

GPS 37.34010, 096.59373 @L 1393'

Corrected by Brent Whitteman for B-C Steel, LLC

For KCC Use: Effective Date: 9-19-10 District #: 2 SGA? Yes No

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

Form C-1 March 2010 Form must be Typed Pages must be Signed All fields must be Filled CORRECTED

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: September 1 2010 month day year

OPERATOR: License# 33711 Name: B-C Steel LLC Address 1: 200 N Fry Street Address 2: City: State: Zip: 66783 Contact Person: Bert Carlson Phone: 620-285-6084

CONTRACTOR: License# 33734 Name: Hat Drilling LLC

Well Drilled For: Oil Gas 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? Yes No If Yes, true vertical depth: Bottom Hole Location: KCC DKT #:

*WAS: 2230' FNL; 4554 FWL IS: 3330' FSL; 9453 FEL

Spot Description: SW SE NE Sec. 19 Twp. 31 S. R. 8 Line of Section feet from NE corner Line of Section feet from SE corner

Is SECTION: Regular Irregular? Long End From the East Line (Note: Locate well on the Section Plat on reverse side)

County: Cowley Lease Name: Spring Well #: 19-2 Field Name: Reddick northeast

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

Nearest Lease or unit boundary line (in footage): 280 Ground Surface Elevation: 1489 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: 130 Depth to bottom of usable water: 430

Surface Pipe by Alternate: Length of Surface Pipe Planned to be set: 400

Length of Conductor Pipe (if any): Projected Total Depth: 2859 Formation at Total Depth: Mississippi

Water Source for Drilling Operations: Well Farm Pond Other: DWR Permit #:

Will Cores be taken? Yes No If Yes, proposed zone: (Note: Apply for Permit with DWR)

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;
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.

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

Date: 8-30-2010 Signature of Operator or Agent: Bert Carlson Title: Manager

For KCC Use ONLY API # 15 - 035-24872-00-00 Conductor pipe required None feet Minimum surface pipe required 450 feet per ALT. Approved by: NJ 9-14-10 / MWS 027-210 This authorization expires: 9-14-2011 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

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

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CORRECTED

For KCC Use ONLY

API # 16 - 035-24372-00-00

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: Sonag
Well Number: 18-2
Field: Radcliffe northeast

Location of Well: County: Cowley
2230 3330 feet from NW / S Line of Section
454 945.3 feet from E / SW Line of Section
Sec. 19 Twp. 31 S. R. 8 E W

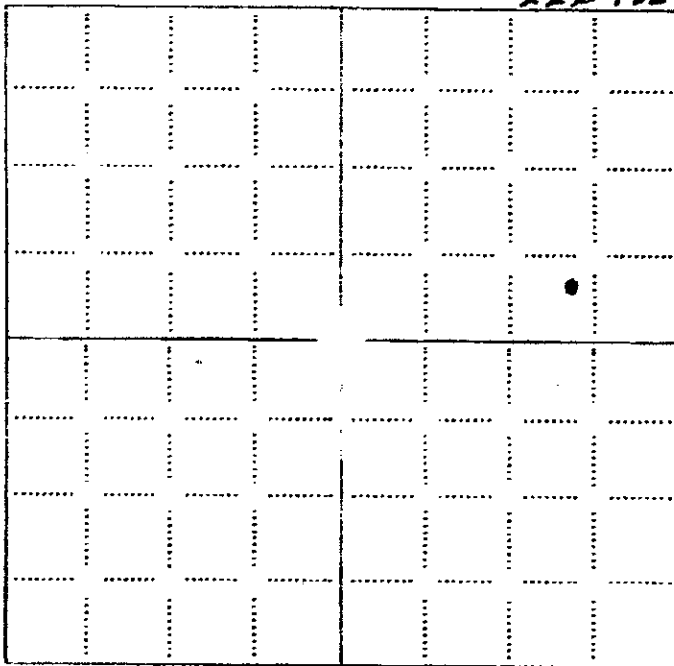
Number of Acres attributable to well: _____
QTR/QTR/QTR/QTR of acreage: _____ - SW - SE - NE

Is Section: Regular or Irregular

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

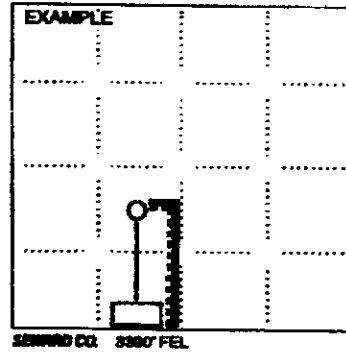
PLAT

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 prorate 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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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 Street
Address 2:
City: Yates center State: Ks Zip: 66783
Contact Person: Bert Carlson
Phone: (620) 625-2999 Fax: (620) 625-3302
Email Address:

Well Location:
SW SE NE Sec. 19 Twp. 31 S. R. 8 East West
County: Cowley
Lease Name: Sontag Well #: 19-2

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

Surface Owner Information:
Name: Bill Sontag
Address 1: 1640 Tiara Pines Pl
Address 2:
City: Derby State: Ks Zip: 67037

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.

