

* BOP Required *

For KCC Use: 4-5-2010
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: MAY 1 2010
month day year

OPERATOR: License# 3077
Name: JOHNSON OIL
Address 1: 258 east HIGHWAY 36
Address 2:
City: PHILLIPSBURG State: KS Zip: 67661 + 9475
Contact Person: kevin johnson
Phone: 1785 543 6171

CONTRACTOR: License# 33493
Name: AMERICAN EAGLE LLC

Well Drilled For: Oil Gas Seismic; # of Holes Other
 Enh Rec Storage Disposal
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 wellbore? Yes No
If Yes, true vertical depth:
Bottom Hole Location:
KCC DKT #:

Spot Description:
SE - SW - SE - NW Sec. 26 Twp. 7 S. R. 19 E W
(0000) 2,629 feet from N / S Line of Section
1,689 feet from E / W Line of Section

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

Lease Name: JOHNSON Well #: 3
Field Name: GROVER SOUTH

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

Nearest Lease or unit boundary line (in footage): 369
Ground Surface Elevation: 1910.4 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 **BOP required.**

Length of Conductor Pipe (if any):
Projected Total Depth: 3600
Formation at Total Depth: ARB

Water Source for Drilling Operations:
 Well Farm Pond Other:

DWR Permit #: 23375
(Note: Apply for Permit with DWR)

Will Cores be taken? Yes No
If Yes, proposed zone:

Oil & Gas Lease submitted

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: MARCH 26 2010 Signature of Operator or Agent: [Signature] Title: OPERATOR

For KCC Use ONLY
API # 15 - 163-23863-00-00
Conductor pipe required None feet
Minimum surface pipe required 200 feet per ALT. I II
Approved by: [Signature] 3-31-2010
This authorization expires: 3-31-2011
(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: KANSAS CORPORATION COMMISSION
Signature of Operator or Agent: [Signature]

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

RECEIVED
MAR 29 2010
CONSERVATION DIVISION
WICHITA, KS

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 - 163-23863-00-00
 Operator: JOHNSON OIL
 Lease: JOHNSON
 Well Number: 3
 Field: GROVER SOUTH

Location of Well: County: ROOKS
2,629 feet from N / S Line of Section
1,689 feet from E / W Line of Section
 Sec. 26 Twp. 7 S. R. 19 E W

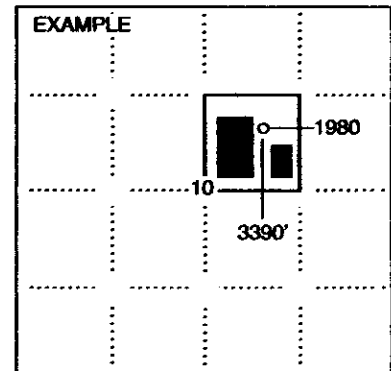
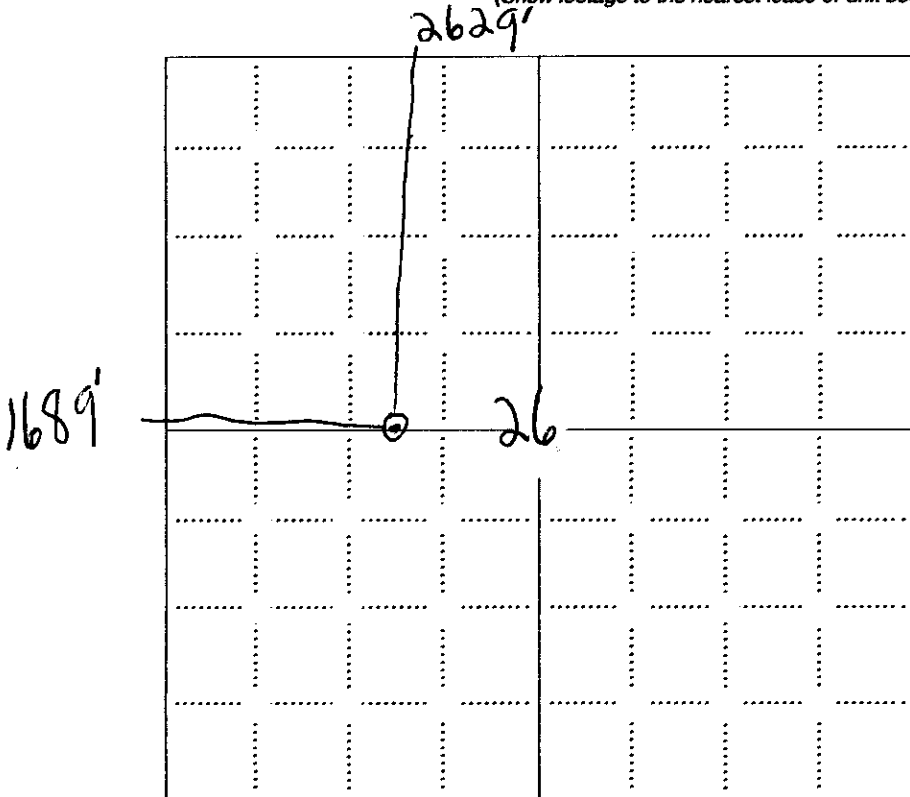
Number of Acres attributable to well: _____
 QTR/QTR/QTR/QTR of acreage: SE - SE - SE - NW
SW

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.

