

For KCC Use:
 Effective Date: 5-16-2010
 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: June 1 2010
month day year

OPERATOR: License# 3941
 Name: LB Oil
 Address 1: 211 - 8th Street
 Address 2: _____
 City: Claffin State: KS Zip: 67525
 Contact Person: Todd Morgenstern
 Phone: 620-564-3728
 CONTRACTOR: License# 33350
 Name: Southwind Drilling, Inc.

Spot Description: 10' North of
 NW SW NE Sec. 22 Twp. 18 S. R. 11 E W
(Q/Q/Q)
1,640 feet from N / S Line of Section
2,310 feet from E / W Line of Section
 Is SECTION: Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)
 County: Barton
 Lease Name: Kaiser Well #: 2
 Field Name: Ames

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

Nearest Lease or unit boundary line (in footage): 320 - 330' per lease (consolidated)
 Ground Surface Elevation: 1762 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: 280 240

Surface Pipe by Alternate: I II
 Length of Surface Pipe Planned to be set: 300

Length of Conductor Pipe (if any): None
 Projected Total Depth: 3375
 Formation at Total Depth: Arbuckle

Water Source for Drilling Operations:
 Well Farm Pond Other:

DWR Permit #: contractor will apply for permit
 (Note: Apply for Permit with DWR)

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

Well Drilled For: Oil Gas Seismic Other
 Well Class: Enh Rec Storage Disposal Other
 Type Equipment: Mud Rotary Air Rotary Cable
 # of Holes: _____
 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: KANSAS CORPORATION COMMISSION
 KCC DKT #: _____

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 MAY 07 2010

CONSERVATION DIVISION AFFIDAVIT
 WICHITA, KS

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: 05/06/2010 Signature of Operator or Agent: Rono Kassman Title: Agent

For KCC Use ONLY
 API # 15 - 009-25420-0000
 Conductor pipe required None feet
 Minimum surface pipe required 260 feet per ALT. I II
 Approved by: KCM 5-11-2010
 This authorization expires: 5-11-2011
(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: _____
 Signature of Operator or Agent: _____

22
 18
 11
 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 - 009-25420-0000
Operator: LB Oil
Lease: Kaiser
Well Number: 2
Field: _____

Location of Well: County: Barton
1,640 feet from N / S Line of Section
2,310 feet from E / W Line of Section
Sec. 22 Twp. 18 S. R. 11 E W

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

Is Section: Regular or Irregular

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

Section corner used: NE NW SE SW

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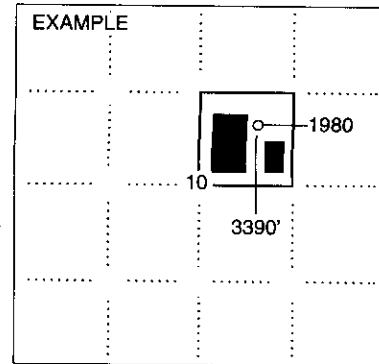
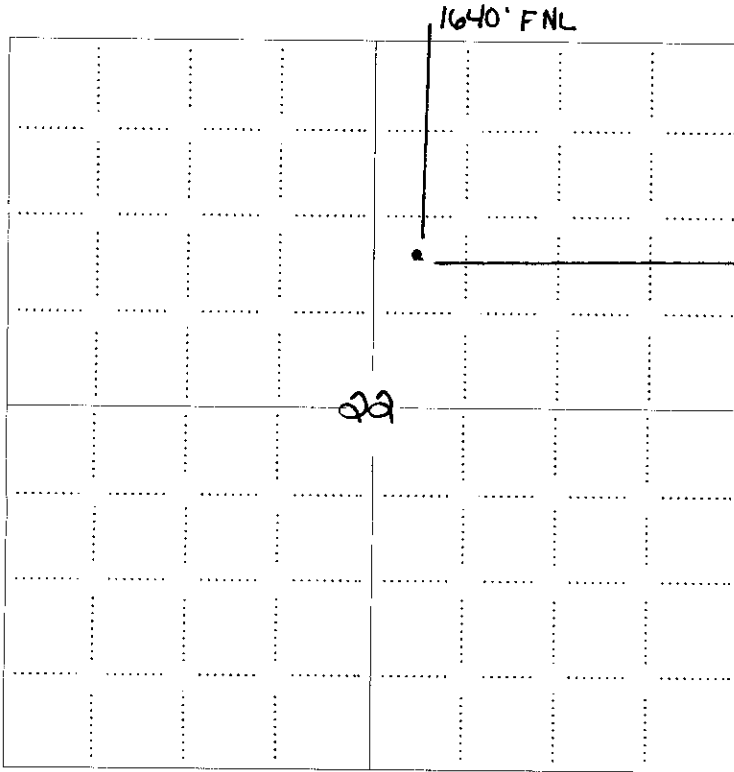
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CONSERVATION DIVISION
WICHITA, KS

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.)



