

For KCC Use: 6-12-2011  
 Effective Date: \_\_\_\_\_  
 District #: \_\_\_\_\_  
 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: June 15, 2011  
month day year

OPERATOR: License# 6044  
 Name: Stelbar Oil Corporation, Inc.  
 Address 1: 1625 N. Waterfront Parkway  
 Address 2: Suite #200  
 City: Wichita State: KS Zip: 67206 + 6602  
 Contact Person: Roscoe L. Mendenhall  
 Phone: 316 / 264-8378

CONTRACTOR: License# 5142  
 Name: Sterling Drilling Company

Well Drilled For:  Oil  Gas  Seismic; # of Holes \_\_\_\_\_  
 Enh Rec  Storage  Disposal  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: \_\_\_\_\_  
 SE/4 - NE/4 - NW/4. Sec. 2 Twp. 31 S. R. 41  E  W  
(10/10/00) 1100 feet from  N /  S Line of Section  
2305 feet from  E /  W Line of Section

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

County: Morton  
 Lease Name: Johns Enterprises Well #: 1-2  
 Field Name: Unamed.

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

Nearest Lease or unit boundary line (in footage): 335'  
 Ground Surface Elevation: 3363 Ft. 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: 220 Ft.  
 Depth to bottom of usable water: 520 Ft.

Surface Pipe by Alternate:  I  II  
 Length of Surface Pipe Planned to be set: 1550 Ft.

Length of Conductor Pipe (if any): None  
 Projected Total Depth: 5600 Ft.

Formation at Total Depth: Mississippian  
 Water Sources 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: \_\_\_\_\_

**PRORATED & SPACED: HUGOTON-PANDORA**

**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:

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 JUN 06 2011

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: June 1, 2011 Signature of Operator or Agent: Roscoe L. Mendenhall Title: Vice-President / Operations

**For KCC Use ONLY**  
 API # 15 - 129-21936-00-00  
 Conductor pipe required None feet  
 Minimum surface pipe required 540 feet per ALT.  I  II  
 Approved by: Roscoe L. Mendenhall  
 This authorization expires: 6-7-2012  
(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 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: \_\_\_\_\_

2-31-41  
 E  
 W

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

For KCC Use ONLY

API # 15 - 129-21936-0000

**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: Stelbar Oil Corporation, Inc.  
 Lease: Johns Enterprises  
 Well Number: 1-2  
 Field: \_\_\_\_\_

Location of Well: County: Morton  
1100 feet from  N /  S Line of Section  
2305 feet from  E /  W Line of Section  
 Sec. 2 Twp. 31 S. R. 41  E  W

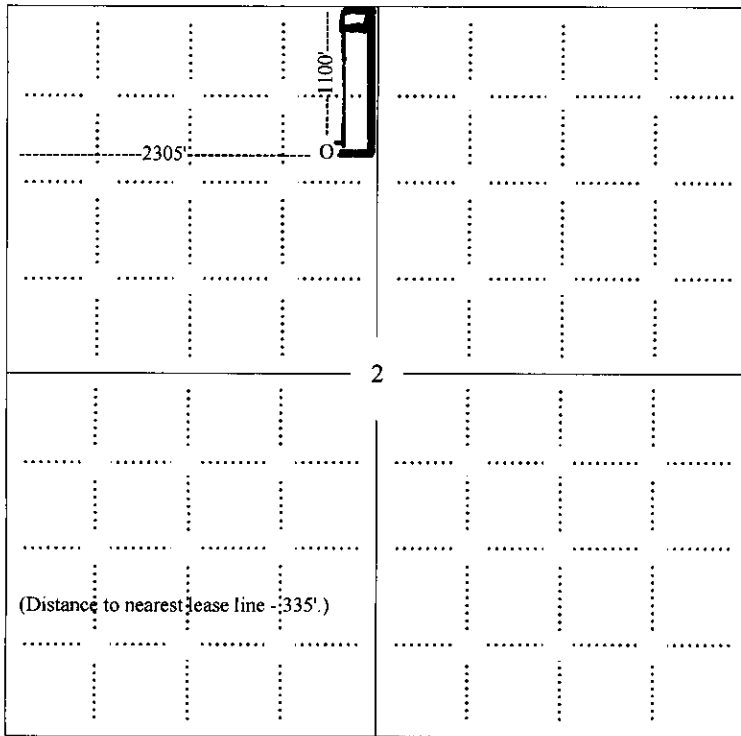
Number of Acres attributable to well: 40  
 QTR/QTR/QTR/QTR of acreage: SE/4 - NE/4 - NW/4 -

Is Section:  Regular or  Irregular

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

**PLAT**

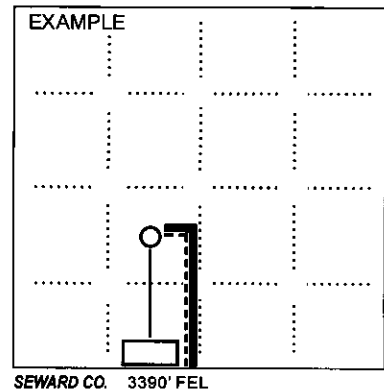
Show location of the well. Show footage to the nearest lease or unit boundary line. Show the predicted locations of lease roads, tank batteries, pipelines and electrical lines, as required by the Kansas Surface Owner Notice Act (House Bill 2032). You may attach a separate plat if desired.



