
1400 feet from E / W Line of Section
Sec. 35 Twp. 7 S. R. 21W E W

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

Is Section: Regular or Irregular

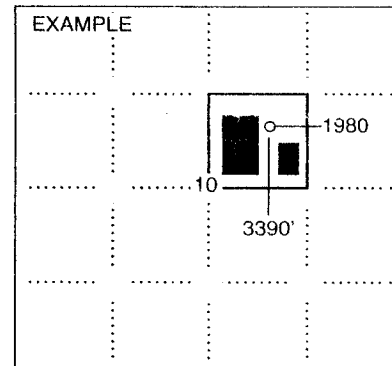
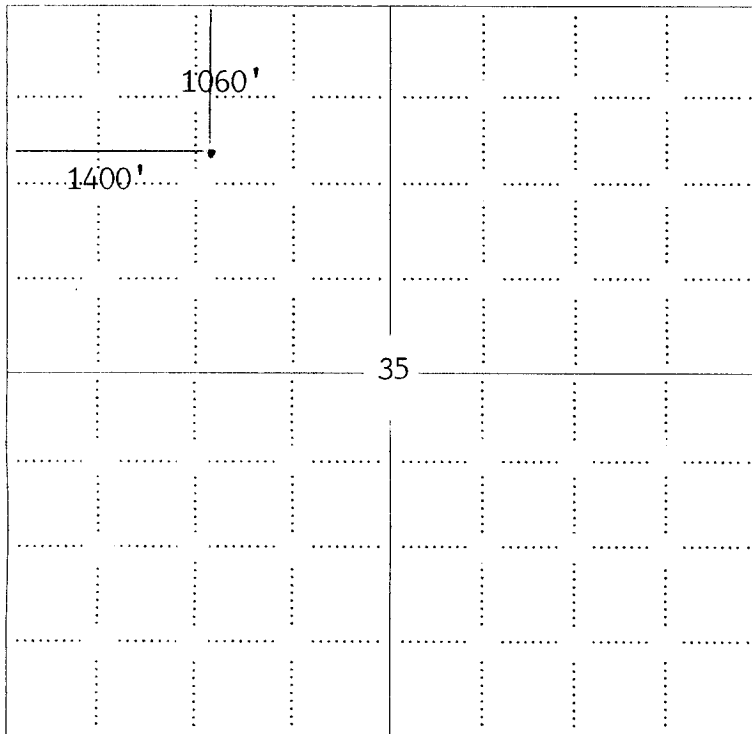
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

PLAT

(Show location of the well and shade 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 locaton.

Graham Co., KS

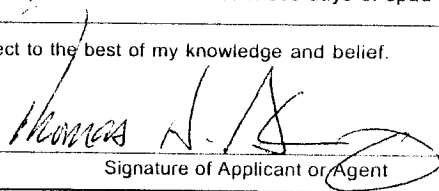
In plotting the proposed location of the well, you must show:

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
APPLICATION FOR SURFACE PIT

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: S-B OIL COMPANY		License Number: 3715
Operator Address: 921 West 41st Hays, KS 67601		
Contact Person: Chris Gottschalk		Phone Number: (785) 623 - 1524
Lease Name & Well No.: STEHNO # 3		Pit Location (QQQQ): 70'S & 80'E of S/2 N/2 NW
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: 3000 (bbls)	Sec. 35 Twp. 7S R. 21W <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1060 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 1400 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Graham County
Is the pit located in a Sensitive Ground Water Area? <input checked="" 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 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 1283 feet Depth of water well 38 feet		Depth to shallowest fresh water 18 feet / Source of information: NR-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.		
May 12, 2009 Date		 Signature of Applicant or Agent
KCC OFFICE USE ONLY		
Date Received: 6/8/09 Permit Number: _____ Permit Date: _____ Lease Inspection: <input type="checkbox"/> Yes <input type="checkbox"/> No		

RECEIVED
JUN 08 2009
KCC WICHITA

15-065-23552-00-00