

For KCC Use: 6-1-2010
 Effective Date: _____
 District # 2
 SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL
Must be approved by KCC five (5) days prior to commencing well

Form C-1
 October 2007
Form must be Typed
Form must be Signed
All blanks must be Filled

Expected Spud Date: JUNE 9, 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:	Well Class:	Type Equipment:
<input checked="" type="checkbox"/> Oil ✓	<input type="checkbox"/> Enh Rec	<input checked="" type="checkbox"/> Mud Rotary ✓
<input checked="" 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"/> Disposal	
	<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 NE SE Sec. 11 Twp. 34 S. R. 9 E W
 (0000) 2,310 feet from N / S Line of Section
 330 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 #: 3
 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: 1300 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: _____

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MAY 25 2010

KCC WICHITA

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 - <u>077-21682-00-00</u>	
Conductor pipe required <u>None</u> feet	
Minimum surface pipe required <u>200</u> feet per ALT. <input checked="" type="checkbox"/> I <input checked="" type="checkbox"/> II	
Approved by: <u>PAAS-27-2010</u>	
This authorization expires: <u>5-27-2011</u> <small>(This authorization void if drilling not started within 12 months of approval date.)</small>	
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: _____

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 - 077-21682-0000
 Operator: CHARLES N. GRIFFIN
 Lease: FANNING
 Well Number: 3
 Field: HIBBORD NORTHEAST

Location of Well: County: HARPER
 2,310 feet from N / S Line of Section
 330 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: _____ - NE - NE - SE

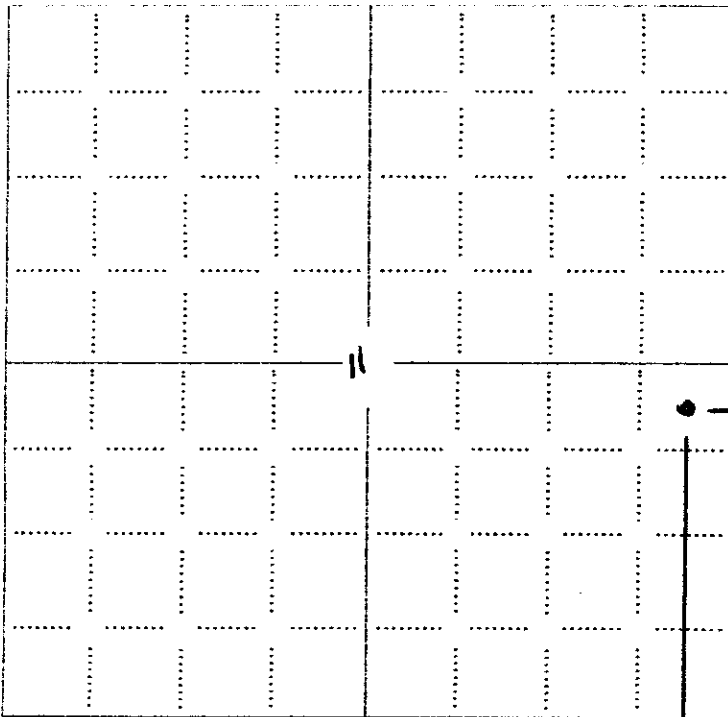
Is Section: Regular or Irregular

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

PLAT

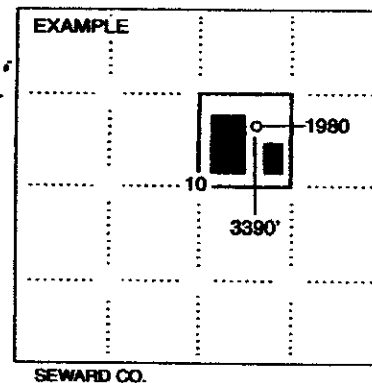
(Show location of the well and shade attributable acreage for prorated or spaced wells.)

(Show footage to the nearest lease or unit boundary line.)



NOTE: in all cases locate the spot of the proposed drilling location.

