

For KCC Use: 8-28-2010  
 Effective Date: 8-28-2010  
 District #: 2  
 SGA?  Yes  No

KANSAS CORPORATION COMMISSION  
 OIL & GAS CONSERVATION DIVISION

Form C-1  
 March 2010  
 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  
 Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act, MUST be submitted with this form.

Expected Spud Date: August 2 2010  
 month day year

OPERATOR: License# 33711  
 Name: B-C Steel, LLC  
 Address 1: 209 N. Fry  
 Address 2: \_\_\_\_\_  
 City: Yates Center State: Ks Zip: 66783 + \_\_\_\_\_  
 Contact Person: Bert Carlson  
 Phone: 620-485-6064  
 CONTRACTOR: License# 5495  
 Name: McPherson Drilling Company

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  \_\_\_\_\_  
 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: South West of the North West of the North West Quarter  
 \_\_\_\_\_ SW - NW - NW Sec. 17 Twp. 32 S. R. 8  E  W  
 \_\_\_\_\_ feet from  N /  S Line of Section  
 \_\_\_\_\_ feet from  E /  W Line of Section

Is SECTION:  Regular  Irregular?  
 (Note: Locate well on the Section Plat on reverse side)

County: Cowley  
 Lease Name: Butts Well #: 17-2  
 Field Name: Windsor Southeast

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

Nearest Lease or unit boundary line (in footage): 1980  
 Ground Surface Elevation: 1250 Est. 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: 150  
 Depth to bottom of usable water: 430

Surface Pipe by Alternate:  I  II  
 Length of Surface Pipe Planned to be set: 450

Length of Conductor Pipe (if any): \_\_\_\_\_  
 Projected Total Depth: 1950

Formation at Total Depth: Layton Sandstone  
 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 to the best of my knowledge and belief.

Date: July 26, 2010 Signature of Operator or Agent: Bert Carlson Title: Manager

For KCC Use ONLY  
 API # 15 - 035-24369-0000  
 Conductor pipe required None feet  
 Minimum surface pipe required 450 feet per ALT.  I  II  
 Approved by: [Signature] 8-23-2010  
 This authorization expires: 8-23-2011  
 (This authorization void if drilling not started within 12 months of approval date.)  
 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 Date: \_\_\_\_\_  
 Signature of Operator or Agent: \_\_\_\_\_

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

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API # 15 - D35-24369-0000

### 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: B-C Steel, LLC  
Lease: Butts  
Well Number: 17-2  
Field: Windsor Southeast

Location of Well: County: Cowley  
990 \_\_\_\_\_ feet from  N /  S Line of Section  
330 \_\_\_\_\_ feet from  E /  W Line of Section  
Sec. 17 \_\_\_\_\_ Twp. 32 \_\_\_\_\_ S. R. 8 \_\_\_\_\_  E  W

Number of Acres attributable to well: 10  
QTR/QTR/QTR/QTR of acreage: \_\_\_\_\_ - SW - NW - NW

Is Section:  Regular or  Irregular

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

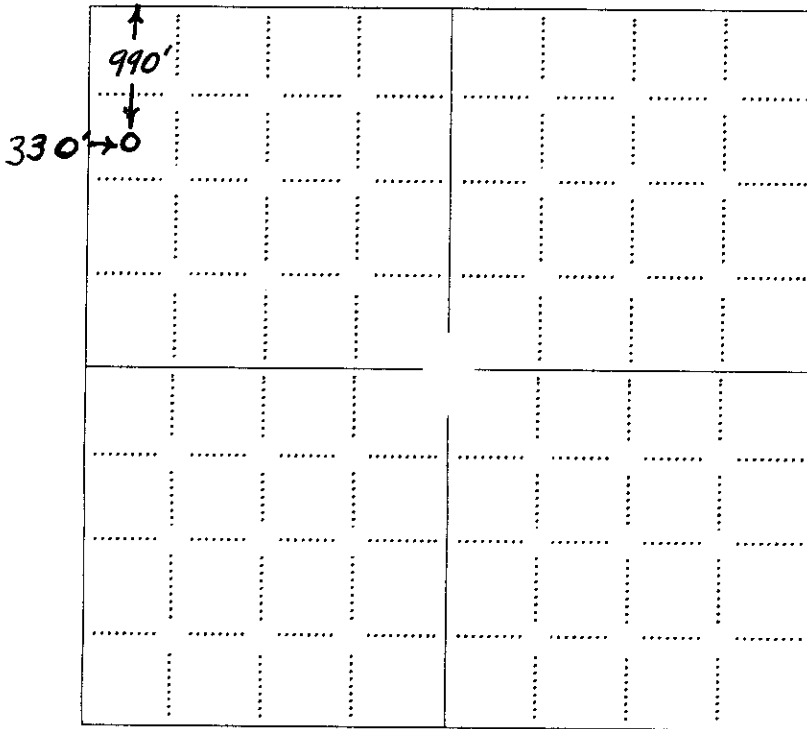
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AUG 17 2010

