

For KCC Use: 7-19-2011
 Effective Date: 7/19/2011
 District #: 4
 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: 7/23/2011
 month day year

OPERATOR: License# 6194 ✓
 Name: ESP Development, Inc.
 Address 1: 1749 250th Avenue
 Address 2: _____
 City: Hays State: KS Zip: 67601 + _____
 Contact Person: Lewis Eulert
 Phone: (785) 625-6394

CONTRACTOR: License# 31548 ✓
 Name: Discovery Drilling Co., Inc.

Well Drilled For: Oil Gas Seismic 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: 117'S & 33'W of
 _____ - NE - SW - NE Sec. 21 Twp. 11 S. R. 15 E W
 (0000) 1,767 feet from N / S Line of Section
1,683 feet from E / W Line of Section

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

County: Russell
 Lease Name: Eulert Ranch "J" Well #: 3
 Field Name: Hagaman North Fairport

Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): LKC & Arbuckle ✓

Nearest Lease or unit boundary line (in footage): 873
 Ground Surface Elevation: 1894 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: 180'
 Depth to bottom of usable water: 490' 520'
 Surface Pipe by Alternate: I II
 Length of Surface Pipe Planned to be set: 500' 540'
 Length of Conductor Pipe (if any): 0
 Projected Total Depth: 3450
 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: _____

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: July 13, 2011 Signature of Operator or Agent: _____ Title: Agent

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For KCC Use ONLY
 API # 15 - 167-23731-00-00
 Conductor pipe required None feet
 Minimum surface pipe required 540 feet per ALT. I II
 Approved by: [Signature] 7-14-2011
 This authorization expires: 7-14-2012
 (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: _____

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

11
 15
 E
 W

For KCC Use ONLY

API # 15 - 167-23731-0000

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: ESP Development, Inc.
 Lease: Euleri Ranch "J"
 Well Number: 3
 Field: Hagaman North

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

Location of Well: County: Russell
1,767 feet from N / S Line of Section
1,683 feet from E / W Line of Section
 Sec. 21 Twp. 11 S. R. 15 E W

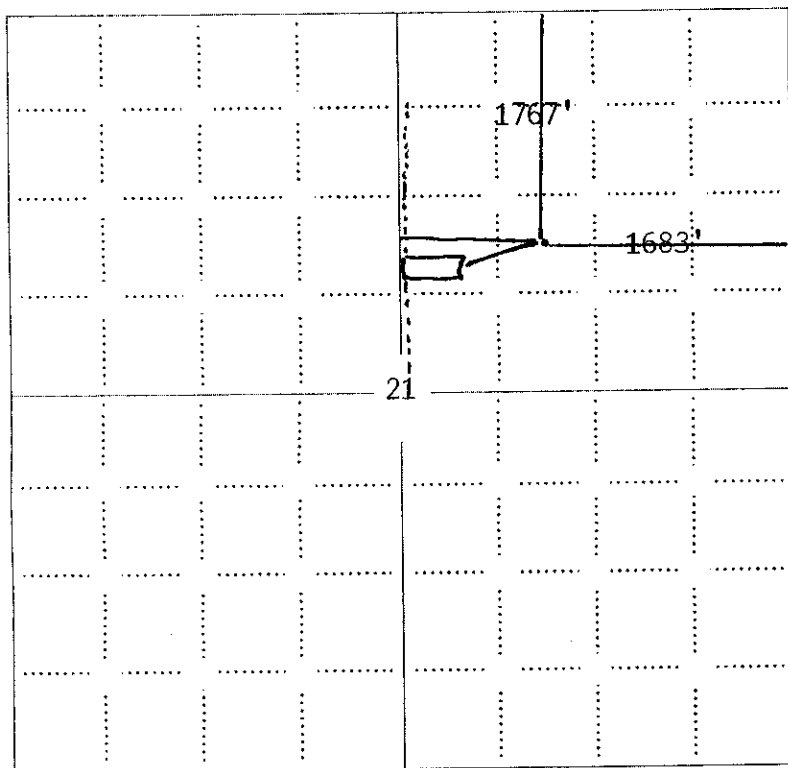
Is Section: Regular or Irregular

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

Section corner used: NE NW SE SW

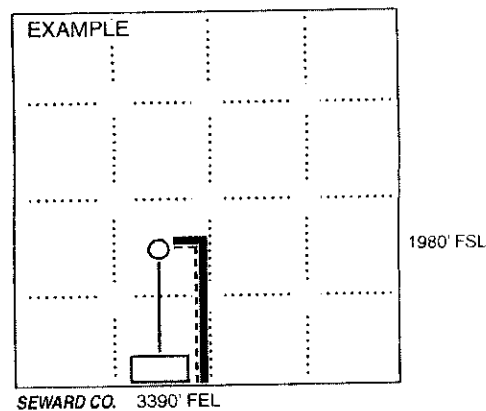
PLAT

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.

