

For KCC Use:  
 Effective Date: 4-9-2009  
 District #: \_\_\_\_\_  
 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: November 1 2009  
 month day year

Spot Description: 660 N & 2218 W SE Corner  
 W/2 SW/4 SE/4 Sec. 18 Twp. 11 S. R. 22  E  W  
 (0000) 660 feet from  N /  S Line of Section  
2310 feet from  E /  W Line of Section

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

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

CONTRACTOR: License# 33493  
 Name: American Eagle Drilling LLC

County: Trego  
 Lease Name: Nilhas Trust Well #: 1-18  
 Field Name: Hixson

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

Is this a Prorated / Spaced Field?  Yes  No  
 Target Formation(s): Marmaton  
 Nearest Lease or unit boundary line (in footage): 330

Ground Surface Elevation: 2267 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 900

Operator: \_\_\_\_\_  
 Well Name: \_\_\_\_\_  
 Original Completion Date: \_\_\_\_\_ Original Total Depth: \_\_\_\_\_

Surface Pipe by Alternate:  I  II  
 Length of Surface Pipe Planned to be set: 260  
 Length of Conductor Pipe (if any): None  
 Projected Total Depth: 4050

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

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 #183,891-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 - 195-22625-00-00  
 Conductor pipe required None feet  
 Minimum surface pipe required 200 feet per ALT.  I  II  
 Approved by: June 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

18  
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 - 195-22625-00-00  
 Operator: K-B Kansas Operating LLC  
 Lease: Nilhas Trust  
 Well Number: 1-18  
 Field: Hixson

Number of Acres attributable to well: \_\_\_\_\_  
 QTR/QTR/QTR/QTR of acreage: \_\_\_\_\_ - W/2 - SW/4 - SE/4

Location of Well: County: Trego  
 \_\_\_\_\_ feet from  N /  S Line of Section  
 \_\_\_\_\_ feet from  E /  W Line of Section  
 Sec. 18 Twp. 11 S. R. 22  E  W

