

For KCC Use: 10-30-2010  
Effective Date: 2  
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: 10 25 2010  
month day year

OPERATOR: License# 34226 ✓  
Name: Yale Oil Association, Inc.  
Address 1: 6 NE 63rd Street, Suite 425  
Address 2: \_\_\_\_\_  
City: Oklahoma City State: OK Zip: 73105 + \_\_\_\_\_  
Contact Person: Greg Cox  
Phone: 405-840-1811 ext. 107  
CONTRACTOR: License# 34293 ✓  
Name: Project Drilling LLC

Spot Description: \_\_\_\_\_  
NW-NW-SW Sec. 7 Twp. 35 S. R. 8  E  W  
2,050 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: Cowley  
Lease Name: Fulsom Well #: 1-7  
Field Name: unnamed

Is this a Prorated / Spaced Field?  Yes  No ✓  
Target Formation(s): Layton, Cleveland, Oswego, Peru, Cattleman, Miss Chat, Arbuckle  
Nearest Lease or unit boundary line (in footage): 330

Ground Surface Elevation: 1188 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: 100  
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): 0  
Projected Total Depth: 3200  
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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AFFIDAVIT

OCT 19 2010

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.

KCC WICHITA

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

Date: 10/18/10 Signature of Operator or Agent: Greg Cox Title: Geologist

For KCC Use ONLY  
API # 15 - 035-24374-00-00  
Conductor pipe required None feet  
Minimum surface pipe required 450 feet per ALT.  I  II  
Approved by: Rum 10-25-2010  
This authorization expires: 10-25-2011  
(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

7  
35  
8  
 E  
 W

For KCC Use ONLY  
 API # 15 - 035-243740000

**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: Yale Oil Association, Inc.  
 Lease: Fulsom  
 Well Number: 1-7  
 Field: unnamed

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

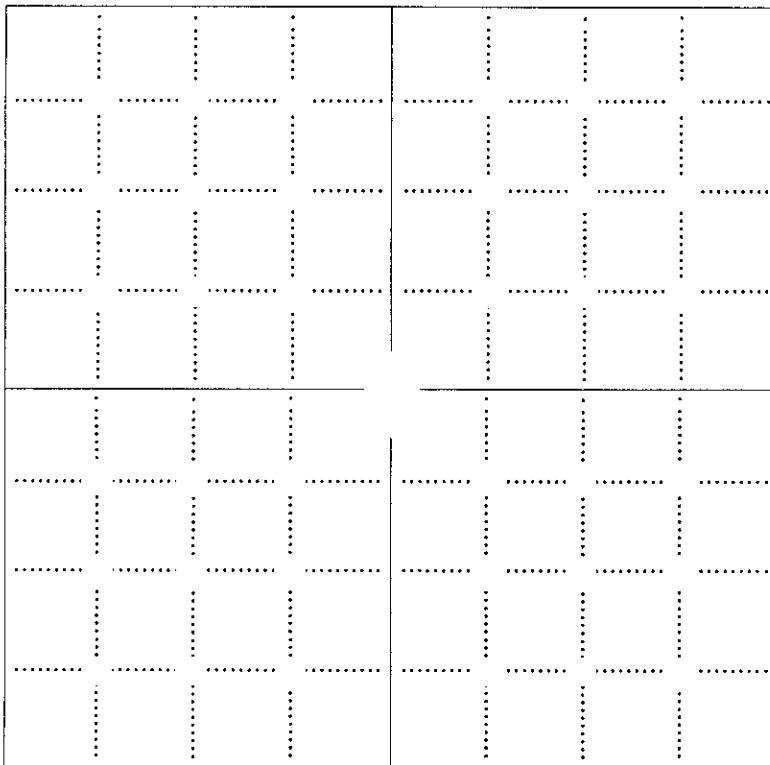
Location of Well: County: Cowley  
 \_\_\_\_\_ feet from  N /  S Line of Section  
 \_\_\_\_\_ feet from  E /  W Line of Section  
 Sec. 7 Twp. 35 S. R. 8  E  W

Is Section:  Regular or  Irregular

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

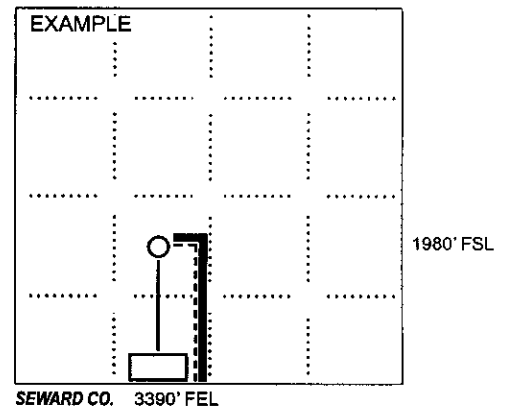
**PLAT**

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 prorated or spaced field a certificate of acreage attribution plat must be attached: (C0-7 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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**OCT 19 2010**