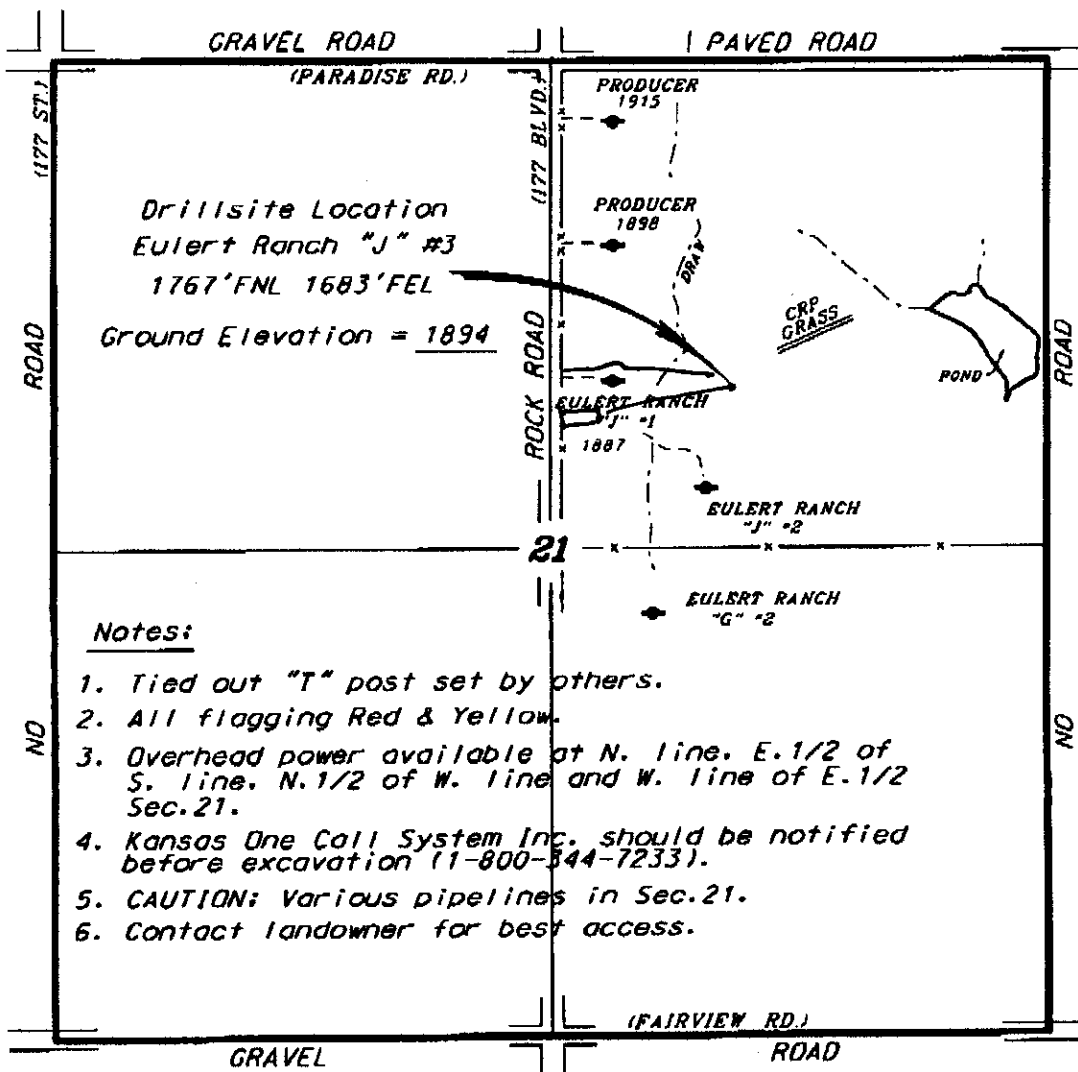
Russell Co., KS

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.