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 MAY 25 2010
 KCC WICHITA

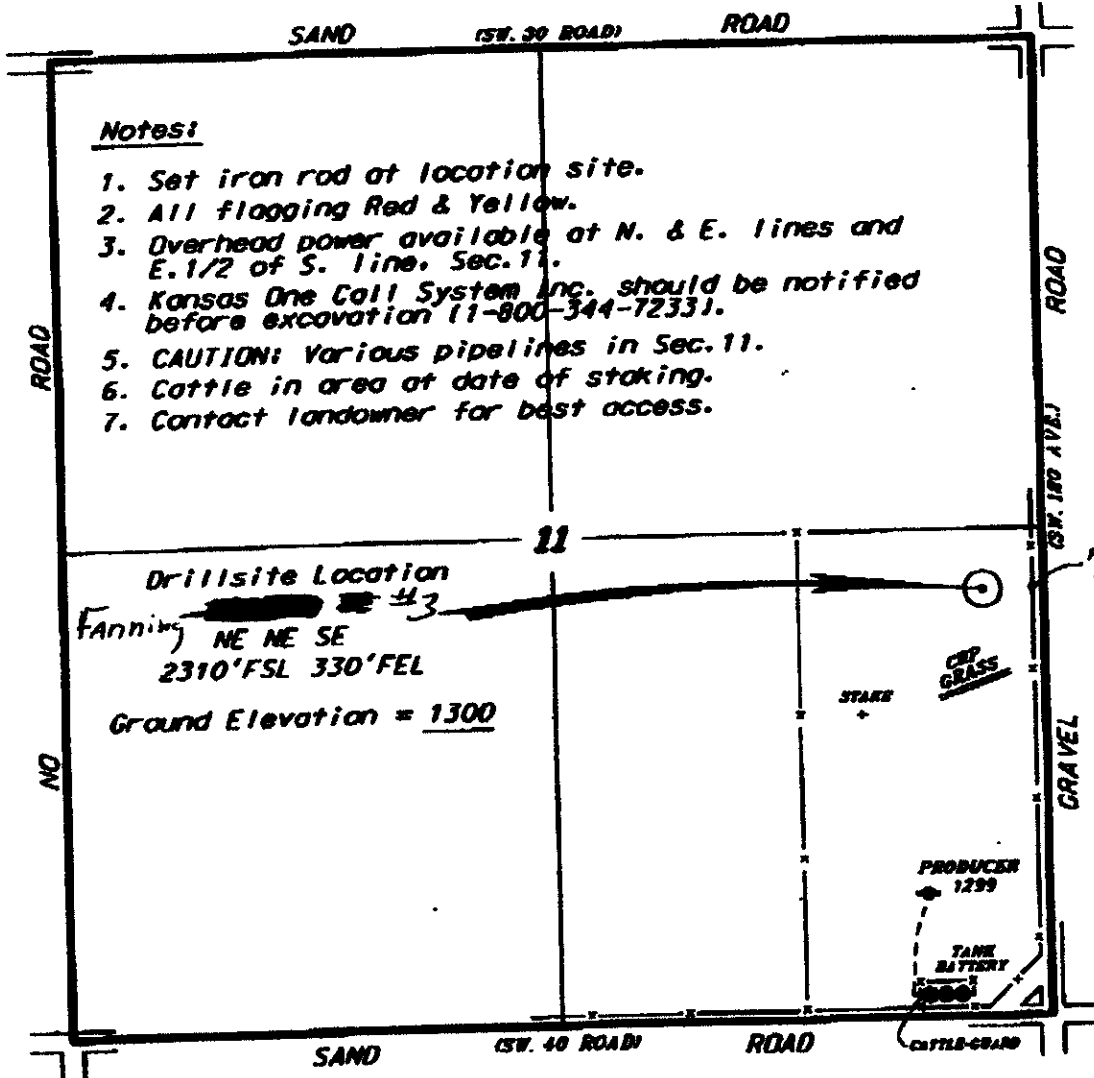


In plotting the proposed location of the well, you must show:

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).

GRIFFIN MANAGEMENT, LLC
Farming [redacted] LEASE
SE. 1/4, SECTION 11, T34S, R9W
HARPER COUNTY, KANSAS

15077-21682-0000



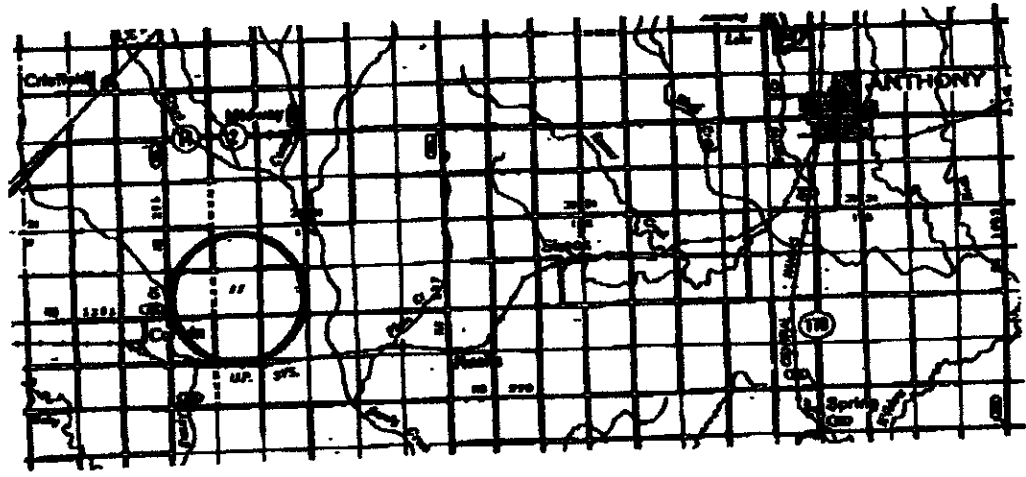
Notes:

1. Set iron rod at location site.
2. All flagging Red & Yellow.
3. Overhead power available at N. & E. lines and E. 1/2 of S. line, Sec. 11.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION: Various pipelines in Sec. 11.
6. Cattle in area at date of staking.
7. Contact landowner for best access.

