

For KCC Use: 3-21-2011
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: 3-14-2011
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# 33549
Name: Landmark Drilling

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

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: SW NE SW SW Sec. 20 Twp. 34 S. R. 7 E W
970 feet from N / S Line of Section
985 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: Gammon Well #: 20-1

Field Name: Donelson West

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Mississippian

Nearest Lease or unit boundary line (in footage): 970

Ground Surface Elevation: 1307 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: 280

Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set: 450

Length of Conductor Pipe (if any):

Projected Total Depth: 3000

Formation at Total Depth: Mississippi

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: 3-8-2011 Signature of Operator or Agent: [Signature] Title: GM

For KCC Use ONLY
API # 15 - 035-24400-0000
Conductor pipe required None feet
Minimum surface pipe required 300 feet per ALT. I II
Approved by: [Signature]
This authorization expires: 3-16-2012
(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 P# 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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MAR 10 2011

KCC WICHITA

20 34 7 E W

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API # 15 - Q35-2440000-00

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: Gammon
 Well Number: 20-1
 Field: Donelson

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

Location of Well: County: Cowley
 970 feet from N / S Line of Section
 985 feet from E / W Line of Section
 Sec. 20 Twp. 34 S. R. 7 E W

Is Section: Regular or Irregular

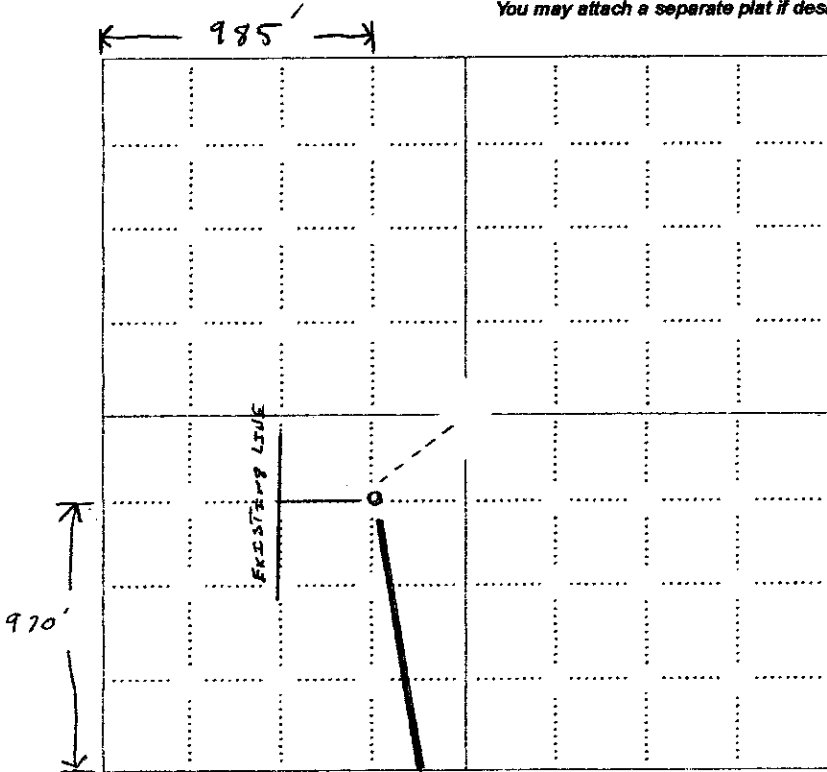
If Section is Irregular, locate well from nearest corner boundary.

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.

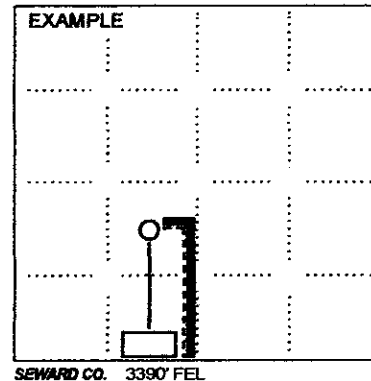


NOTE: In all cases locate the spot of the proposed drilling location.

LEGEND

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

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 KCC WICHITA



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.

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: _____
Phone: (____) _____ Fax: (____) _____
Email Address: _____

Well Location:
_____ Sec. 20 Twp. 34 S. R. 7 East West
County: Cowley
Lease Name: Gammon Well #: 20-1

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

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Surface Owner Information:
Name: Geo + Margaret Gammon
Address 1: 12652 Sandy Hill Drive
Address 2: _____
City: Ark City State: Ks Zip: 67005

KCC WICHITA

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.

BCC 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: 3-8-2011 Signature of Operator or Agent: [Signature] Title: GM

**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-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.: Gammon 20-1		Pit Location (QQQQ): _____
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. 20 Twp. 34 R. 7 <input checked="" type="checkbox"/> East <input type="checkbox"/> West 970 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 985 Feet from <input type="checkbox"/> East / <input 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): <u>100</u> Length (feet) <u>15</u> Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: <u>4</u> (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. RECEIVED MAR 10 2011 KCC WICHITA
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>3</u> feet. Source of information: <input checked="" type="checkbox"/> measured <input 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: <u>Drilling Mud</u> Number of working pits to be utilized: <u>2</u> Abandonment procedure: <u>Remove fluids and let air dry. Backfill</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>3-8-2011</u> _____ Date Signature of Applicant or Agent		

100-000000-500-51

KCC OFFICE USE ONLY			
Date Received: <u>3/10/11</u>	Permit Number: _____	Permit Date: <u>3/16/11</u>	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

Conservation Division
Finney State Office Building
130 S. Market, Rm. 2078
Wichita, KS 67202-3802



phone: 316-337-6200
fax: 316-337-6211
<http://kcc.ks.gov/>

Thomas E. Wright, Chairman
Ward Loyd, Commissioner

Corporation Commission

Sam Brownback, Governor

March 16, 2011

Bert Carlson
B-C Steel LLC
209 N Fry
Yates KS 66783

Re: Drilling Pit Application
Gammon Lease Well No. 20-1
SW/4 20-34S-07E
Cowley County, Kansas

Dear Mr. Carlson:

District staff has inspected the above referenced location and has determined that an unsealed condition will present a pollution threat to water resources.

District staff has recommended that the reserve pit be lined with bentonite or native clay, 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 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, 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: <http://kcc.ks.gov/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 Jonelle Rains at the above address.