

For KCC Use: 6-29-2010
Effective Date: 4
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 30, 2010
month day year

Spot Description: 215'E of
SW SE NE Sec. 36 Twp. 12 S. R. 14W E W
(or) 2310 feet from N / S Line of Section
775 feet from E / W Line of Section

OPERATOR: License# 6194
Name: ESP DEVELOPMENT, INC.
Address 1: 1749 250th Avenue
Address 2:
City: Hays State: KS Zip: 67601 +
Contact Person: Lewis Eulert
Phone: (785) 625-6394

Is SECTION: Regular Irregular?
(Note: Locate well on the Section Plat on reverse side)
County: Russell
Lease Name: Shannon Well #: 1
Field Name: Wildcat

CONTRACTOR: License# 31548
Name: Discovery Drilling Co., Inc.

Is this a Prorated / Spaced Field? Yes No
Target Formation(s): LKC & Arbuckle
Nearest Lease or unit boundary line (in footage): 330

Well Drilled For: Oil Gas Seismic; # of Holes Other:
Well Class: Enh Rec Storage Disposal Other
Type Equipment: Mud Rotary Air Rotary Cable
 Infield Pool Ext. Wildcat

Ground Surface Elevation: 1570 feet MSL
Water well within one-quarter mile: Yes No
Public water supply well within one mile: Yes No

Operator:
Well Name:
Original Completion Date: Original Total Depth:

Depth to bottom of fresh water: 180
Depth to bottom of usable water: 400-240
Surface Pipe by Alternate: I II
Length of Surface Pipe Planned to be set: 450'
Length of Conductor Pipe (if any): None
Projected Total Depth: 3450'
Formation at Total Depth: Arbuckle

Directional, Deviated or Horizontal wellbore? Yes No
If Yes, true vertical depth:
Bottom Hole Location:
KCC DKT #:

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:

RECEIVED
JUN 23 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: June 22, 2010 Signature of Operator or Agent: [Signature] Title: Agent

For KCC Use ONLY
API # 15 - 167-23648-00-00
Conductor pipe required None feet
Minimum surface pipe required 260 feet per ALT. I II
Approved by: Rueh 6-24-2010
This authorization expires: 6-24-2011
(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:

36-12-14
 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 - 167-23648-00-00
 Operator: ESP DEVELOPMENT, INC.
 Lease: EULERT RANCH "C"
 Well Number: 7
 Field: Wildcat

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

Location of Well: County: Russell
2310 feet from N / S Line of Section
775 feet from E / W Line of Section
 Sec. 36 Twp. 12 S. R. 14W E W

Is Section: Regular or Irregular

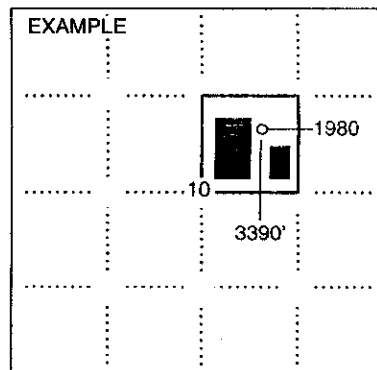
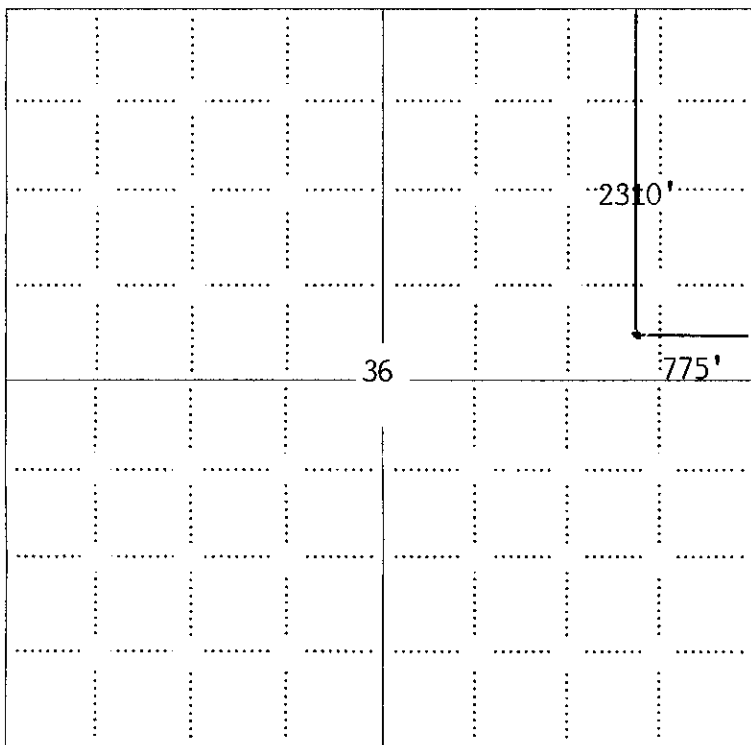
If Section is Irregular, locate well from nearest corner boundary.

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.

Russell Co., KS

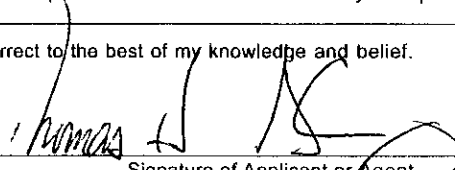
In plotting the proposed location of the well, you must show:

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).

**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: ESP DEVELOPMENT, INC.		License Number: 6194
Operator Address: 1749 250th Avenue Hays, KS 67601		
Contact Person: Lewis Eulert		Phone Number: (785) 625 - 6394
Lease Name & Well No.: EULERT RANCH "C" # 7		Pit Location (QQQQ): 215'E of SW SE 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 <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: 3000 (bbls)	Sec. 36 Twp. 12S R. 14W <input type="checkbox"/> East <input checked="" type="checkbox"/> West 2310 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 775 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Russell 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? Clay soil, native and fresh mud.
Pit dimensions (all but working pits): 70 Length (feet) 70 Width (feet) _____ N/A: Steel Pits Depth from ground level to deepest point: 5 (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 2266 feet Depth of water well 35 feet		Depth to shallowest fresh water 20 feet. KCC WICHITA Source of information: _____ measured _____ well owner _____ electric log ① 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 Mud Number of working pits to be utilized: 3 Abandonment procedure: Allow liquid contents to evaporate, let cuttings 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.		
June 22, 2010 Date		 Signature of Applicant or Agent

15767-23648-0000

KCC OFFICE USE ONLY		RFAC
Date Received: 6-23-10	Permit Number: _____	Permit Date: 6-24-10 Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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



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

June 24, 2010

ESP Development, Inc.
1749 250th Avenue
Hays, KS 67601

RE: Drilling Pit Application
Shannon Lease Well No. 1
NE/4 Sec. 36-12S-14W
Russell 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. **Keep pits away from draw, creek, stream or waterway.**

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 (785) 625-0550 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,

A handwritten signature in black ink, appearing to read "Kathy Haynes".

Kathy Haynes
Environmental Protection and Remediation Department

cc: district