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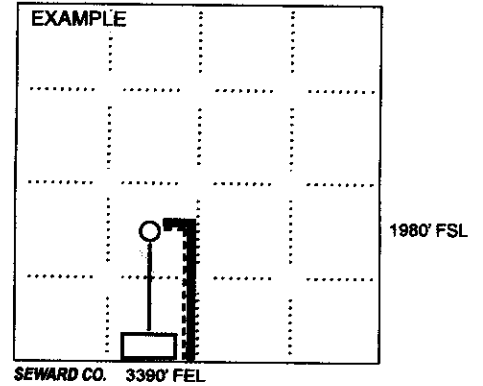
### PLAT

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.

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

- 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.
- The distance of the proposed drilling location from the south / north and east / west outside section lines.
- The distance to the nearest lease or unit boundary line (in footage).
- 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).
- The predicted locations of lease roads, tank batteries, pipelines, and electrical lines.

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**KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION  
APPLICATION FOR SURFACE PIT**

Form CDP-1  
May 2010  
Form must be Typed

*Submit in Duplicate*

Operator Name: <b>B-C Steel, LLC</b>		License Number: <b>33711</b>
Operator Address: <b>209 N. Fry</b>		<b>Yates Center Ks 66783</b>
Contact Person: <b>Bert Carlson</b>		Phone Number: <b>620-485-6064</b>
Lease Name & Well No.: <b>Butts 17-2</b>		Pit Location (QQQQ): _____ - <u>SW</u> - <u>NW</u> - <u>NW</u> Sec. <u>17</u> Twp. <u>32</u> R. <u>8</u> <input checked="" type="checkbox"/> East <input type="checkbox"/> West <u>990</u> Feet from <input type="checkbox"/> North / <input type="checkbox"/> South Line of Section <u>330</u> Feet from <input type="checkbox"/> East / <input type="checkbox"/> West Line of Section <u>Cowley</u> _____ 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: _____ (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? <b>Native Clay and Drilling Mud</b>
Pit dimensions (all but working pits): <u>60</u> Length (feet) <u>10</u> Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: <u>3</u> (feet) <input type="checkbox"/> No Pit		
If the pit is lined give a brief description of the liner material, thickness and installation procedure. <p align="center"><b>RECEIVED AUG 17 2010 KCC WICHITA</b></p>		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.
Distance to nearest water well within one-mile of pit: <u>N/A</u> feet    Depth of water well _____ feet	Depth to shallowest fresh water <u>20</u> feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input checked="" 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: <u>Drilling Mud</u> Number of working pits to be utilized: <u>2</u> Abandonment procedure: <u>Let dry and backfill and pack</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.  <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <p><u>July 26, 2010</u> Date</p> </div> <div style="width: 60%; text-align: center;"> <p><i>Bert Carlson</i> Signature of Applicant or Agent</p> </div> </div>		
<b>KCC OFFICE USE ONLY</b>		
<input type="checkbox"/> Liner <input type="checkbox"/> Steel Pit <input type="checkbox"/> RFAC <input type="checkbox"/> RFAS Date Received: _____ Permit Number: _____ Permit Date: <u>8-20-10</u> Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

15-035-2-4369-00-00

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

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15-035-24369-0002

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 # 33711  
Name: B-C Steel, LLC  
Address 1: 209 N. Fry  
Address 2: \_\_\_\_\_  
City: Yates Center State: KS Zip: 66783 +  
Contact Person: Burt Carlson  
Phone: ( 620 ) 485-6064 Fax: ( 620 ) 625-3302  
Email Address: bcarlson@bcsteelllc.com

Well Location:  
SE NW NW Sec. 17 Twp. 32 S. R. 8  East  West  
County: Cowley  
Lease Name: Butts Well #: 17-2