SEWARD CO.

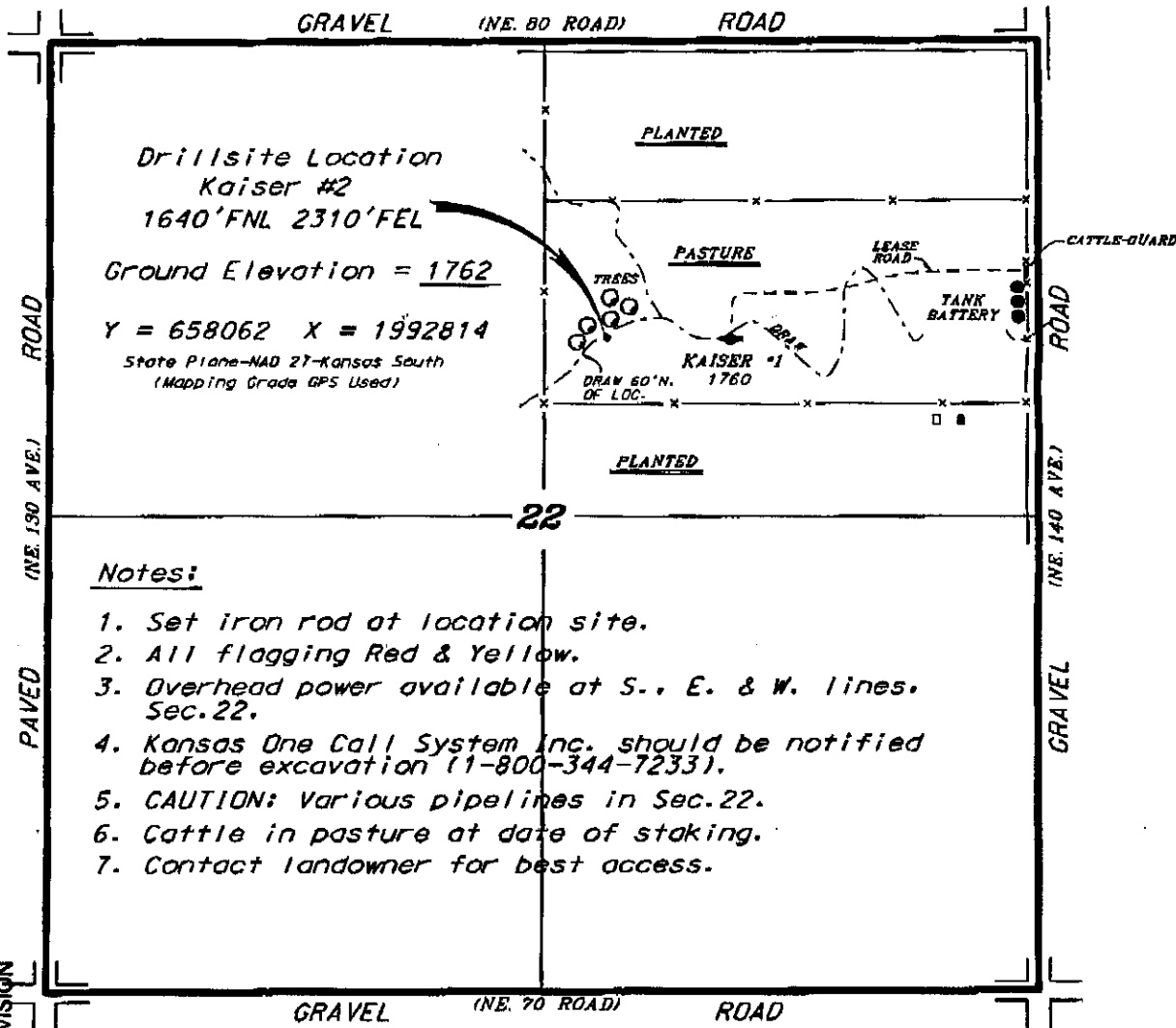
NOTE: In all cases locate the spot of the proposed drilling locaton.

