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JUL 15 2010

Form C-1

March 2010

Form must be Typed

Form must be Signed

All blanks must be Filled

For KCC Use: Effective Date: 7-24-2010 District # 3 SGA? Yes No

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

KCC WICHITA

NOTICE OF INTENT TO DRILL

Must be approved by KCC five (5) days prior to commencing well

Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act, MUST be submitted with this form.

Expected Spud Date: 7/8/10 month day year

OPERATOR: License# 34224 Name: Red Cloud Exploration Operating, LLC Address 1: 1611 St. Andrews Dr 3rd Fl City: Lawrence State: KS Zip: 66047 Contact Person: Kevin Sylla Phone: 415-850-9183

CONTRACTOR: License# 33986 Name: Owens Petroleum Services

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

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

Directional, Deviated or Horizontal wellbore? If Yes, true vertical depth: Bottom Hole Location: KCC DKT #:

Spot Description: NE - NE - NE - SE Sec. 19 Twp. 25 S. R. 16 2,475 feet from 165 feet from Is SECTION: Regular Irregular

County: Woodson Lease Name: Weber Well #: 1-10 Field Name: Humboldt-Chouteau Owl Creek Is this a Prorated / Spaced Field? Target Formation(s): Squirrel

Nearest Lease or unit boundary line (in footage): 165 Ground Surface Elevation: 963 feet MSL Water well within one-quarter mile: Public water supply well within one mile: Depth to bottom of fresh water: 100+ Depth to bottom of usable water: 200-250 Surface Pipe by Alternate: Length of Surface Pipe Planned to be set:

Length of Conductor Pipe (if any): Projected Total Depth: 1000 Formation at Total Depth: Squirrel Water Source for Drilling Operations: Well Farm Pond Other: DWR Permit #:

Will Cores be taken? 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 to the best of my knowledge and belief.

Date: 7/27/10 Signature of Operator or Agent: Title: Mary Pen

For KCC Use ONLY API # 15 - 207-27668-0000 Conductor pipe required None feet Minimum surface pipe required 40 feet per ALT. Approved by: Sam 7-19-2010 This authorization expires: 7-19-2011 Spud date: Agent:

- Remember to: File Certification of Compliance with the Kansas Surface Owner Notification Act (KSONA-1) with Intent to Drill; 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 well will not be drilled or permit has expired (See: authorized expiration date) please check the box below and return to the address below. Well will not be drilled or Permit Expired Signature of Operator or Agent: Date:

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

19 25 16 E W

For KCC Use ONLY

API # 15 - 207-27680000

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KCC WICHITA

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

In all cases, please fully complete this side of the form. Include items 1 through 5 at the bottom of this page.

Operator: Red Cloud Exploration Operating, LLC

Lease: Weber

Well Number: 1-10

Field: Humboldt-Chanute

Number of Acres attributable to well:

QTR/QTR/QTR/QTR of acreage: NE - NE - NE - SE

Location of Well: County: Woodson

2,475 feet from  N /  S Line of Section

165 feet from  E /  W Line of Section

Sec. 19 Twp. 25 S. R. 16  E  W

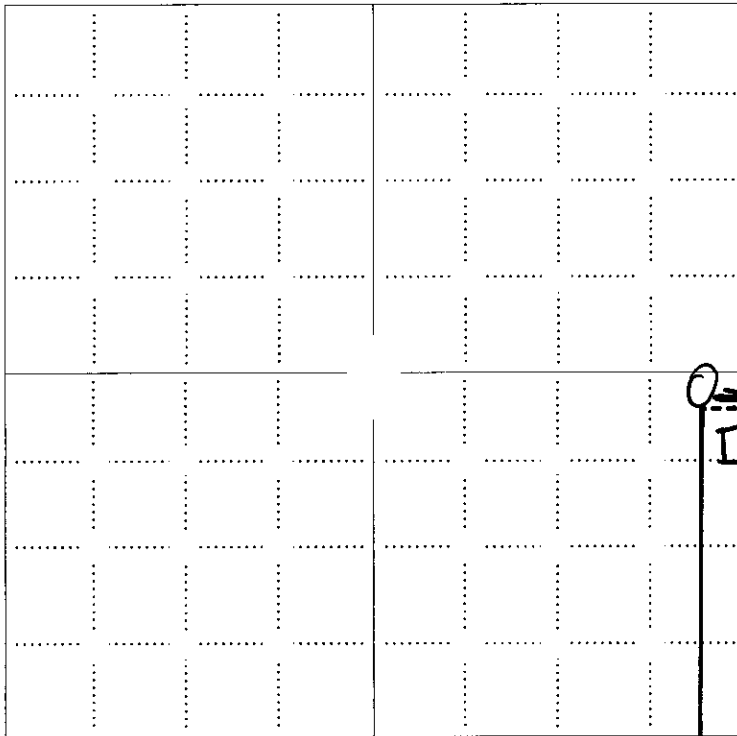
Is Section:  Regular or  Irregular

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

Section corner used:  NE  NW  SE  SW

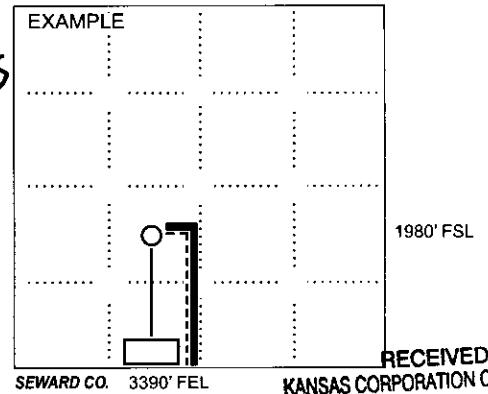
PLAT

Show location of the well. Show footage to the nearest lease or unit boundary line. Show the predicted locations of lease roads, tank batteries, pipelines and electrical lines, as required by the Kansas Surface Owner Notice Act (House Bill 2032). You may attach a separate plat if desired.



