

For KCC Use: 9-6-2009  
 Effective Date: 4  
 District # \_\_\_\_\_  
 SGA?  Yes  No

KANSAS CORPORATION COMMISSION  
 OIL & GAS CONSERVATION DIVISION

13501213

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: September 21 2009  
 month day year

OPERATOR: License# 34120 ✓  
 Name: K-B Kansas Operating LLC  
 Address 1: 820 S. Macarthur Blvd.  
 Address 2: Suite 105-364  
 City: Coppell State: TX Zip: 75019 + \_\_\_\_\_  
 Contact Person: Dwight Brehm  
 Phone: (972) 526-5850

CONTRACTOR: License# 33493 ✓  
 Name: American Eagle Drilling LLC

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"/> Seismic ; _____ # of Holes	<input checked="" type="checkbox"/> Infield	<input type="checkbox"/> Cable
<input type="checkbox"/> Other: _____	<input type="checkbox"/> Pool Ext.	
	<input type="checkbox"/> Wildcat	
	<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: 455 S L 2260 E NW corner  
 \_\_\_\_\_ NE/4 NE/4 NW/4 Sec. 17 Twp. 11 S. R. 22  E  W  
 (a/a/a/a) 455 feet from  N /  S Line of Section  
2,260 feet from  E /  W Line of Section

Is SECTION:  Regular  Irregular?  
 (Note: Locate well on the Section Plat on reverse side)

County: Trego  
 Lease Name: Nilhas Trust Well #: 1-17  
 Field Name: McCall South

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

Nearest Lease or unit boundary line (in footage): 455  
 Ground Surface Elevation: 2176 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: 100  
 Depth to bottom of usable water: 1000 800

Surface Pipe by Alternate:  I  II  
 Length of Surface Pipe Planned to be set: 270  
 Length of Conductor Pipe (if any): None

Projected Total Depth: 4050  
 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: \_\_\_\_\_

**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: August 27, 2009 Signature of Operator or Agent: \_\_\_\_\_ Title: Manager

**For KCC Use ONLY**  
 API # 15 - 195-22624-00-00  
 Conductor pipe required None feet  
 Minimum surface pipe required 200 feet per ALT.  I  II  
 Approved by: put 9-1-2009  
 This authorization expires: 9-1-2010  
 (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: \_\_\_\_\_

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

17 11 22  
 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 - 195-22624-00-00  
 Operator: K-B Kansas Operating LLC  
 Lease: Nilhas Trust  
 Well Number: 1-17  
 Field: McCall South

Number of Acres attributable to well: \_\_\_\_\_  
 QTR/QTR/QTR/QTR of acreage: \_\_\_\_\_ - NE/4 - NE/4 - NW/4

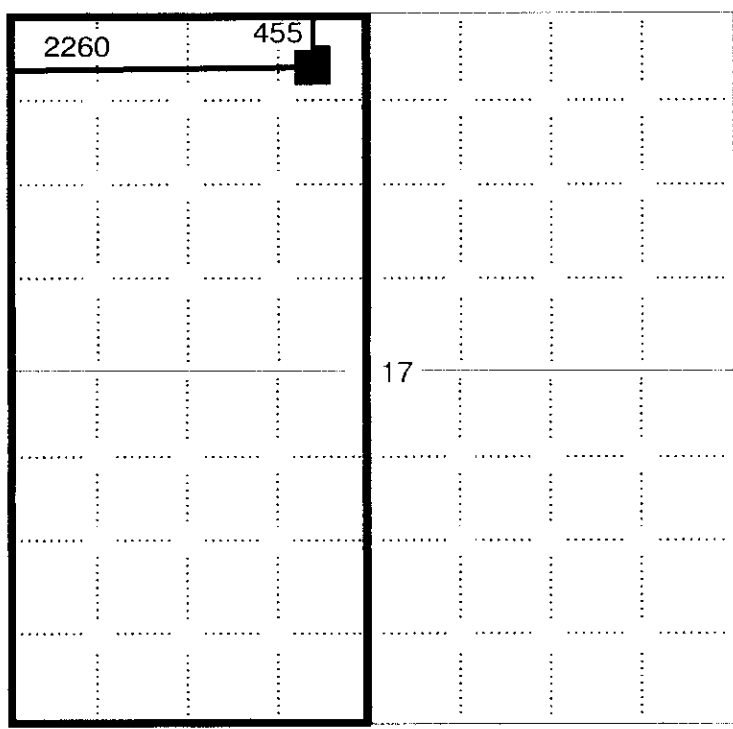
Location of Well: County: Trego  
 455 feet from  N /  S Line of Section  
 2,260 feet from  E /  W Line of Section  
 Sec. 17 Twp. 11 S. R. 22  E  W

Is Section:  Regular or  Irregular

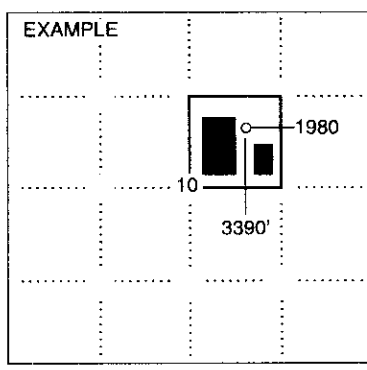
**If Section is Irregular, locate well from nearest corner boundary.**  
 Section corner used:  NE  NW  SE  SW

**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.)*



195-22624  
 KOC IN-CHITA



SEWARD CO.

