

For KCC Use:
 Effective Date: 5-18-2010
 District #: 1
 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# 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"/> Seismic ; # of Holes	<input checked="" type="checkbox"/> Infield	<input type="checkbox"/> Cable
<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:
 NE/4 NW/4 NE/4 Sec. 20 Twp. 29 S. R. 41 E W
(aaaa) 335 feet from N / S Line of Section
1935 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: Baughman Foundation Well #: 2-20

Field Name: _____
 Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Mississippian ✓
 Nearest Lease or unit boundary line (in footage): 335' ✓
 Ground Surface Elevation: 3423' 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: 120 220 Ft. ✓
 Depth to bottom of usable water: 640 Ft.
 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: HUGOTON-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:

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 KCC WICHITA

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: 05/12/2010 Signature of Operator or Agent: Roscoe L. Mendenhall Title: Vice President / Operations

For KCC Use ONLY
 API # 15 - 187-21170-0000
 Conductor pipe required None feet
 Minimum surface pipe required 660 feet per ALT. I II
 Approved by: 1244 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: _____

17-68-08

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 - 187-21170-00-00
 Operator: Stelbar Oil Corporation, Inc.
 Lease: Baughman Foundation
 Well Number: 2-20
 Field: _____

Location of Well: County: Stanton
335 feet from N / S Line of Section
1935 feet from E / W Line of Section
 Sec. 20 Twp. 29 S. R. 41 E W

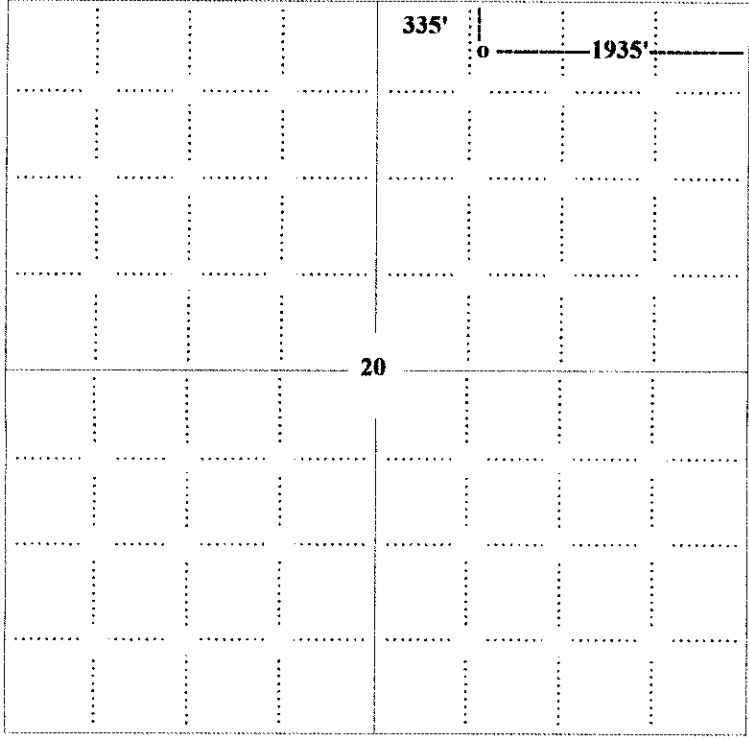
Number of Acres attributable to well: 40
 QTR/QTR/QTR/QTR of acreage: NE/4 - NW/4 - NE/4 -

Is Section: Regular or Irregular

If Section is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

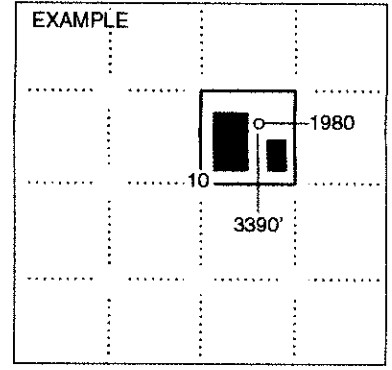
PLAT

*(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 20-T29S-R41W, Stanton County, Kansas

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SEWARD CO.

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

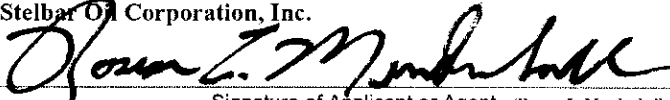
In plotting the proposed location of the well, you must show:

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: (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: 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.: Baughman Foundation #2-20		Pit Location (QQQQ): NE/4 NW/4 NE/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 (If WP Supply API No. or Year Drilled)		Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 10,700 (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?			
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 determining liner integrity, including any special monitoring.	
		RECEIVED MAY 13 2010 KCC WICHITA	
Distance to nearest water well within one-mile of pit 4649 feet Depth of water well 381 feet		Depth to shallowest fresh water 80 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. <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> Date: 05/12/2010 </div> <div style="width: 60%; text-align: center;">  Signature of Applicant or Agent (Roscoe L. Mendenhall, Vice-Pres. / Operations) </div> </div>			
KCC OFFICE USE ONLY Steel Pit <input type="checkbox"/> RFAC <input type="checkbox"/> RFAS <input type="checkbox"/>			
Date Received: 5-13-10 Permit Number: _____ Permit Date: 5-13-10 Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

15-187-21170-0000

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