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Form C-1

October 2007

Form must be Typed

Form must be Signed

All blanks must be Filled

For KCC Use:

Effective Date: 10-12-2009

District #

SGA? Yes No

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

OCT 07 2009

NOTICE OF INTENT TO DRILL

Must be approved by KCC five (5) days prior to commencing well

KCC WICHITA

Expected Spud Date: November 20, 2009

OPERATOR: License# 31154 Name: George Rice, dba Rice Production Company Address 1: 1219 Random Road City: Hoisington State: Ks Zip: 67544 Contact Person: George Rice Phone: 620-793-2645

CONTRACTOR: License# 31548 Name: Discovery Drilling

Well Drilled For: Oil Gas Enh Rec Storage Disposal Seismic Other Well Class: Infield Pool Ext Wildcat Other Type Equipment: Mud Rotary Air Rotary Cable

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

Directional, Deviated or Horizontal wellbore? If Yes, true vertical depth: Bottom Hole Location: KCC DKT #:

Spot Description: n/2 - sw - sw - ne Sec. 7 Twp. 16 S. R. 11 2,090 feet from 2,280 feet from

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

County: Barton Lease Name: Demel Well #: 2 Field Name: Kraft Prusa

Is this a Prorated / Spaced Field? Target Formation(s): Arbuckle

Nearest Lease or unit boundary line (in footage): 440 Ground Surface Elevation: 1805 feet MSL

Water well within one-quarter mile: Public water supply well within one mile:

Depth to bottom of fresh water: 80 Depth to bottom of usable water: 120 280

Surface Pipe by Alternate: Length of Surface Pipe Planned to be set: 400

Length of Conductor Pipe (if any): none Projected Total Depth: 3280

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? 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: 10-6-09 Signature of Operator or Agent: Sean Liu Title: Operator

For KCC Use ONLY API # 15 - 009-25353-0000 Conductor pipe required None feet Minimum surface pipe required 300 feet per ALT. I II Approved by: RUT 10-7-2009 This authorization expires: 10-7-2010 (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:

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 - 009-25353-00-00
 Operator: George Rice, dba Rice Production Company
 Lease: Demel
 Well Number: 2
 Field: Kraft Prusa

Location of Well: County: Barton
 2,090 feet from N / S Line of Section
 2,280 feet from E / W Line of Section
 Sec. 7 Twp. 16 S. R. 11 E W

Number of Acres attributable to well: _____
 QTR/QTR/QTR/QTR of acreage: n/2 - sw - sw - ne

Is Section: Regular or Irregular

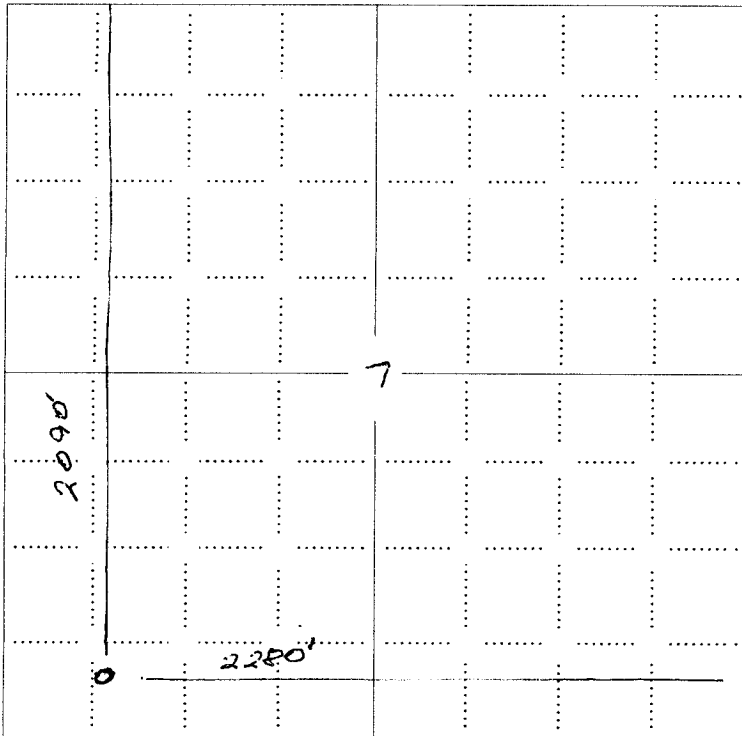
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

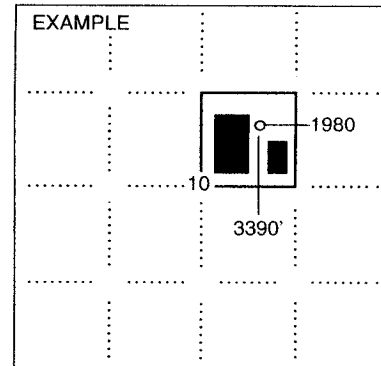
PLAT

(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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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: (C0-7 for oil wells; CG-8 for gas wells).

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

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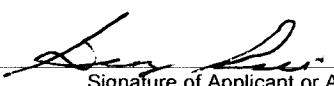
OCT 07 2009

Form CDP-1
April 2004
Form must be Typed

APPLICATION FOR SURFACE PIT

KCC WICHITA

Submit in Duplicate

Operator Name: George Rice dba Rice Production Company		License Number: 31154	
Operator Address: 1219 Random Road		Hoisington KANSAS 67544	
Contact Person: George Rice		Phone Number: 620-793-2645	
Lease Name & Well No.: Demel #2		Pit Location (QQQQ): N/2 SW SW NE	
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input checked="" 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: 1,500 (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: <u>30,000</u> 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	
Pit dimensions (all but working pits): <u>100</u> Length (feet) <u>80</u> Width (feet)		<input type="checkbox"/> N/A: Steel Pits	
Depth from ground level to deepest point: <u>10</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>1100</u> feet Depth of water well <u>80</u> feet		Depth to shallowest fresh water <u>80</u> feet. Source of information: <input type="checkbox"/> measured <input checked="" type="checkbox"/> well owner <input type="checkbox"/> electric log <input 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>fresh water drilling mud</u> Number of working pits to be utilized: <u>3</u> Abandonment procedure: <u>pull off all free standing fluids and haul to disposal well</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.			
October 6, 2009 Date		 Signature of Applicant or Agent	

15-009-25353-00-00

KCC OFFICE USE ONLY		Steel Pit <input type="checkbox"/>	RFAC <input type="checkbox"/>	RFAS <input type="checkbox"/>
Date Received: <u>10/7/09</u>	Permit Number: _____	Permit Date: <u>10/7/09</u>	Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

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