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

SCALE 1" = 100'

FLAGGED POWER POLE



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KCC WICHITA

• Elevation data is based upon the best available photographs available to us and upon a regular survey of land containing the same.

• Elevation data was determined using the normal procedure of care of oilfield services participating in the area of survey. The customer warrants, which constitute the precise location there, were not necessarily located, and the exact location of the 2-1/2 inch diameter in the survey to the nearest foot. The customer warrants the survey and completed this plat and all other surveys relating to this survey to the Central Kansas Oilfield Services, Inc. The accuracy and precision of the survey data is not guaranteed. The customer warrants that the location of the 2-1/2 inch diameter in the survey to the nearest foot is not guaranteed. The customer warrants that the location of the 2-1/2 inch diameter in the survey to the nearest foot is not guaranteed.

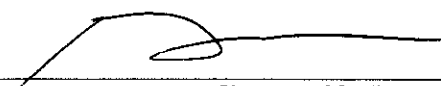
• Elevation derived from National Geodetic Vertical Datum.

DATE April 27, 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: 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 3		Pit Location (QQQQ): <u>NE NE SE</u> Sec. <u>11</u> Twp. <u>34</u> R. <u>9</u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <u>2,310</u> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <u>330</u> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section HARPER County
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 (bbls)	
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): <u>100</u> Length (feet) <u>100</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 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>1920</u> feet Depth of water well <u>55</u> feet		Depth to shallowest fresh water <u>16</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>FRESH</u> Number of working pits to be utilized: <u>1</u> Abandonment procedure: <u>HAUL CLEAR FLUIDS, ALLOW TO DRY, AND 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.		RECEIVED MAY 25 2010 KCC WICHITA
<u>5/24/2010</u> Date	 Signature of Applicant or Agent	
KCC OFFICE USE ONLY		
Date Received: <u>5-25-10</u> Permit Number: _____		Steel Pit <input checked="" type="checkbox"/> RFAC <input checked="" type="checkbox"/> RFAS <input type="checkbox"/>
Permit Date: <u>5-27-10</u> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		

15-077-21682-0000

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

May 27, 2010

Charles N. Griffin
PO Box 347
Pratt, KS 67124

RE: Drilling Pit Application
Fanning Lease Well No. 3
SE/4 Sec. 11-34S-09W
Harper County, Kansas

Dear Sir or Madam:

District staff has inspected the location and has determined that an unsealed condition will present a pollution threat to water resources.

District staff has instructed that no earthen pits are to be used at the location. Steel pits are to be used. Please inform the Commission in writing as to which disposal well you will utilize to dispose of the contents in the steel pits and the amount of fluid that will be disposed. **If a haul-off pit is necessary please file, form CDP-1, Application for Surface Pit.** This location will have to be inspected prior to approval of the haul-off pit application.

If fluids are taken to an authorized disposal well, please call the District Office at (316) 630-4000. Please file form CDP-5, 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.

Sincerely,



Kathy Haynes
Environmental Protection and Remediation Department

Cc: File

Kansas Corporation Commission Oil & Gas Conservation Division

HAUL-OFF PIT APPLICATION FILING REQUIREMENTS

82-3-607. DISPOSAL OF DIKE AND PIT CONTENTS.

- (a) Each operator shall perform one of the following when disposing of dike or pit contents:
- (1) Remove the liquid contents to a disposal well or other oil and gas operation approved by the commission or to road maintenance or construction locations approved by the department;
 - (2) dispose of reserve pit waste down the annular space of a well completed according to the alternate 1 requirements of K.A.R. 82-3-106, if the waste to be disposed of was generated during the drilling and completion of the well; or
 - (3) dispose of the remaining solid contents in any manner required by the commission. The requirements may include any of the following:
 - (A) Burial in place, in accordance with the grading and restoration requirements in K.A.R. 82-3-602 (f);
 - (B) removal and placement of the contents in an on-site disposal area approved by the commission;
 - (C) removal and placement of the contents in an off-site disposal area on acreage owned by the same landowner or to another producing lease or unit operated by the same operator, if prior written permission from the landowner has been obtained; or
 - (D) removal of the contents to a permitted off-site disposal area approved by the department.
- (b) Each violation of this regulation shall be punishable by the following:
- (1) A \$1,000 penalty for the first violation;
 - (2) a \$2,500 penalty for the second violation; and
 - (3) a \$5,000 penalty and an operator license review for the third violation.

Complete and return with Haul-Off Pit Application, Form CDP1(2004)

Haul-off pit will be located in an on-site disposal area: Yes No

Haul-off pit is located in an off-site disposal area on acreage owned by the same landowner:
 Yes No If yes, written permission from the land owner must be obtained. Attach written permission to haul-off pit application.

Haul-off pit is located in an off-site disposal area on another **producing** lease or unit operated by the same operator: Yes No If yes, written permission from the land owner must be obtained. Attach permission and a copy of the lease assignment that covers the acreage where the haul-off pit is to be located, to the haul-off pit application.