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).

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 KANSAS CORPORATION COMMISSION

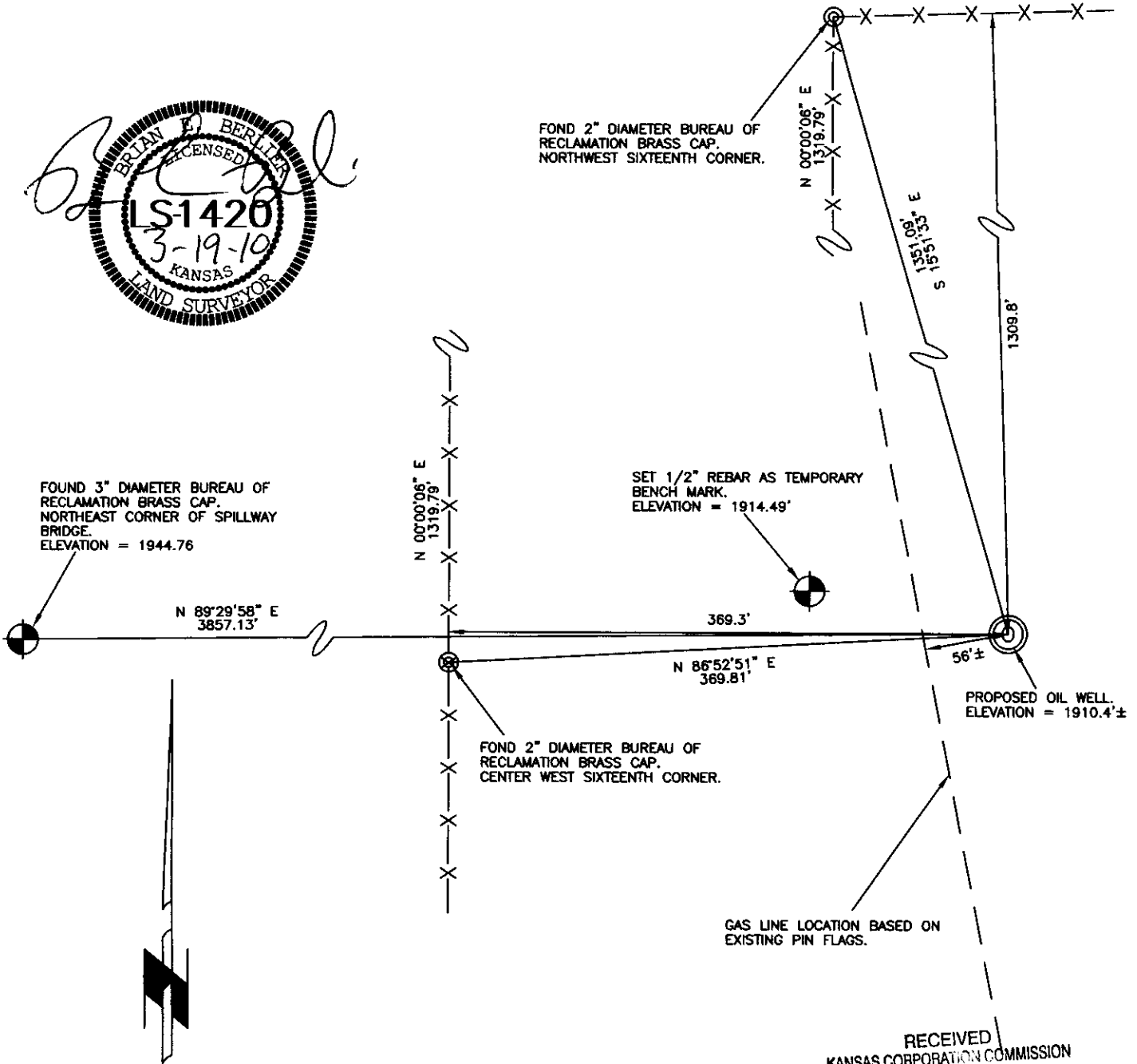
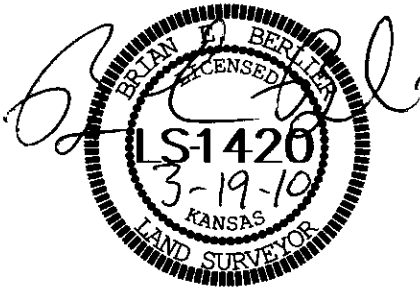
MAR 29 2010

CONSERVATION DIVISION
 WICHITA, KS

OIL WELL EXHIBIT

15-163-23863-60-00

FOR LOCATION AND ELEVATION OF A PROPOSED OIL WELL IN THE SOUTHEAST QUARTER, OF THE NORTHWEST QUARTER, OF SECTION 26, TOWNSHIP 7 SOUTH, RANGE 19 WEST OF THE 6TH P.M., COUNTY OF ROOKS, STATE OF KANSAS.

