

For KCC Use:
Effective Date: 8-23-2010
District #: 2
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

* *Copy.*
CORRECTED

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

Expected Spud Date: August 3 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: 620-485-0034

CONTRACTOR: License# 5495
Name: McPherson Drilling company

Well Drilled For: Oil Enn Rac Infied Mud Rotary
 Gas Storage Pco' Ext. Air Rotary
 Disposal W. den. Cobia
 Seismic # of Holes Other

If DWWO: 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: 8 32 8
X52 - SW SW Sec. 6 Twp. 32 S. R. 8 E W
335 330 feet from N S Line of Section
666 660 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: Burns Well #: 8-1
Field Name: Windsor Southeast

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

Nearest Lease or unit boundary line (in footage): 2310
Ground Surface Elevation: 1325 Eft. feet M.S.

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:

* WAS: SE-SW-SW 990' FWL
IS: S2-SW-SW 660' FWL

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 #153,891-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: August 30, 2010 Signature of Operator or Agent: Bert Carlson Title: manager

For KCC Use ONLY
AP# 15 035-24368-00-00
Conductor pipe required None fee:
Minimum surface pipe required 450 feet per ALT I II
Approved by: Permit 8-18-2010 / Permit 8-31-2010
This authorization expires: 8-18-2011
This authorization void if drilling has 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. **8**
 - File Drill Pit Application (Form COP-1) with intent to Drill. **32**
 - File Completion Form ACO-1 within 120 days of spud date. **8**
 - File acreage attribution plat according to field production 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 well water.
 - If well was not drilled or permit has expired (See numberless regulations on this date), 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 67262

RECEIVED
AUG 31 2010
KCC WICHITA

Side Two

For KCC Users ONLY
AP# 15 035-24368-0000

CORRECTED

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: Burs
Well Number: 8-1
Field: Windsor Southeast
Number of Acres attributable to well: _____
QTR/QTR/QTR/QTR of acreage: SE SW SW

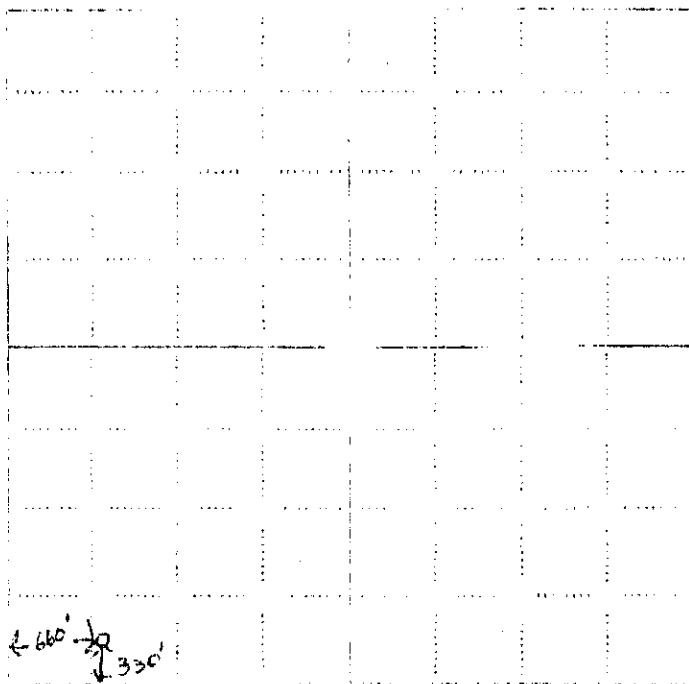
Location of Well: County Cowley
feet from 330 N / S Line of Section
feet from 660 E / W Line of Section
Sec. 8 Twp. 32 S. R. 8 E W

Is Section: Regular or Irregular

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

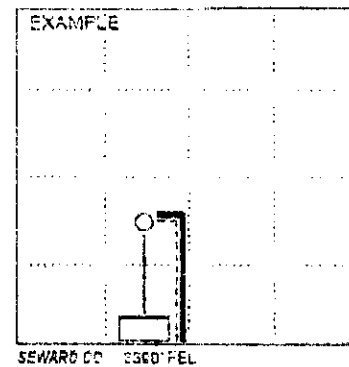
PLAT

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.

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 plat with a plat or survey from a certificate of acreage attribution plat must be attached (CG-1 for oil wells, CG-8 for gas wells).
5. The predicted locations of lease roads, tank batteries, pipelines, and electric lines.

RECEIVED

AUG 31 2010

KCC WICHITA


KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

CORRECTED

Form CDP-1
May 2010
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: B-C Steel, LLC		License Number: 33711	
Operator Address: 209 N. Fry		Yates Center Ks 66783	
Contact Person: Bert Carlson		Phone Number: 620-485-6064	
Lease Name & Well No.: Butts 8-1		Pit Location (QQQQ): SE SW SW Sec. 8 Twp. 32 R. 8 <input checked="" type="checkbox"/> East <input type="checkbox"/> West 330 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 998-660 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Cowley 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 (If WP Supply API No. or Year Drilled)		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 (For Emergency Pits and Settling Pits only)	
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 Clay and Drilling Mud			
Pit dimensions (all but working pits): 60 Length (feet) 10 Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: 3 (feet) <input type="checkbox"/> No Pit			
If the pit is lined give a brief description of the liner material, thickness and installation procedure. RECEIVED AUG 17 2010 KCC WICHITA		Describe procedure for periodic maintenance and determining liner integrity, including any special monitoring.	
Distance to nearest water well within one-mile of pit: N/A feet Depth of water well _____ feet		Depth to shallowest fresh water 20 feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input checked="" type="checkbox"/> KDWK	
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: Drilling Mud Number of working pits to be utilized: 2 Abandonment procedure: Let dry and backfill and pack 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.			
July 26, 2010 Date		 Signature of Applicant or Agent	

