

For KCC Use: Effective Date: 5-18-2010 District # 3 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: 5/19/10 month day year

OPERATOR: License# 6168 Name: Lester Scheuneman Address 1: 27800 Pleasant Valley Rd. Address 2: City: Wellsville State: Ks. Zip: 66092 Contact Person: Lester Scheuneman Phone: 913-710-9760

CONTRACTOR: License# Not known will notify Name: Will have KCC. license.

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

Spot Description: SW SE SE NE Sec. 22 Twp. 20 S. R. 20 E W 2967 feet from N / S Line of Section 483 feet from E / W Line of Section Is SECTION: Regular Irregular?

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

County: Anderson Lease Name: Banks Well #: 3 Field Name: Garnett Shoestring Is this a Prorated / Spaced Field? Yes No Target Formation(s): Squirrel

Nearest Lease or unit boundary line (in footage): 327 Ground Surface Elevation: 927 est. 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: 50 Depth to bottom of usable water: 125 Surface Pipe by Alternate: I II Length of Surface Pipe Planned to be set: 20 Length of Conductor Pipe (if any): Projected Total Depth: 700 Formation at Total Depth: Squirrel

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:

AFFIDAVIT

RECEIVED KANSAS CORPORATION COMMISSION

MAY 19

CONSERVATION DIVISION WICHITA, KANSAS

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: 5/9/10 Signature of Operator or Agent: Lester Scheuneman Title: owner/operator

For KCC Use ONLY API # 15 - 003-24782-0000 Conductor pipe required None feet Minimum surface pipe required 20 feet per ALT. I II Approved by: 5-13-2010 This authorization expires: 5-13-2011 (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:

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 - 003-247820000
 Operator: Lester Scheuneman
 Lease: 6168 Banks
 Well Number: 3
 Field: Garnett Shoestring
 Number of Acres attributable to well: 280
 QTR/QTR/QTR/QTR of acreage: SW - SE - SE - NE

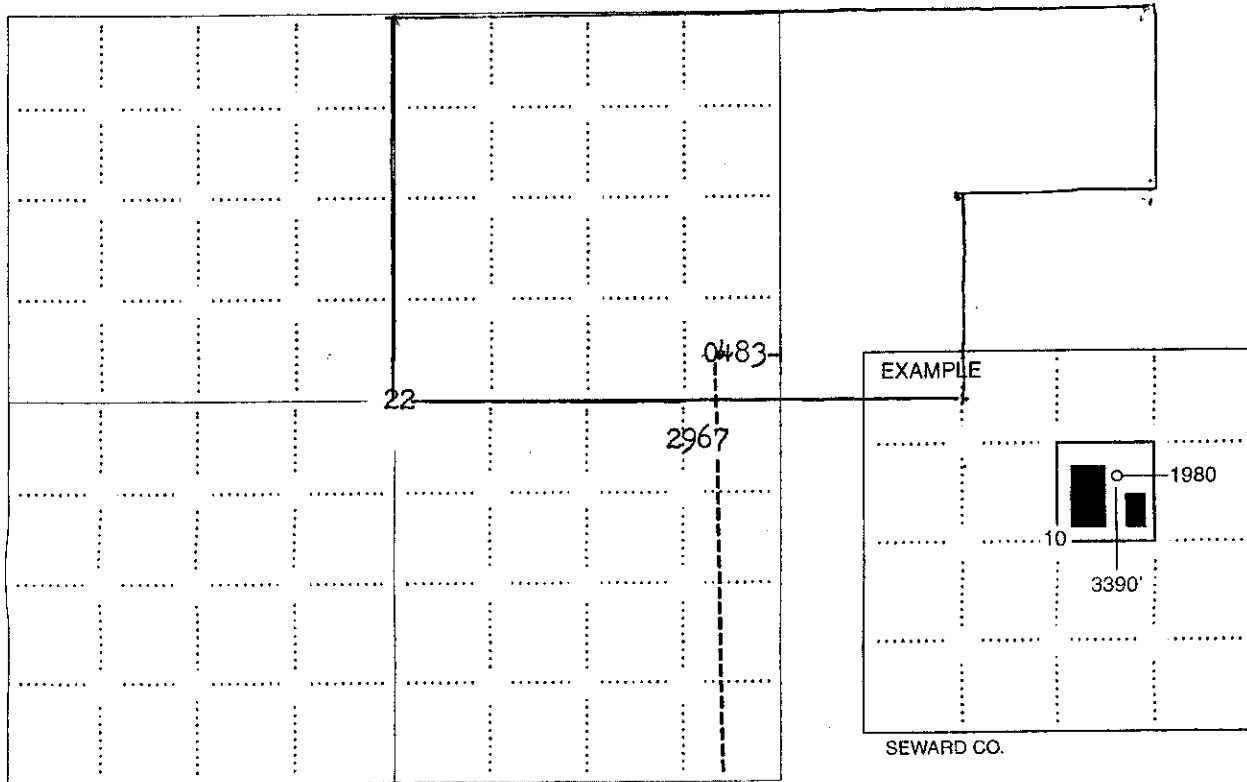
Location of Well: County: Anderson
2967 feet from N / S Line of Section
483 feet from E / W Line of Section
 Sec. 22 Twp. 20 S. R. 20 E W

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.
 Anderson Co.

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
APPLICATION FOR SURFACE PIT**

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: <u>Lester Scheuneman</u>		License Number:
Operator Address: <u>27800 Pleasant Valley Rd. Wellsville, Ks. 66092</u>		
Contact Person: <u>Lester Scheuneman</u>		Phone Number: <u>(913) 710-9760</u>
Lease Name & Well No.: <u>Banks 3</u>		Pit Location (QQQQ): <u>SW SE SE NE</u>
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: <u>80</u> (bbls)	Sec. <u>22</u> Twp. <u>20</u> R. <u>20</u> <input checked="" type="checkbox"/> East <input type="checkbox"/> West <u>2967</u> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <u>483</u> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section <u>Anderson</u> County
Is the pit located in a Sensitive Ground Water Area? <input checked="" 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? <u>clay</u>
Pit dimensions (all but working pits): <u>30</u> Length (feet) <u>80</u> Width (feet) <u>N/A: Steel Pits</u> Depth from ground level to deepest point: <u>4</u> (feet)		
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>none</u> feet Depth of water well _____ feet		Depth to shallowest fresh water <u>none</u> 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: <u>fresh water</u> Number of working pits to be utilized: <u>one</u> Abandonment procedure: <u>air dry then push in.</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.		
<u>5/9/10</u> Date		<u>Lester Scheuneman</u> Signature of Applicant or Agent

15-003-21782-00-00

KCC OFFICE USE ONLY		RFAC
Date Received: <u>5-12-10</u> Permit Number: _____	Permit Date: <u>5-12-10</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

RECEIVED
KANSAS CORPORATION COMMISSION

MAY 12 2010

CONSERVATION DIVISION



Mark Parkinson, Governor
Thomas E. Wright, Chairman
Joseph F. Harkins, Commissioner
Ward Loyd, Commissioner

May 12, 2010

Lester Scheuneman
27800 Pleasant Valley Rd
Wellsville, KS 66092

RE: Drilling Pit Application
Banks Lease Well No. 3
NE/4 Sec. 22-20S-20E
Anderson 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.

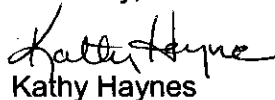
If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

The fluids should be taken to an authorized disposal well. Please call the District Office at (620) 432-2300 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: File