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

**Surface Owner Information:**

Name: Forrest Butts  
Address 1: 205 S. Central Ave.  
Address 2: \_\_\_\_\_  
City: Mulvane State: Ks Zip: 67110 +

*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: 8-16-2010

Signature of Operator or Agent:

*Burt Carlson*

Title:

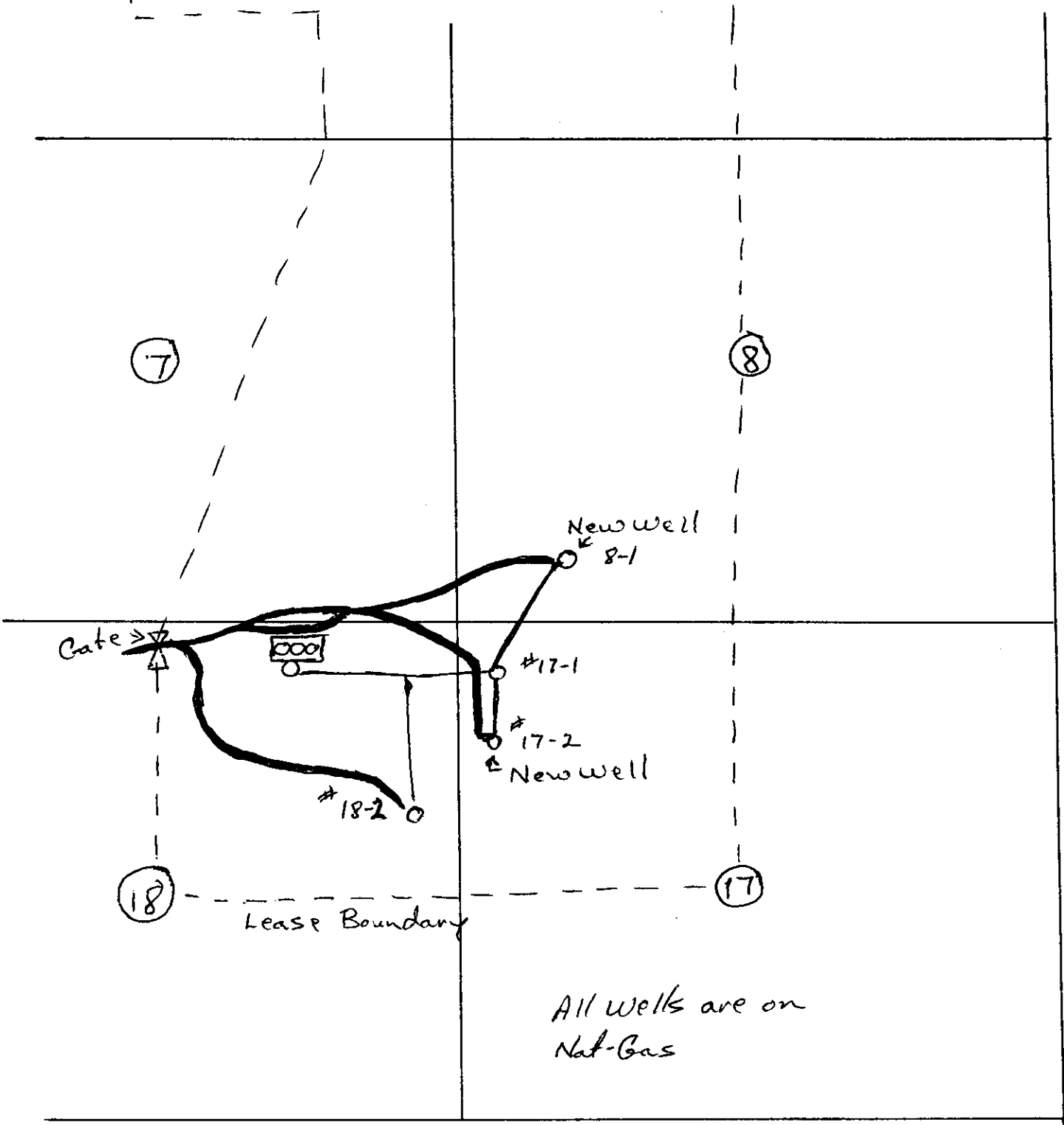
*Manager*

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All wells are on  
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