

For KCC Use:
 Effective Date: 12-16-2009
 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: December 26, 2009
month day year

OPERATOR: License# 6044
 Name: Stelbar Oil Corporation, Inc.
 Address 1: 1625 N. Waterfront Parkway
 Address 2: Suite #200
 City: Wichita State: KS Zip: 67206 + 6602
 Contact Person: Roscoe L. Mendenhall
 Phone: 316 / 264-8378

CONTRACTOR: License# 5142
 Name: Sterling Drilling Company

| | | |
|---|---|--|
| 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"/> Disposal | <input type="checkbox"/> Cable |
| <input type="checkbox"/> Seismic ; # of Holes _____ | <input type="checkbox"/> Infield | |
| <input type="checkbox"/> Other: _____ | <input checked="" 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:
 W/2 SE/4 SW/4 Sec. 13 Twp. 29 S. R. 41 E W
 (2000) 660 feet from N / S Line of Section
1650 feet from E / W Line of Section
 Is SECTION: Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)
 County: Stanton

Lease Name: Arnold Well #: 1-13

Field Name: _____
 Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Mississippian
 Nearest Lease or unit boundary line (in footage): 660'

Ground Surface Elevation: 3354' 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: 220 Ft. 460

Depth to bottom of usable water: 640 Ft. 720
 Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set: 1700 Ft.
 Length of Conductor Pipe (if any): None

Projected Total Depth: 5600 Ft.
 Formation at Total Depth: Mississippian

Water Source for Drilling Operations:
 Well Farm Pond Other:

DWR Permit #: Not Yet Available
 (Note: Apply for Permit with DWR
 Will Cores be taken? Yes No

If Yes, proposed zone: _____

PRORATED & SPACED: HUBOTON-PANOMA 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: 12/10/2009 Signature of Operator or Agent: Roscoe L. Mendenhall Title: Vice President / Operations

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For KCC Use ONLY
 API # 15 - 187-21156-00-00
 Conductor pipe required None feet
 Minimum surface pipe required 740 feet per ALT. I II
 Approved by: [Signature] 12-11-2009
 This authorization expires: 12-11-2010
 (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: _____

13-29-41
 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 - 187-21156-00-00
 Operator: Stelbar Oil Corporation, Inc.
 Lease: Arnold
 Well Number: 1-13
 Field: _____

Number of Acres attributable to well: 40
 QTR/QTR/QTR/QTR of acreage: W/2 - SE/4 - SW/4 -

Location of Well: County: Stanton
660 feet from N / S Line of Section
1650 feet from E / W Line of Section
 Sec. 13 Twp. 29 S. R. 41 E W

Is Section: Regular or Irregular

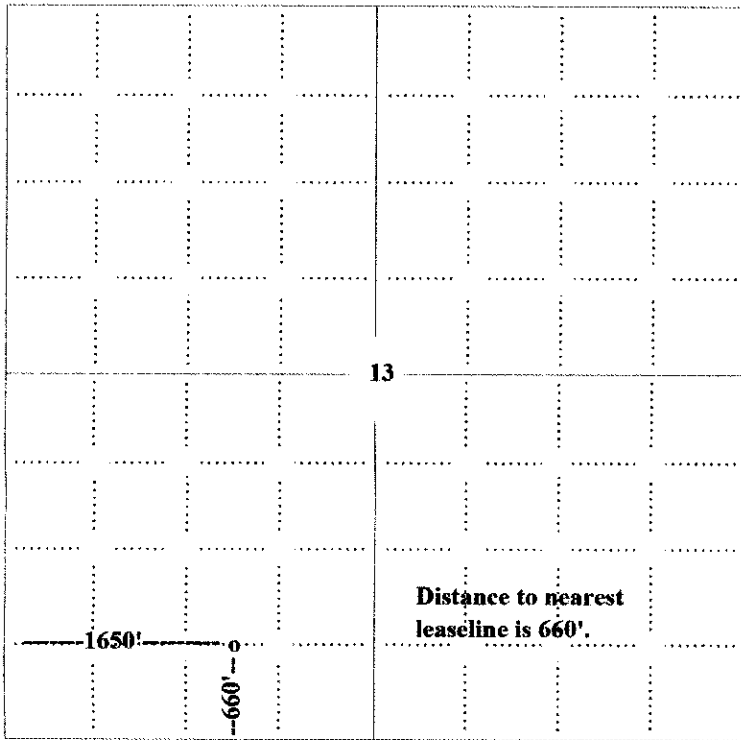
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

PLAT

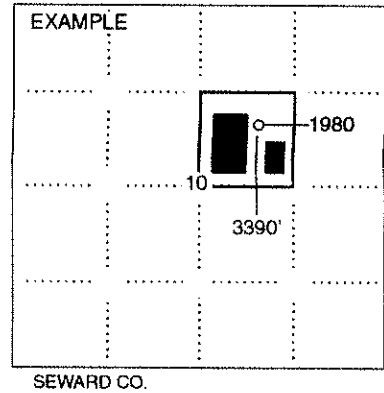
(Show location of the well and shade attributable acreage for prorated or spaced wells.)

(Show footage to the nearest lease or unit boundary line.)



Section 13-T29S-R41W, Stanton County, Kansas

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SEWARD CO.

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 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).

**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: Stelbar Oil Corporation, Inc. | | License Number: 6044 |
| Operator Address: 1625 N. Waterfront Parkway, Suite #200, Wichita, KS 67206-6602 | | |
| Contact Person: Roscoe L. Mendenhall | | Phone Number: 316 / 264-8378 |
| Lease Name & Well No.: Arnold #1-13 | | Pit Location (QQQQ): W/2 SE/4 SW/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 <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: 10,700 (bbls) | Sec. 13 Twp. 29S R. 41 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 660 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 1650 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Stanton 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? Natural Clays |
| Pit dimensions (all but working pits): 100 Ft. Length (feet) 100 Ft. Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: 6 Ft. (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 determine liner integrity, including any special monitoring. |
| Distance to nearest water well within one-mile of pit 1636 feet Depth of water well 460 feet | | Depth to shallowest fresh water 80 210 feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input checked="" 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: Drilling Mud. Number of working pits to be utilized: Three (3). Abandonment procedure: Allow pits to dry and fill with soil. 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. Stelbar Oil Corporation, Inc. 12/10/2009 <i>Roscoe L. Mendenhall</i> Date Signature of Applicant or Agent (Roscoe L. Mendenhall, Vice-Pres. / Operations) | | |
| KCC OFFICE USE ONLY | | |
| Steel Pit <input type="checkbox"/> RFAC <input type="checkbox"/> RFAS <input type="checkbox"/> | | |
| Date Received: 12-11-09 Permit Number: _____ Permit Date: 12-11-09 Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | |

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15-187-21156-0000