

For KCC Use: 6-1-2010
 Effective Date: 6-1-2010
 District # 2
 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 31, 2010
 month day year

OPERATOR: License# 33936 ✓
 Name: CHARLES N. GRIFFIN
 Address 1: P.O BOX 347
 Address 2: _____
 City: PRATT State: KS Zip: 67124 + _____
 Contact Person: CHARLES N. GRIFFIN
 Phone: 720-490-5648

CONTRACTOR: License# 5822 ✓
 Name: VAL ENERGY, INC.

Well Drilled For: Oil Enh Rec Gas Storage Disposal Seismic; # of Holes _____ 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:
 (0000) 1,650 feet from N / S Line of Section
990 feet from E / W Line of Section
 Is SECTION: Regular Irregular?

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

Lease Name: FANNING Well #: 2
 Field Name: HIBBORD NORTHEAST ✓

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

Nearest Lease or unit boundary line (in footage): 330'
 Ground Surface Elevation: 1303 surveyed surveyed 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
 Depth to bottom of usable water: 180

Surface Pipe by Alternate: I II ✓
 Length of Surface Pipe Planned to be set: 200+ ✓

Length of Conductor Pipe (if any): _____
 Projected Total Depth: 5100 ✓
 Formation at Total Depth: ARBUCKLE ✓

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

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: 5/24/2010 Signature of Operator or Agent: _____ Title: AGENT

For KCC Use ONLY
 API # 15 - 077-21681-00-00
 Conductor pipe required None feet
 Minimum surface pipe required 200 feet per ALT. I II
 Approved by: RJA 5-27-2010
 This authorization expires: 5-27-2011
 (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: _____

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

RECEIVED
 MAY 25 2010
 KCC WICHITA

11
 34
 9
 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 - 077-21681-00-00
Operator: CHARLES N. GRIFFIN
Lease: FANNING
Well Number: 2
Field: HIBBORD NORTHEAST

Location of Well: County: HARPER
1,650 feet from N / S Line of Section
990 feet from E / W Line of Section
Sec. 11 Twp. 34 S. R. 9 E W

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

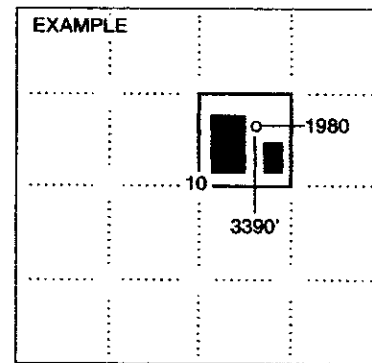
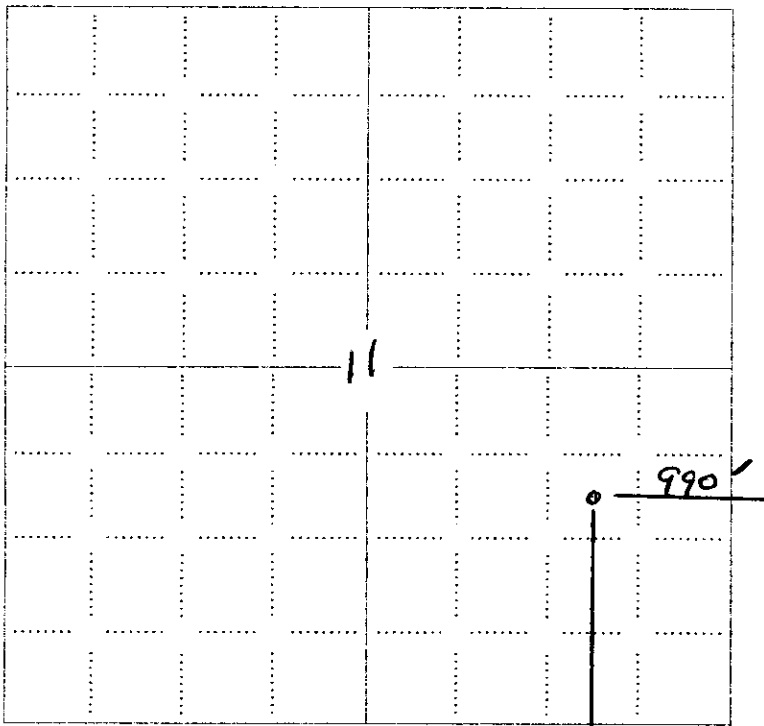
Is Section: Regular or Irregular

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:

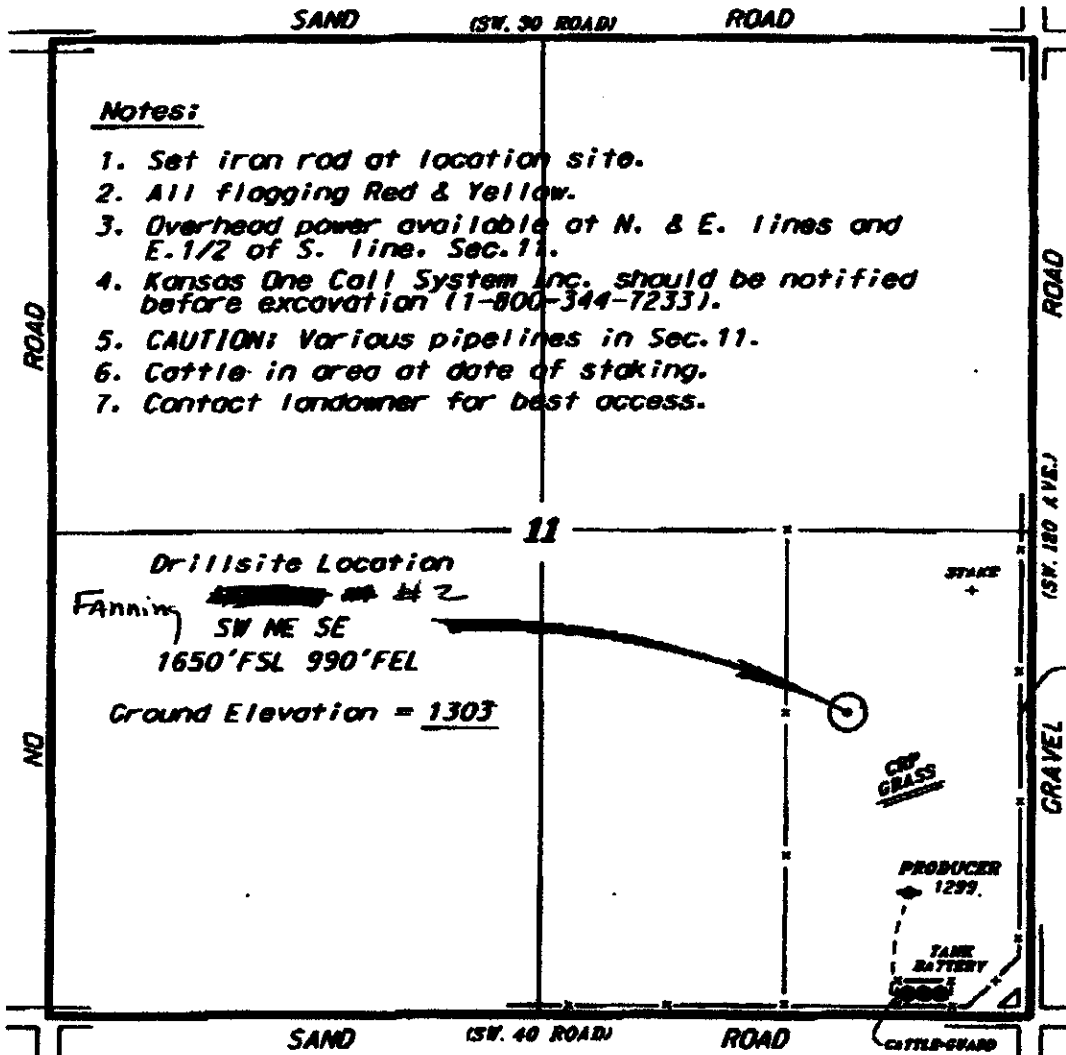
1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the south / north and east / west outside section lines.
3. The distance to the nearest lease 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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MAY 25 2010

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GRIFFIN MANAGEMENT, LLC
Fanning ~~LEASE~~ LEASE
SE. 1/4, SECTION 11, T34S, R9W
HARPER COUNTY, KANSAS

15077-21681-00-00



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



© Copyright 1999 is based upon the best data and photographs available to us and upon a regular revision of 1998 containing 900 maps.

Horizontal and vertical lines were determined using the normal standard of care of oilfield surveyors practicing in the state of Kansas. The section corners, which establish the precise section lines, were not physically located, and the exact location of the drilled location in the section is not guaranteed. Therefore, the operator operating this service and operating this plot and all other services paying herein agree to hold Central Kansas Oilfield Services, Inc. - its officers and employees harmless from all claims, costs and expenses and hold harmless and hold harmless from any liability. This instrument is made in full settlement of all claims.

Elevations derived from National Geodetic Vertical Datum.

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MAY 25 2010

APR 11 27. 2010

RCC WICHITA

**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: CHARLES N. GRIFFIN		License Number: 33936
Operator Address: P.O BOX 347		PRATT KS 67124
Contact Person: CHARLES N. GRIFFIN		Phone Number: 720-490-5648
Lease Name & Well No.: FANNING 2		Pit Location (QQQQ): _____ SW _____ NE _____ SE
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: 4,800 (bbbls)	Sec. 11 Twp. 34 R. 9 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1,650 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 990 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section HARPER 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? NATIVE MUD AND CLAY
Pit dimensions (all but working pits): _____ Length (feet) _____ Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: _____ (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 _____ feet Depth of water well _____ feet		Depth to shallowest fresh water _____ 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: FRESH Number of working pits to be utilized: 1 Abandonment procedure: HAUL CLEAR FLUIDS, ALLOW TO DRY, AND BACKFILL 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.		
_____ 5/24/2010 Date	_____ Signature of Applicant or Agent	

15-077-21681-00-00

KCC OFFICE USE ONLY		Steel Pit <input type="checkbox"/>	RFAC <input checked="" type="checkbox"/>	RFAS <input checked="" type="checkbox"/>
Date Received: 5-25-10	Permit Number: _____	Permit Date: 5-27-10	Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

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

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KCC WICHITA

May 27, 2010

Charles N. Griffin
PO Box 347
Pratt, KS 67124

Re: Drilling Pit Application
Fanning Lease Well No. 2
SE/4 Sec. 11-34S-09W
Harper 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 all pits must be lined with bentonite. The free fluids must be removed. The fluids are to be removed from the reserve pit as soon as the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred. The fluids should be removed again within 72 hours 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 (316) 630-4000 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