LEGEND

- Well Location
- Tank Battery Location
- Pipeline Location
- Electric Line Location
- Lease Road Location



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

Handwritten notes: 165, 2475

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JUL 06 2010

CONSERVATION DIVISION WICHITA, 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).
5. The predicted locations of lease roads, tank batteries, pipelines, and electrical lines.

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Form CDP-1  
May 2010  
Form must be Typed

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

KCC WICHITA

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: Red Cloud Exploration Operating, LLC		License Number: 34224	
Operator Address: 1611 St. Andrews Dr 3rd Fl		Lawrence KS 66047	
Contact Person: Kevin Sylla		Phone Number: 415-850-9183	
Lease Name & Well No.: Weber 1-10		Pit Location (QQQQ): NE - NE - NE - SE Sec. 19 Twp. 25 R. 16 <input checked="" type="checkbox"/> East <input type="checkbox"/> West 2475 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 165 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Woodson 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: 300 (bbls)		
Is the pit located in a Sensitive Ground Water Area? <input 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? Natural Clay Liner	
Pit dimensions (all but working pits): 20 Length (feet) 16 Width (feet) Depth from ground level to deepest point: 4 (feet)		<input type="checkbox"/> N/A: Steel Pits <input type="checkbox"/> No Pit	
If the pit is lined give a brief description of the liner material, thickness and installation procedure. NA		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. NA	
Distance to nearest water well within one-mile of pit: N/A feet Depth of water well 200 feet		Depth to shallowest fresh water 25 feet. Source of information: <input type="checkbox"/> measured <input checked="" type="checkbox"/> well owner <input type="checkbox"/> electric log <input type="checkbox"/> KDWR	
<b>Emergency, Settling and Burn Pits ONLY:</b> 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		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> Type of material utilized in drilling/workover: Freshwater, mud Number of working pits to be utilized: 2 Abandonment procedure: Empty 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.		RECEIVED KANSAS CORPORATION COMMISSION JUL 06 2010	
27, Jan 14 Date		[Signature] Signature of Applicant or Agent	
<b>KCC-OFFICE USE ONLY</b>			
Date Received: 7-15-10 Permit Number: _____		Permit Date: 7-19-10 Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

15-207-27688-0000



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

July 19, 2010

Red Cloud Exploration Operating LLC  
1611 St. Andrews Dr. 3<sup>rd</sup> Fl  
Lawrence, KS 66047

RE: Drilling Pit Application  
Weber Lease Well No. 1-10  
SE/4 Sec. 19-25S-16E  
Woodson 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](http://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

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15-207-27668-00-00

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form KSONA-1  
July 2010  
Form Must Be Typed  
Form must be Signed  
All blanks must be Filled

**CERTIFICATION OF COMPLIANCE WITH THE  
KANSAS SURFACE OWNER NOTIFICATION ACT**

*This form must be submitted with all Forms C-1 (Notice of Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); T-1 (Request for Change of Operator Transfer of Injection or Surface Pit Permit); and CP-1 (Well Plugging Application). Any such form submitted without an accompanying Form KSONA-1 will be returned.*

Select the corresponding form being filed:  C-1 (Intent)  CB-1 (Cathodic Protection Borehole Intent)  T-1 (Transfer)  CP-1 (Plugging Application)

OPERATOR: License # 34224  
Name: Red Cloud Exploration Operating, LLC  
Address 1: 1611 St. Andrews Dr., 3rd Fl  
Address 2: \_\_\_\_\_  
City: Lawrence State: KS Zip: 66047 + \_\_\_\_\_  
Contact Person: Kevin Sylla  
Phone: ( 415 ) 850-9183 Fax: ( 913 ) 273-0885  
Email Address: ksylla@redcloudexploration.com

Well Location:  
NE NE NE SE Sec. 19 Twp. 25 S. R. 16  East  West  
County: Woodson County  
Lease Name: Weber Well #: 1-10

*If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:*

**Surface Owner Information:**

Name: Jerome M. Weber and Janet R. Weber  
Address 1: 2073 95th Rd  
Address 2: \_\_\_\_\_  
City: Yates Center State: KS Zip: 66783 + \_\_\_\_\_

*When filing a Form T-1 involving multiple surface owners, attach an additional sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the county, and in the real estate property tax records of the county treasurer.*

*If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary non-binding estimates. The locations may be entered on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.*

**Select one of the following:**

- I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this form; 2) if the form being filed is a Form C-1 or Form CB-1, the plat(s) required by this form; and 3) my operator name, address, phone number, fax, and email address.
- I have not provided this information to the surface owner(s). I acknowledge that, because I have not provided this information, the KCC will be required to send this information to the surface owner(s). To mitigate the additional cost of the KCC performing this task, I acknowledge that I am being charged a \$30.00 handling fee, payable to the KCC, which is enclosed with this form.

*If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.*

I hereby certify that the statements made herein are true and correct to the best of my knowledge and belief.

Date: 14 July 14 Signature of Operator or Agent:  Title: Mawabw Dirson