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

**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).

K-B KANSAS OPERATING, LLC  
NILHAS TRUST LEASE  
NW. 1/4, SECTION 17, T11S, R22W  
TREGO COUNTY, KANSAS

15-195-22624-00-00

FLAGGED  
FIELD  
ENTRANCE

NO ROAD

NO ROAD

S. EDGE OF RIVER  
75' NE. OF LOC.  
CROPLINE 10' NE.  
OF LOCATION

STUBBLE

Drillsite Location  
Nilhas Trust #1-17  
455'FNL 2260'FWL

Ground Elevation = 2176

Y = 284807 X = 1492662

State Plane-NAD 27-Kansas North  
(Mapping Grade GPS Used)

Notes:

1. Set iron rod at location site.
2. All flagging Red & Yellow.
3. Overhead power available at N. line and N.1/2 of W. line, Sec.17 and at various locations in Sec.17.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION; Various pipelines in Sec.17.
6. Contact landowner for best access.
7. Original location (1330'FNL 2310'FWL) fell on the north edge of the Saline River. set new location footages per instructions.

\* Ingress and egress to location as shown on this plot is per usage only and may not be legally opened for public use. Contact landowner, tenant and county road department for access.

ROAD

(300 ROAD)

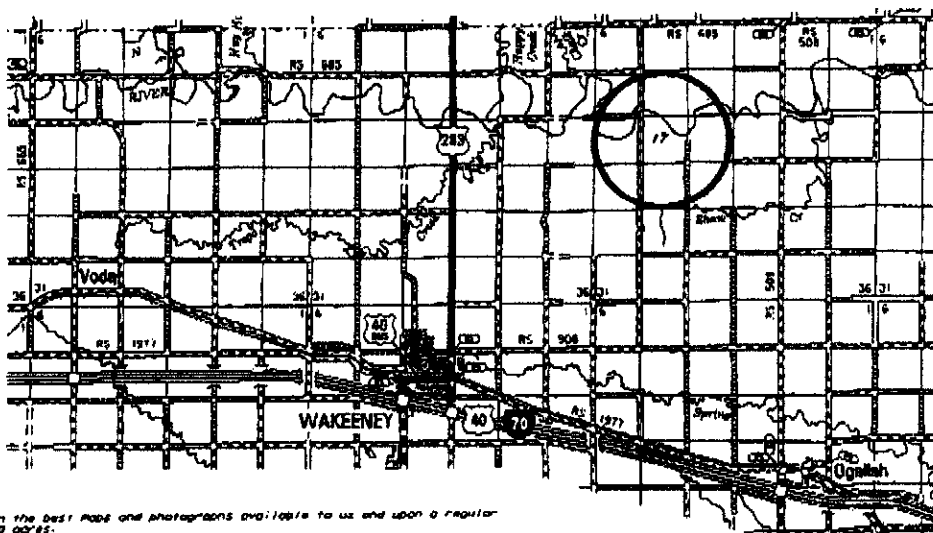
GRAVEL

ROAD

NO

NO

ROAD



• Controlling data is based upon the best maps and photographs available to us and upon a regular section of land containing 640 acres.  
 • All approximate section lines were determined using the normal standard of care of a field surveyor practicing in the state of Kansas. The section corners, which establish the precise section lines, were not necessarily located, and the exact location of the drillsite location in the section is not guaranteed. Therefore, the operator accepting this service and accepting this data and all other services relying thereon agrees to hold Central Kansas Drilling Services, Inc., its officers and employees harmless from all losses, costs and expenses and hold entities released from any liability from incidental or consequential damages.  
 • Elevations derived from National Geodetic Vertical Datum.

Date August 20, 2009

CENTRAL KANSAS OILFIELD SERVICES, INC. (620)792-1977

**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: <b>K-B Kansas Operating LLC</b>		License Number: <b>34120</b>	
Operator Address: <b>820 S. Macarthur Blvd.</b>		<b>Suite 105-364 Coppell TX 75019</b>	
Contact Person: <b>Dwight Brehm</b>		Phone Number: <b>(972) 526-5850</b>	
Lease Name & Well No.: <b>Nilhas Trust 1-17</b>		Pit Location (QQQQ): _____ <u>NE/4</u> <u>NE/4</u> <u>NW/4</u>	
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 <i>(If WP Supply API No. or Year Drilled)</i>		Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: _____ (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ mg/l <i>(For Emergency Pits and Settling Pits only)</i>	
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): _____ Length (feet) _____ Width (feet) _____ N/A: Steel Pits Depth from ground level to deepest point: _____ (feet) _____ 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 _____ feet    Depth of water well _____ feet		Depth to shallowest fresh water _____ feet. <b>75 50</b> Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input checked="" type="checkbox"/> KDWR	
<b>Emergency, Settling and Burn Pits ONLY:</b> 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		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> Type of material utilized in drilling/workover: <u>Gelled Water</u> Number of working pits to be utilized: <u>3</u> Abandonment procedure: <u>Evaporation and Back-fill</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.			
_____ August 27, 2009 Date		_____ Signature of Applicant or Agent	
<b>KCC OFFICE USE ONLY</b>			
Date Received: <u>8/31/09</u>		Permit Number: _____ Permit Date: _____	
		Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

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

15-195-22624-0000



Mark Parkinson, Governor  
Thomas E. Wright, Chairman  
Michael C. Moffet, Commissioner  
Joseph F. Harkins, Commissioner

September 1, 2009

Dwight Brehm  
K-B Kansas Operating LLC  
820 S. Macarthur Blvd. Ste 105-364  
Coppell, TX 75019

RE: Drilling Pit Application  
Nilhas Trust Lease Well No. 1-17  
NW/4 Sec. 17-11S-22W  
Trego 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 as soon as practical after drilling operations have ceased. **Keep pits away from creek/draws.**

**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 (785) 625-0550 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](http://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,

Kathy Haynes  
Department of Environmental Protection and Remediation

cc: File