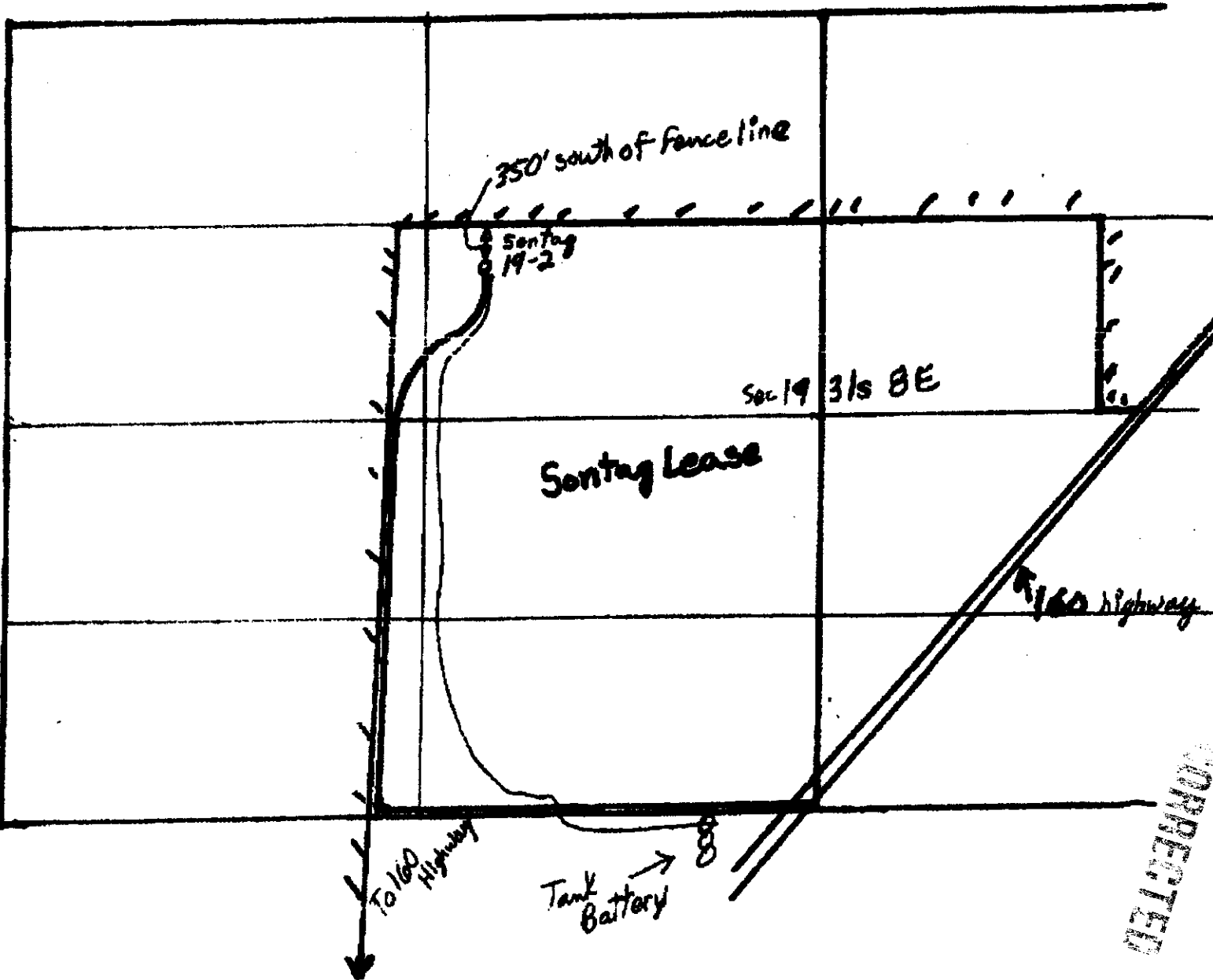
I hereby certify that the statements made herein are true and correct to the best of my knowledge and belief.

Date: 8-30-2010 Signature of Operator or Agent: Bert Carlson Title: Manager

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

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Best Carlson



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Form CDP-1
May 2010
Form must be Typed

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

KCC WICHITA

Submit in Duplicate

CORRECTED

Operator Name: B-C Steel LLC		License Number: 33711	
Operator Address: 209 N Fry Street		Yates Center KS 66783	
Contact Person: Bert Carlson		Phone Number: 620-485-6064	
Lease Name & Well No.: Sontag 19-2		Pit Location (QQQQ): 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: _____ (bbls)	Sec. 19 Twp. 31 R. 8 <input checked="" type="checkbox"/> East <input type="checkbox"/> West 2230 3330 Feet from <input checked="" type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 4,554 9453 Feet from <input checked="" type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Cowley County	
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? 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: 4 (feet) <input type="checkbox"/> No Pit	
If the pit is lined give a brief description of the liner material, thickness and installation procedure. Mud		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.	
Distance to nearest water well within one-mile of pit: NA feet Depth of water well _____ feet	Depth to shallowest fresh water 3 feet. Source of information: <input type="checkbox"/> measured <input checked="" type="checkbox"/> well owner <input type="checkbox"/> electric log <input type="checkbox"/> 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: Drilling Mud Number of working pits to be utilized: 2 Abandonment procedure: Remove fluids and let air dry, 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.			
8-30-2010 Date		Bert Carlson Signature of Applicant or Agent	

15-035-24372-00-00

KCC OFFICE USE ONLY			
Date Received: 8-31-10	Permit Number: _____	Permit Date: 10-29-10	Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		<input type="checkbox"/> Liner <input type="checkbox"/> Steel Pit <input checked="" type="checkbox"/> RFAC <input type="checkbox"/> RFAS	

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

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OCT 29 2010

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KANSAS
CORPORATION COMMISSION

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

September 14, 2010

B-C Steel LLC
209 N Fry St
Yates Center, KS 66783

Re: Drilling Pit Application
Sontag Lease Well No. 19-2
NE/4 Sec. 19-31S-08E
Cowley County, Kansas

Dear Sir or Madam:

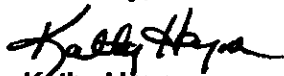
District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and **all pits must be lined with bentonite**. The free fluids must be removed. The fluids are to be removed from the reserve pit within 5 days 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.

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

CONSERVATION DIVISION
Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802
(316) 337-6200 • Fax: (316) 337-6211 • <http://kcc.ks.gov/>

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