

For KCC Use: 12-15-2009
Effective Date: 4
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: Dec. 20 2009
month day year

OPERATOR: License# 33906 ✓
Name: GNAD OIL, LLC
Address 1: P.O. Box 580
Address 2: _____
City: Hays State: KS Zip: 67601 +
Contact Person: Michael L. Gnad
Phone: (785) 650-7128

CONTRACTOR: License# 31548 ✓
Name: Discovery Drilling Co., Inc.

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

If OWWO: old well information as follows:
Operator: _____
Well Name: _____
Original Completion Date: _____ Original Total Depth: _____

Directional, Deviated or Horizontal well No Yes
If Yes, true vertical depth: _____
Bottom Hole Location: DEC 10 2009
KCC DKT #: _____

RECEIVED
KANSAS CORPORATION COMMISSION
CONSERVATION DIVISION
WICHITA, KS

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: Dec. 9, 2009 Signature of Operator or Agent: Thomas H. A. Title: Agent

For KCC Use ONLY
API # 15 - 051-25944-00-00
Conductor pipe required None feet
Minimum surface pipe required 200 feet per ALT. I II
Approved by: Permit 12-10-2009
This authorization expires: 12-10-2010
(This authorization void if drilling not started within 12 months of approval date.)
Spud date: _____ Agent: _____

Spot Description: 71'N & 46'E of ✓
W/2 NE SW Sec. 4 Twp. 13 S. R. 18 E W
(0000) 2051 feet from N / S Line of Section
1696 feet from E / W Line of Section

Is SECTION: Regular Irregular?

(Note: Locate the Section Plat on reverse side)
County: Ellis
Lease Name: KARLIN Well #: 1-4
Field Name: Wildcat

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

Nearest Lease or unit boundary line (in footage): 589
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: 180'
Depth to bottom of usable water: 800'

Surface Pipe by Alternate: I II
Length of Surface Pipe Planned to be set: 200' +

Length of Conductor Pipe (if any): None
Projected Total Depth: 3800'

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: _____

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: _____

4-13-18
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TW

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 - 051-25944-00-00
 Operator: GNAD OIL, LLC
 Lease: KARLIN
 Well Number: 1-4
 Field: Wildcat

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

Location of Well: County: Ellis
2051 feet from N / S Line of Section
1696 feet from E / W Line of Section
 Sec. 4 Twp. 13 S. R. 18W E W

Is Section: Regular or Irregular

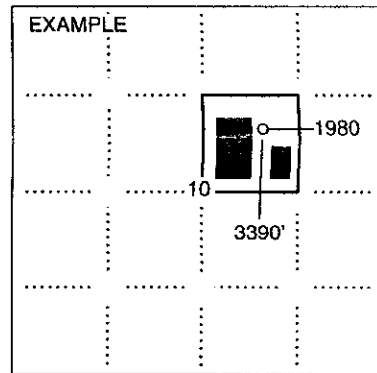
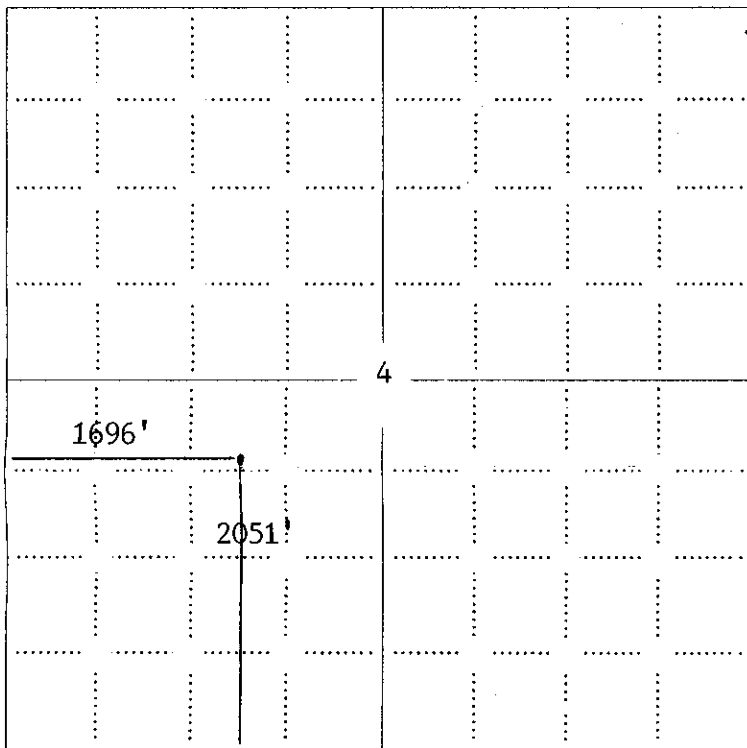
If Section is Irregular, locate well from nearest corner boundary.

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.

Ellis Co., KS

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 feet).
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: GNAD OIL, LLC		License Number: 33906
Operator Address: P.O. Box 580 Hays, KS 67601		
Contact Person: Michael L. Gnad		Phone Number: (785) 650 - 7128
Lease Name & Well No.: KARLIN # 1-4		Pit Location (QQQQ): 71'N & 46'E of W/2 NE SW
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: 3000 (bbls)	Sec. 4 Twp. 13S R. 18W <input type="checkbox"/> East <input checked="" type="checkbox"/> West 2051 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 1696 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Ellis County
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? Clay soil, native and fresh mud.
Pit dimensions (all but working pits): 70 Length (feet) 70 Width (feet) N/A: Steel Pits Depth from ground level to deepest point: 5 (feet)		
If the pit is lined give a brief description of the liner material, thickness and installation procedure. RECEIVED KANSAS CORPORATION CONSERVATION DIVISION WICHITA, KS DEC 10 2009 Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.		
Distance to nearest water well within one-mile of pit 1600 feet Depth of water well 106 feet	Depth to shallowest fresh water 82 feet. Source of information: _____ measured _____ well owner _____ electric log _____ 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: Fresh Mud Number of working pits to be utilized: 3 Abandonment procedure: Allow liquid contents to evaporate, let cuttings dry and backfill. 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. Dec. 9, 2009 _____ Date Signature of Applicant or Agent		

15-051-25944

KCC OFFICE USE ONLY

Date Received: **12-10-09** Permit Number: _____ Permit Date: **12-10-09** Lease Inspection: Yes No

Mail to: KCC - Conservation Division, 130 S. Market - Room 207B, Wichita, Kansas 67202