

OWWO

For KCC Use:
Effective Date: 5-27-07
District # _____
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form C-1
December 2002
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 4, 2007
month day year

OPERATOR: License# 5363
Name: Berexco Inc.
Address: P.O. Box 20380
City/State/Zip: Wichita, KS 67208
Contact Person: Evan Mayhew
Phone: (316) 265-3311

CONTRACTOR: License# 5147
Name: Beredco Inc.

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

If OWWO: old well information as follows:
Operator: Palmer Petroleum, Inc.
Well Name: Harden #1
Original Completion Date: 11/28/2004 Original Total Depth: 6800

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

Spot East
SE NE NE Sec. 20 Twp. 32 S. R. 21 West
1040 feet from N / S Line of Section
480 feet from E / W Line of Section
Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)
County: Clark
Lease Name: Harden Well #: 1 SWD
Field Name: Morrison
Is this a Prorated / Spaced Field? Yes No
Target Formation(s): Arbuckle
Nearest Lease or unit boundary: 480'
Ground Surface Elevation: 2085 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: 1100
Depth to bottom of usable water: 100
Surface Pipe by Alternate: 1 2
Length of Surface Pipe Planned to be set: 800' already set
Length of Conductor Pipe required: none
Projected Total Depth: 6800'
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: _____
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AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et seq. MAY 18 2007

It is agreed that the following minimum requirements will be met:

CONSERVATION DIVISION
WICHITA, KS

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 to the best of my knowledge and belief.

Date: May 18, 2007 Signature of Operator or Agent: Richard R Smith Title: Engineering Technician

For KCC Use ONLY
API # 15 - 025-21269-0001
Conductor pipe required NONE feet
Minimum surface pipe required 200' feet per Alt. X
Approved by: WMM S-22-07
This authorization expires: 11-22-07
(This authorization void if drilling not started within 6 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 proratorion orders;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CP-4) after plugging is completed;
- 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
Signature of Operator or Agent: Richard R Smith
Date: 27 JULY 2007

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

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20
325
214

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a prorated or spaced field

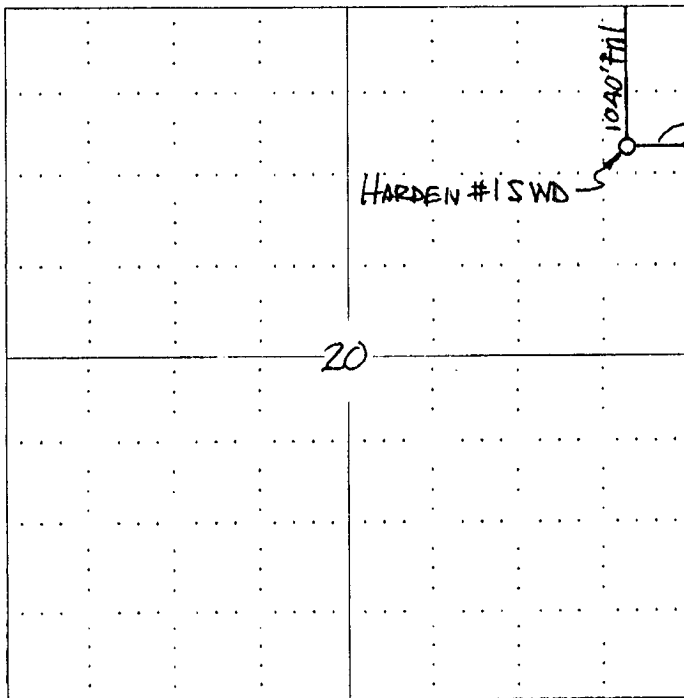
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please 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 - 025-21269-00-01
 Operator: Berexco Inc.
 Lease: Harden
 Well Number: 1 SWD
 Field: Morrison
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: SE - NE - NE

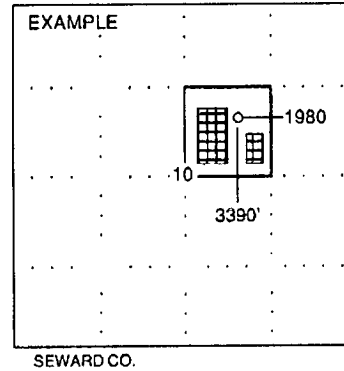
Location of Well: County: Clark
1040 feet from N / S Line of Section
480 feet from E / W Line of Section
 Sec. 20 Twp. 32 S. R. 21 East West
 Is Section: Regular or Irregular
 If Section is irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

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.)*



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 MAY 18 2007
 CONSERVATION DIVISION
 WICHITA, KS



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 section's south / north and east / west.
3. The distance to the nearest lease or unit boundary line.
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).