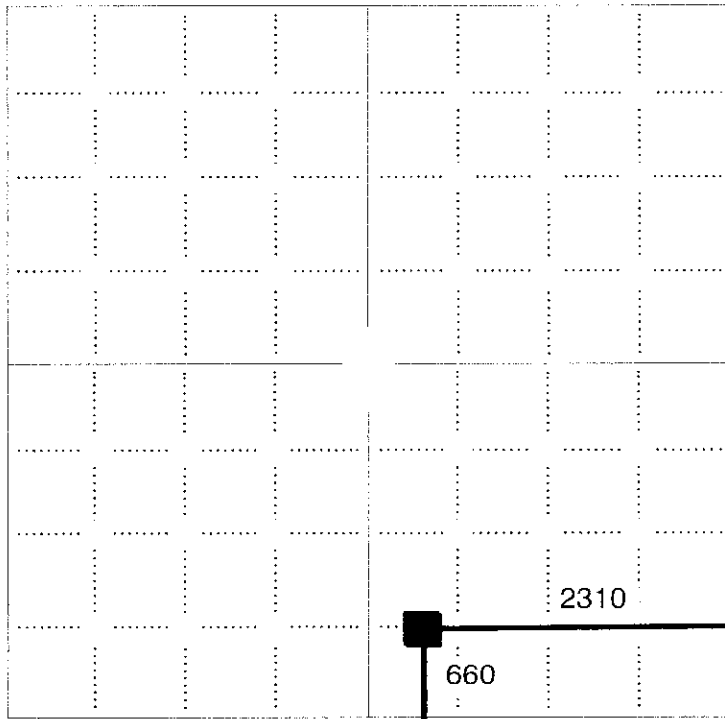
Is Section:  Regular or  Irregular

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

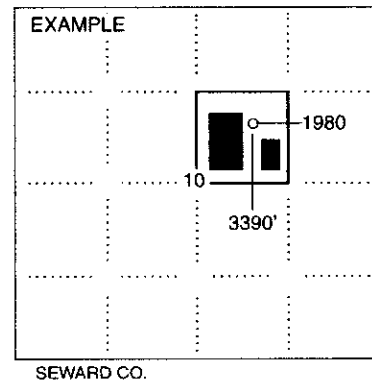
Section corner used:  NE  NW  SE  SW

**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.)*



APR 1 1983  
 KCC WICHITA



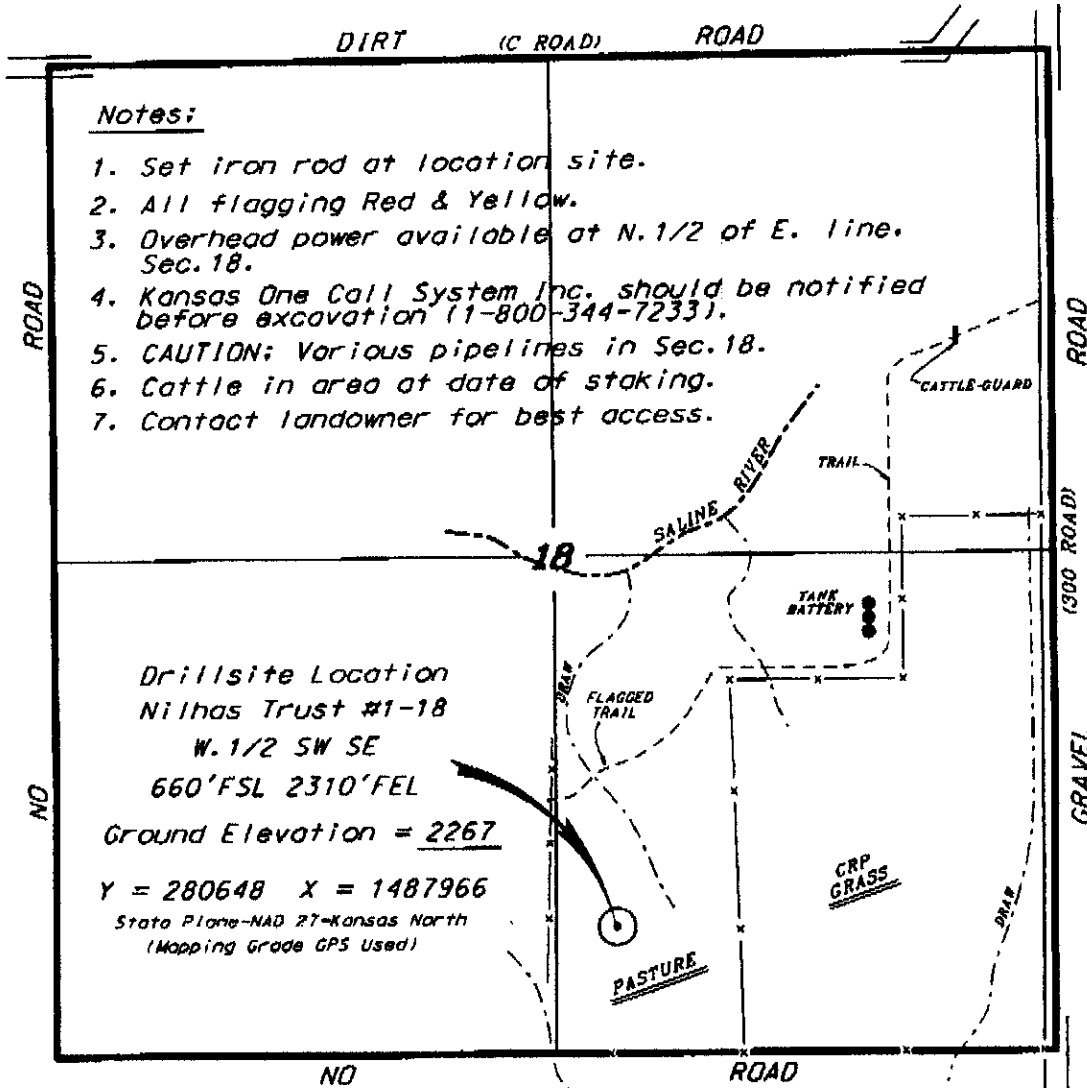
**NOTE: In all cases locate the spot of the proposed drilling locaton.**

**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  
SE. 1/4, SECTION 18, T11S, R22W  
TREGO COUNTY, KANSAS

15-195-22625-00-00

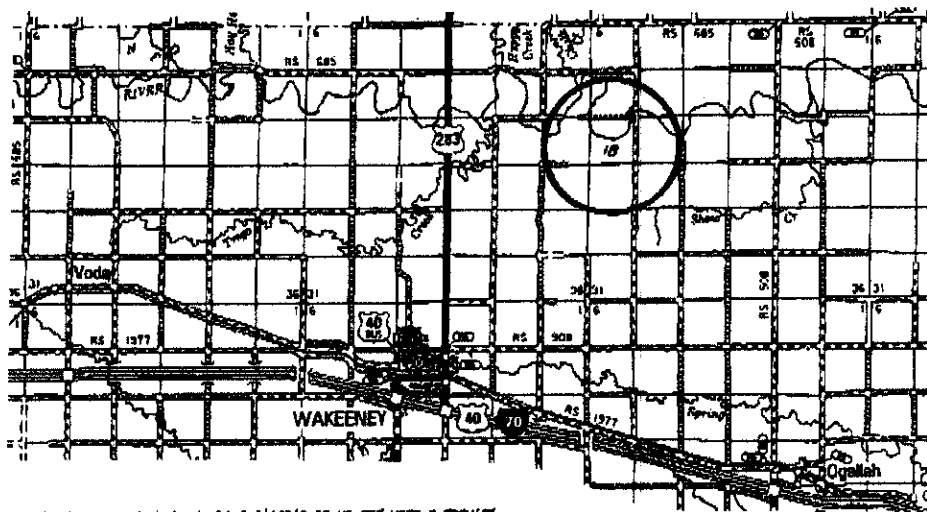


Notes:

1. Set iron rod at location site.
2. All flagging Red & Yellow.
3. Overhead power available at N. 1/2 of E. line. Sec. 18.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION: Various pipelines in Sec. 18.
6. Cattle in area at date of staking.
7. Contact landowner for best access.

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

Drillsite Location  
 Nilhas Trust #1-18  
 W. 1/2 SW SE  
 660' FSL 2310' FEL  
 Ground Elevation = 2267  
 Y = 280648 X = 1487966  
 State Plane-NAD 27-Kansas North  
 (Mapping Grade GPS Used)



**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 1-18</b>		Pit Location (QQQQ): _____ W/2 _____ SW/4 _____ SE/4
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)	Sec. <u>18</u> Twp. <u>11</u> R. <u>22</u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <u>660</u> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <u>2,310</u> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section <b>Trego</b> 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 <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 <u>3597</u> feet    Depth of water well <u>59</u> feet		Depth to shallowest fresh water <u>75 30</u> feet. 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> Steel Pit <input type="checkbox"/> RFAC <input checked="" type="checkbox"/> RFAS <input type="checkbox"/>		
Date Received: <u>8/31/09</u> Permit Number: _____ Permit Date: <u>9/1/09</u> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		

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

15-195-22625-00-00  
KCC WICHITA



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. 1-18  
SE/4 Sec. 18-11S-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 practical after drilling operations have ceased. Keep pits away from any draws/creek.

**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  
Environmental Protection and Remediation Department

cc: district