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).

L.B. OIL
KAISER LEASE
NE. 1/4, SECTION 22, T18S, R11W
BARTON COUNTY, KANSAS

15-009-25420-0000



Notes:

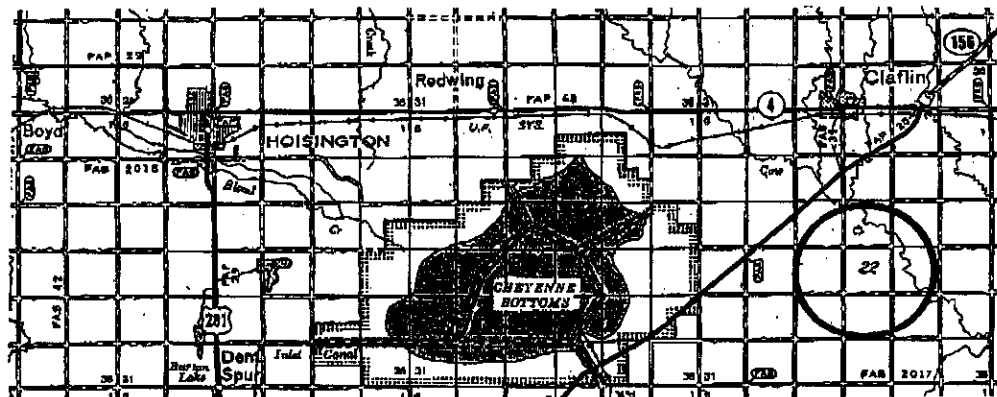
1. Set iron rod at location site.
2. All flagging Red & Yellow.
3. Overhead power available at S., E. & W. lines, Sec.22.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION: Various pipelines in Sec.22.
6. Cattle in pasture at date of staking.
7. Contact landowner for best access.

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

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WICHITA, KS



* Controlling data is based upon the best maps and photographs available to us and upon a regular section of land containing 640 acres.

* Appropriate section lines were determined using the normal standards of care of oilfield surveyors practicing in the state of Kansas. The section corners, which establish the precise section lines, were not necessarily located, and the exact location of the drillsite location in the section is not guaranteed. Therefore, the operator securing this service and accepting this plot and all other parties relying thereon agree to hold Central Kansas Oilfield Services, Inc., its officers and employees harmless from all losses, costs and expenses and said parties released from any liability from negligent or consequential damages.

* Elevations derived from National Geodetic Vertical Datum.

Date April 26, 2010

**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: LB Oil		License Number: 3941	
Operator Address: 211 - 8th Street		Claflin KS 67525	
Contact Person: Todd Morgenstern		Phone Number: 620-564-23728	
Lease Name & Well No.: Kaiser 2		Pit Location (QQQQ): NW SW NE	
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: 4,500 (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input 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? Earthen clay			
Pit dimensions (all but working pits): <u>80</u> Length (feet) <u>80</u> Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: <u>4</u> (feet) <input type="checkbox"/> No Pit			
If the pit is lined give a brief description of the liner material, thickness and application procedure. <div style="text-align: center;"> RECEIVED KANSAS CORPORATION COMMISSION MAY 07 2010 CONSERVATION DIVISION WICHITA, KS </div>		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.	
Distance to nearest water well within one-mile of pit <u>2640</u> feet Depth of water well <u>142</u> feet		Depth to shallowest fresh water <u>15</u> 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: <u>chemical drilling mud</u> Number of working pits to be utilized: <u>3</u> Abandonment procedure: <u>Empty pit, let dry then backfill</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.			
_____ Date		_____ Signature of Applicant or Agent	
KCC OFFICE USE ONLY Steel Pit <input type="checkbox"/> RFAC <input checked="" type="checkbox"/> RFAS <input type="checkbox"/>			
Date Received: <u>5-7-10</u> Permit Number: _____ Permit Date: <u>5-7-10</u> Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

15-009-25420-0000