Section 2-T31S-R41W, Morton County, Kansas

**LEGEND**

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



1980' FSL

**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: (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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15-129-21936-0000

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 # 6044  
Name: STELBAR OIL CORPORATION, INC.  
Address 1: 1625 NORTH WATERFRONT PARKWAY  
Address 2: SUITE #200  
City: WICHITA State: KS Zip: 67206-6602 +  
Contact Person: ROSCOE L MENDENHALL  
Phone: ( 316 ) 264-8378 Fax: ( 316 ) 264-0592  
Email Address: roscoe@stelbar.com

Well Location:  
SE/4 -NE/4 -NW/4- Sec. 2 Twp. 31 S. R. 41  East  West  
County: MORTON  
Lease Name: JOHNS ENTERPRISES Well #: 1-2

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

**Surface Owner Information:**

Name: JOHNS ENTERPRISES  
Address 1: C/O NORMAN D. JOHNS  
Address 2: HC 02, BOX #51  
City: JOHNSON State: KS Zip: 67855 +

*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: June 1, 2011 Signature of Operator or Agent: Roscoe L. Mendenhall Title: Vice-President / Operations

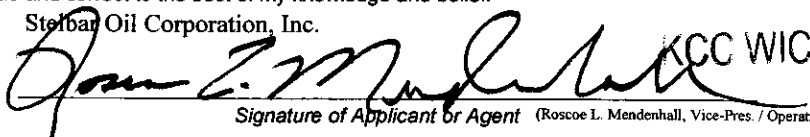
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KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form CDP-1  
May 2010  
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

|  |   |   |
|--|---|---|
| Operator Name: <b>STELBAR OIL CORPORATION, INC.</b>  |   | License Number: <b>6044</b>   |
| Operator Address: <b>1625 N. WATERFRONT PARKWAY, SUITE #200, WICHITA, KS 67206-6602</b>  |   |   |
| Contact Person: <b>ROSCOE L. MENDENHALL</b>  |   | Phone Number: <b>316 / 264-8378</b>   |
| Lease Name & Well No.: <b>JOHN ENTERPRISES #1-2</b>  |   | Pit Location (QQQQ):<br><b>SE/4 - NE/4 - NW/4 - _____</b>   |
| Type of Pit:<br><input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit<br><input type="checkbox"/> Settling Pit <input checked="" type="checkbox"/> Drilling Pit<br><input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit<br><small>(If WP Supply API No. or Year Drilled)</small> | Pit is:<br><input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing<br>If Existing, date constructed: _____<br>Pit capacity:<br><b>10,700</b> (bbbls)   | Sec. <b>2</b> Twp. <b>31S</b> R. <b>41</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West<br><b>1100</b> Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section<br><b>2305</b> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section<br><b>MORTON</b> County |
| Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No   |   | Chloride concentration: _____ mg/l<br><small>(For Emergency Pits and Settling Pits only)</small>  |
| Is the bottom below ground level?<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No   | Artificial Liner?<br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  | How is the pit lined if a plastic liner is not used?<br><b>NATURAL CLAYS</b>  |
| Pit dimensions (all but working pits): <b>100 FT.</b> Length (feet) <b>100 FT.</b> Width (feet) <input type="checkbox"/> N/A: Steel Pits<br>Depth from ground level to deepest point: <b>6 FT.</b> (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.   |
| Distance to nearest water well within one-mile of pit:<br><b>N/A</b> feet    Depth of water well _____ feet  | Depth to shallowest fresh water <b>80</b> feet.<br>Source of information:<br><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><br>Producing Formation: _____<br>Number of producing wells on lease: _____<br>Barrels of fluid produced daily: _____<br>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><br>Type of material utilized in drilling/workover: <b>DRILLING MUD.</b><br>Number of working pits to be utilized: <b>THREE (3).</b><br>Abandonment procedure: <b>ALLOW PITS TO DRY AND FILL WITH SOIL.</b><br>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.<br><br>June 1, 2011<br>Date  |   | RECEIVED<br>JUN 06 2011<br>KCC WICHITA  |
| Stelbar Oil Corporation, Inc.<br><br>Signature of Applicant or Agent (Roscoe L. Mendenhall, Vice-Pres. / Operations)   |   |   |

15-129-21936-00-00

|                              |                      |                                |   |
|------------------------------|----------------------|--------------------------------|---|
| <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: <b>6-6-11</b> | Permit Number: _____ | Permit Date: <b>6-2-11</b>     | Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

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