**KCC WICHITA**

### 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 # 34226  
Name: Yale Oil Association, Inc.  
Address 1: 6 NE 63rd Street, Suite 425  
Address 2: \_\_\_\_\_  
City: Oklahoma City State: OK Zip: 73105 + \_\_\_\_\_  
Contact Person: Greg Cox  
Phone: ( 405 ) 840-1811 ext. 107 Fax: ( 405 ) 840-4422  
Email Address: gcox@yaleoil.com

Well Location: \_\_\_\_\_  
NW-NW-SW Sec. 7 Twp. 35 S. R. 8  East  West  
County: Cowley  
Lease Name: Fulsom Well #: 1-7

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

**Surface Owner Information:**

Name: Joe & Jean Fulsom  
Address 1: 31462 K-15 Highway  
Address 2: \_\_\_\_\_  
City: Dexter State: KS Zip: 67038 + \_\_\_\_\_

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: 10/18/10 Signature of Operator or Agent: Greg Cox Title: Geologist

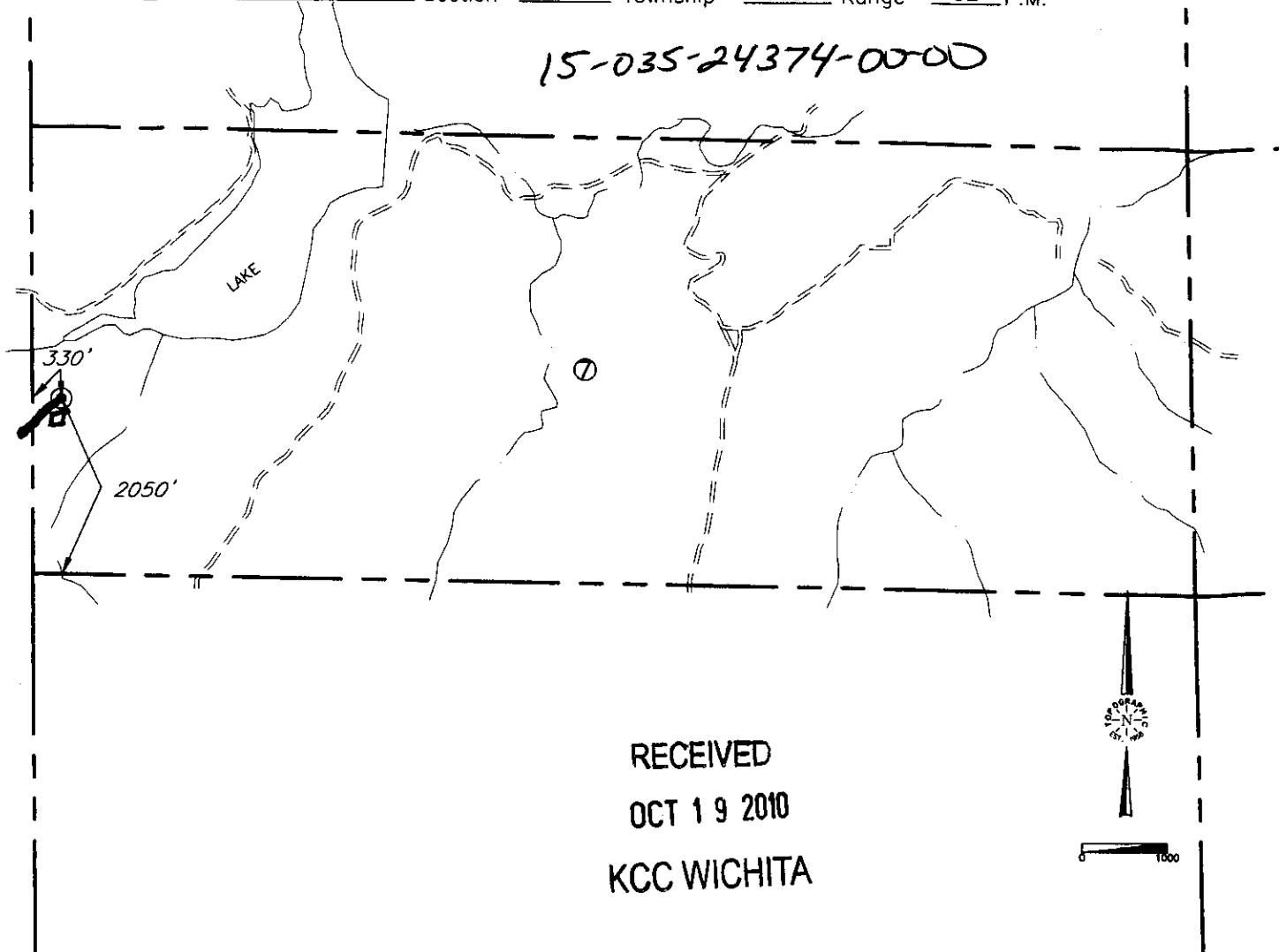
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2050'FSL - 330'FWL Section 7 Township 35S Range 8E P.M.