15-035-24368-00-00

KCC OFFICE USE ONLY			
Date Received: 8-17-10	Permit Number: _____	Permit Date: 8-17-10	Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<input type="checkbox"/> Liner <input type="checkbox"/> Steel Pit <input type="checkbox"/> RFAC <input type="checkbox"/> RFAS	

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

RECEIVED
JUL 28 2010
KCC WICHITA

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: 66793
Contact Person: Burt Carlson
Phone (620) 625-2999 Fax (620) 625-3302
Email Address: _____

Well Location:
SE SW SW Sec. 8 Twp. 32 S. R. 8 East West
County: Cowley
Lease Name: Butts Well # 8-1

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 2052), 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: August 30, 2010

Signature of Operator or Agent:

Burt Carlson

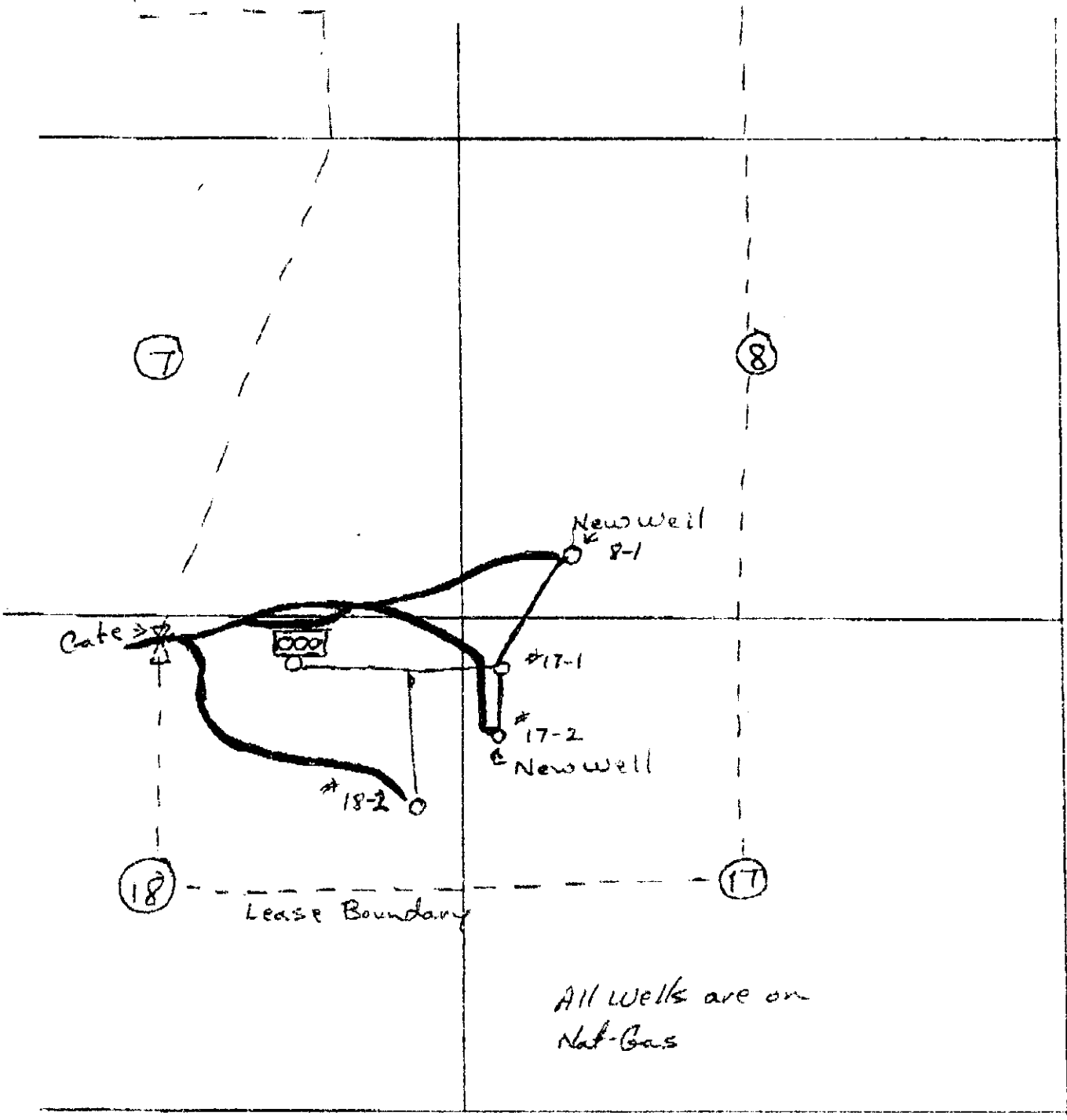
Title: manager

Mail to: KCC - Conservation Division, 1215 South 10th Ave., 67202 Wichita, Kansas 67202

RECEIVED

AUG 31 2010

KCC WICHITA



Bert Carlson

RECEIVED
AUG 31 2010
KCC WICHITA