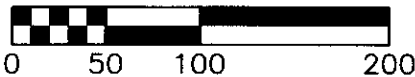


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MAR 29 2010

CONSERVATION DIVISION
WICHITA, KS

Scale: 1" = 100'



B.E.B. AND ASSOCIATES

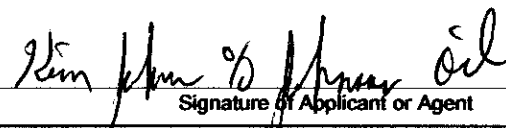
410 West Wilton Street
Norton, Kansas 67654
Phone: 785-874-4664

FILE NO. ROOKS-260719-JOHNSON.2

**KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT**

Form GDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: JOHNSON OIL		License Number: 3077
Operator Address: 258 east HIGHWAY 36		PHILLIPSBURG KS 67661
Contact Person: kevin johnson		Phone Number: 1785 543 6171
Lease Name & Well No.: JOHNSON 3		Pit Location (QQQQ): SE ^{SW} SE NW
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: 1,000 (bbls)	Sec. 26 Twp. 7 R. 19 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 2,629 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 1,689 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section ROOKS County
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input 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 TYPE SOIL
Pit dimensions (all but working pits): <u>70</u> Length (feet) <u>70</u> Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: <u>5</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>2250</u> feet Depth of water well <u>62</u> feet		Depth to shallowest fresh water <u>20</u> feet. Source of information: <input type="checkbox"/> measured <input checked="" 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: FRESH WATER MUD Number of working pits to be utilized: <u>5</u> Abandonment procedure: TRUCK FLUIDS AND EVAPORAPORATION 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.		
<u>MARCH 25 2010</u> Date	 Signature of Applicant or Agent	RECEIVED KANSAS CORPORATION COMMISSION MAR 29 2010 CONSERVATION DIVISION WICHITA, KS

15-163-23863-00-00

KCC OFFICE USE ONLY		Steel Pit <input type="checkbox"/>	RFAC <input checked="" type="checkbox"/>	RFAS <input type="checkbox"/>
Date Received: <u>3-29-20</u>	Permit Number: _____	Permit Date: <u>3-30-10</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

March 30, 2010

Johnson Oil
258 East Highway 36
Phillipsburg, KS 67661-9475

RE: Drilling Pit Application
Johnson Lease Well No. 3
NW/4 Sec. 26-07S-19W
Rooks County, Kansas

Dear Sir or Madam:

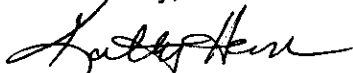
District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as practical after drilling operations have ceased. **Keep pits away from draw/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.

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

Minimum Surface Casing Requirements

15-163-23863-0000

Minimum surface casing requirements for protecting fresh and usable water and to meet alternate #1 on Intent to Drill cards, Form C-1

S=Section, T=Township, R=Range

Rooks County

In T.6S, T.9S and T.10S, cement surface pipe through the Dakota formation plus 20 feet into the underlying formation except where local areas of usable water occur in the Cheyenne sandstone, in which case, protection must be extended 20 feet into the Permian.

The following options are open:

- (a) cement surface pipe through the Dakota plus 20 feet into the underlying formation or
- (b) cement surface pipe through all fresh water and/or unconsolidated material plus 20 feet below the base of the Dakota to the surface.

If (b) is used and the hole is dry, refer to K.A.R. 82-3-114. In all cases, a minimum of 50 feet of surface pipe is required.

* In T.7S and T.8S, protection shall be as outlined above except in the following areas:

- Township 7 South, R.17W, below surface elevation 1860 feet
- Townships 7 and 8 South, R.18W, below surface elevation 1880 feet
- Townships 7 and 8 South, R.19W, below surface elevation 1920 feet
- Townships 7 and 8 South, R.20W, below surface elevation 1960 feet



Within these areas, large surface pipe or 8 5/8 inch surface pipe systems may be used. If the large surface pipe is used, surface pipe of at least 13 3/8 inches in diameter shall be cemented through all unconsolidated material plus a minimum of 20 feet into the underlying formation with a minimum of 40 feet being used. Then the following options are open:

- (a) set intermediate pipe to the Stone Corral (Anhydrite) and cement from the Stone Corral to surface or
- (b) cement the production string from the Anhydrite to surface immediately after it has been set.

If (b) is used and the hole is dry, plug per K.A.R. 82-3-114.

If 8 5/8 inch surface pipe is used, it will be set and cemented through all unconsolidated material plus a minimum of 20 feet into the underlying formation. A blowout preventor will be installed and maintained on the surface pipe until pipe is set or the hole plugged. If serious flow problems occur, the hole will be plugged per K.A.R. 82-3-114.

If the hole is completed and production pipe installed, cement the production string from the Stone Corral Anhydrite to surface immediately after it has been set. If the hole is dry, plug the hole per K.A.R. 82-3-114.

If Alternate II is used in the above described special area, follow the procedure outlined in K.A.R. 82-3-106. The option for 120 days to complete cementing is not available and the operator shall cement production casing from Stone Corral (Anhydrite) to surface immediately.