15-035-24374-0000



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This location has been very carefully staked on the ground according to the best official survey records, maps, and photographs available to us, but its accuracy is not guaranteed. Review this plat and notify us immediately of any possible discrepancy.

Distances shown in (parenthesis) are calculated based upon the Quarter Section being 2640 feet, and have not been measured.

Operator: YALE OIL ASSOCIATION, INC.  
 Lease Name: FOLSOM

1-7  
 Well No. 7-24 **ELEVATION:**  
1188' Gr. at Stake

Topography & Vegetation Loc. fell on top of rocky hilltop, 130' South of steep drop off

Good Drill Site? Yes Reference Stakes or Alternate Location  
 Stakes Set None

Best Accessibility to Location From SW on trail  
 Distance & Direction  
 from Hwy Jct or Town From Jct. US Hwy. 166 and St. Hwy. 15 South, go ±7.5 mi. South on St. Hwy. 15, then ±3.5 mi. E-N to location in the NE/4 of Sec. 7-T35S-R8E

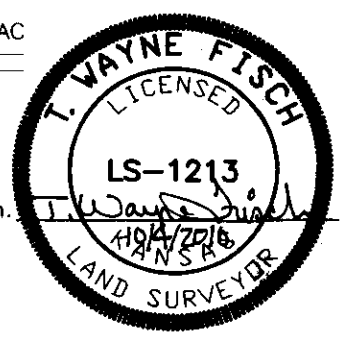
The following information was gathered using a GPS receiver  
 Accuracy ±2-3 Meters.

Date of Drawing: Oct. 04, 2010  
 Invoice # 159933 Date Staked: Sep. 28, 2010 AC

GPS  
 DATUM: NAD-27  
 LAT: 37°01'09.6"N  
 LONG: 96°36'21.4"W  
 STATE PLANE  
 COORDINATES:  
 ZONE: KS SOUTH  
 X: 2552995  
 Y: 134027

**CERTIFICATE:**  
 I, T. Wayne Fisch a Registered Land Surveyor and an authorized agent of Topographic Land Surveyors, do hereby certify that the above described well location was surveyed and staked on the ground as shown herein.


Kansas Reg. No. 1213



**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>Yale Oil Association, Inc.</b>		License Number: <b>34226</b>
Operator Address: <b>6 NE 63rd Street, Suite 425</b>		<b>Oklahoma City OK 73105</b>
Contact Person: <b>Greg Cox</b>		Phone Number: <b>405-840-1811 ext. 107</b>
Lease Name & Well No.: <b>Fulsom 1-7</b>		Pit Location (QQQQ): _____ - <u>NW</u> - <u>NW</u> - <u>SW</u> Sec. <u>7</u> Twp. <u>35</u> R. <u>8</u> <input checked="" type="checkbox"/> East <input type="checkbox"/> West <u>2,050</u> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <u>330</u> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section <b>Cowley</b> 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 type="checkbox"/> Proposed <input checked="" type="checkbox"/> Existing If Existing, date constructed: <u>10/15/10</u> Pit capacity: <b>10,143</b> (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>compacted soil</b>
Pit dimensions (all but working pits): <u>100</u> Length (feet) <u>60</u> Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: <u>5</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.  <b>RECEIVED OCT 19 2010 KCC WICHITA</b>
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 _____ feet. Source of information: <input type="checkbox"/> measured <input 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: <u>water based drilling mud</u> Number of working pits to be utilized: <u>1</u> Abandonment procedure: <u>haul off liquids to an approved facility, then backfill, cover and restore pit location.</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.		
<u>10/18/10</u> Date	 Signature of Applicant or Agent	

**KCC OFFICE USE ONLY**

Liner     Steel Pit     RFAC     RFAS

Date Received: 10-19-10 Permit Number: \_\_\_\_\_ Permit Date: 10-22-10 Lease Inspection:  Yes  No

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

15-035-24374-00-00

October 22, 2010

Yale Oil Association, Inc.  
6 NE 63<sup>rd</sup> St Ste 425  
Oklahoma City, OK 73105

Re: Drilling Pit Application  
Fulsom Lease Well No. 1-7  
SW/4 Sec. 07-35S-08E  
Cowley County, Kansas

Dear Sir or Madam:

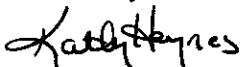
District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and **all pits must be lined with bentonite**. The free fluids must be removed. The fluids are to be removed from the reserve pit within 96 hours 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 (316) 630-4000 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