

For KCC Use:
 Effective Date: 7-14-2009
 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: August 1 2009
month day year

OPERATOR: License# 8394 ✓
 Name: Donald H. Krug
 Address 1: 18298 W. 15th St. Rd.
 Address 2: _____
 City: Russell State: KS Zip: 67665 + _____
 Contact Person: Donald H. Krug
 Phone: 785-483-1345
 CONTRACTOR: License# 33350
 Name: Southwind Drilling, Inc.

Well Drilled For:	Well Class:	Type Equipment:
<input checked="" type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input checked="" type="checkbox"/> Mud Rotary
<input type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Air Rotary
	<input type="checkbox"/> Disposal	<input type="checkbox"/> Cable
<input type="checkbox"/> Seismic ; _____ # of Holes	<input type="checkbox"/> Wildcat	
<input type="checkbox"/> Other: _____	<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: 20' South of
 _____ SE _____ NE _____ SW _____ Sec. 15 Twp. 13 S. R. 14 E W
(Q/Q/Q/Q)
1,630 feet from N / S Line of Section
2,310 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: Esther Well #: 1
 Field Name: Russell North

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

Nearest Lease or unit boundary line (in footage): 330'
 Ground Surface Elevation: est. 1800 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: 180
 Depth to bottom of usable water: 420 420 OK

Surface Pipe by Alternate: I II
 Length of Surface Pipe Planned to be set: 440 - 440 OK per logs

Length of Conductor Pipe (if any): None
 Projected Total Depth: 3250

Formation at Total Depth: Arbuckle
 Water Source for Drilling Operations:
 Well Farm Pond Other: Haul

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: 07/07/2009 Signature of Operator or Agent: Renee Kassalman Title: Agent

For KCC Use ONLY
 API # 15 - 167-23586-00-00
 Conductor pipe required None feet
 Minimum surface pipe required 440 feet per ALT. I II
 Approved by: [Signature] 7-9-2009
 This authorization expires: 7-9-2010
(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: _____

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KCC WICHITA

15
13
14
 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 - 167-23586-00-00
 Operator: Donald H. Krug
 Lease: Esther
 Well Number: 1
 Field: Russell North

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

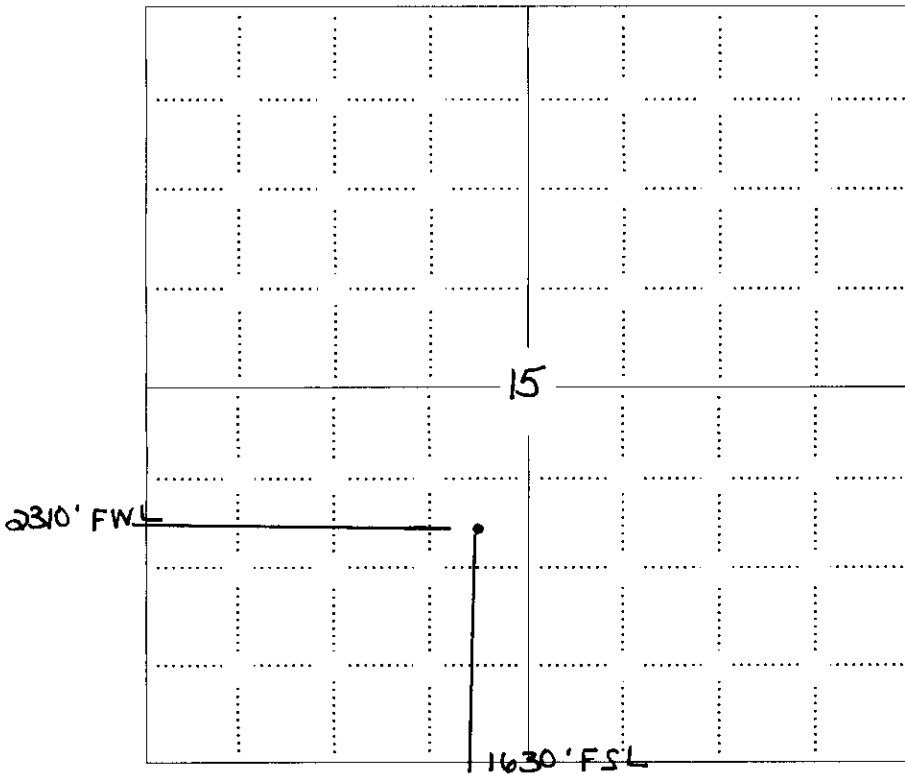
Location of Well: County: Russell
 _____ feet from N / S Line of Section
 _____ feet from E / W Line of Section
 Sec. 15 Twp. 13 S. R. 14 E W

Is Section: Regular or Irregular

If Section is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

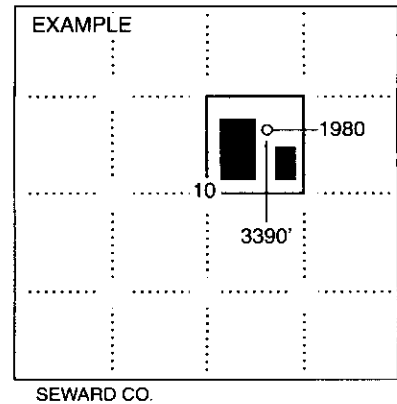
PLAT

(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.

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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: Donald H. Krug		License Number: 8394	
Operator Address: 18298 W. 15th St. Rd.		Russell KS 67665	
Contact Person: Donald H. Krug		Phone Number: 785-483-1345	
Lease Name & Well No.: Esther 1		Pit Location (QQQQ): _____ SE _____ NE _____ SW Sec. <u>15</u> Twp. <u>13</u> R. <u>14</u> <input type="checkbox"/> East <input type="checkbox"/> West <u>1,630</u> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <u>2,310</u> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Russell 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: <u>4,500</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? Earthen clay	
Pit dimensions (all but working pits): <u>80</u> Length (feet) <u>80</u> Width (feet) <input type="checkbox"/> N/A: Steel Pits		Depth from ground level to deepest point: <u>4</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.	
Distance to nearest water well within one-mile of pit <u>NA 4193</u> feet Depth of water well <u>40</u> feet		Depth to shallowest fresh water <u>209</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>Chemical drilling mud</u> Number of working pits to be utilized: <u>3</u> Abandonment procedure: <u>Allow to dry then 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.		RECEIVED	
Date: <u>07/07/2009</u>	Signature of Applicant or Agent: <u>Rene Kasulma</u>		JUL 08 2009
		KCC WICHITA	
KCC OFFICE USE ONLY			
Date Received: <u>7/8/09</u> Permit Number: _____		Steel Pit <input type="checkbox"/> RFAC <input type="checkbox"/> RFAS <input type="checkbox"/> <i>DIST</i>	
Permit Date: <u>7/8/09</u> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			

15-167-23586-00-00