ESP DEVELOPMENT, INC.
 EULERT RANCH LEASE
 NE. 1/4, SECTION 21, T11S, R15W
 RUSSELL COUNTY, KANSAS

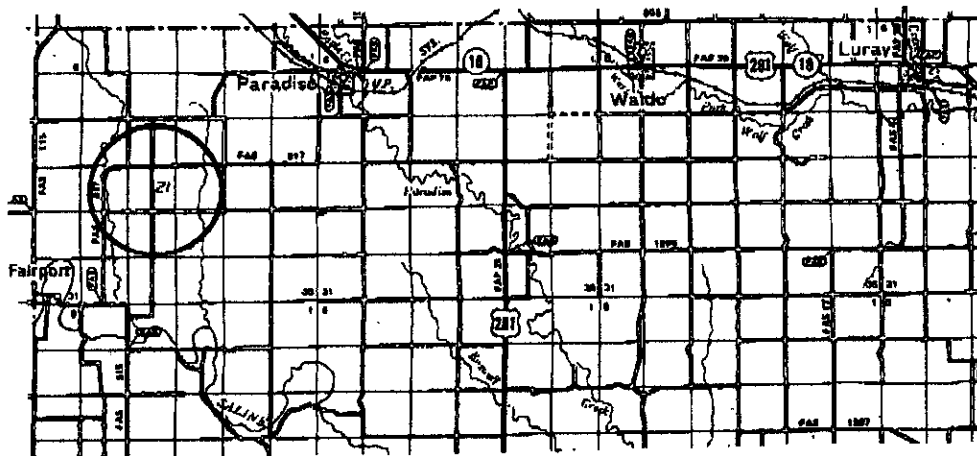
15-167-23731-0000



Notes:

1. Tied out "T" post set by others.
2. All flagging Red & Yellow.
3. Overhead power available at N. line, E. 1/2 of S. line, N. 1/2 of W. line and W. line of E. 1/2 Sec. 21.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION: Various pipelines in Sec. 21.
6. Contact landowner for best access.

Egress and access to location as shown on this plot is for usage only and may not be legally opened for public use. Contact landowner, Tarrant and county road department for access.



* Controlling data is based upon the best maps and photographs available to us and upon a regular section of land containing 640 acres.
 * appropriate section lines were determined using the normal standards of care of oilfield surveyors practicing in the state of Kansas. The section corners, which establish the precise section lines, were not necessarily located, and the exact location of the utilities location in the section is not guaranteed. Therefore, the operator assumes this service and accepting this plot and all other services relating thereto agree to hold Central Kansas Surveying & Mapping, Inc., its officers and employees harmless from all claims, costs and expenses and said utilities released from any liability from incidental or consequential damages.
 * Elevations derived from National Geodetic Vertical Datum.

CENTRAL KANSAS SURVEYING & MAPPING, INC. (620)792-5754

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KCC WICHITA

Date July 5, 2011

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 # 6194
Name: ESP Development, Inc.
Address 1: 1749 250th Avenue
Address 2: _____
City: Hays State: KS Zip: 67601 + _____
Contact Person: Lewis Eulert
Phone: (785) 625-6394 Fax: (_____) _____
Email Address: _____

Well Location:
NE SW NE Sec. 21 Twp. 11 S. R. 15 East West
County: Russell
Lease Name: Eulert Ranch "J" Well #: 3

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

Surface Owner Information:
Name: Lewis Eulert
Address 1: 1749 250th Avenue
Address 2: _____
City: Hays State: KS Zip: 67601 + _____

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: July 13, 2011 Signature of Operator or Agent: [Signature] Title: Agent

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JUL 14 2011

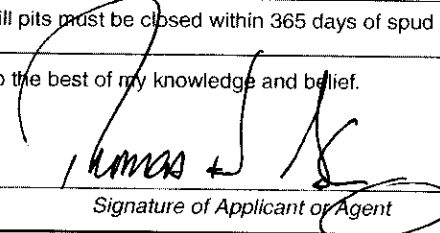
KCC WICHITA

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: ESP Development, Inc.		License Number: 6194	
Operator Address: 1749 250th Avenue		Hays KS 67601	
Contact Person: Lewis Eulert		Phone Number: (785) 625-6394	
Lease Name & Well No.: Eulert Ranch "J" 3		Pit Location (QQQQ): _____ NE _____ SW _____ NE Sec. 21 Twp. 11 R. 15 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1,767 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 1,683 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Russell _____ 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 checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 3,000 _____ (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? Clay soil, native and fresh mud	
Pit dimensions (all but working pits): 70 Length (feet) 70 Width (feet) <input type="checkbox"/> N/A: Steel Pits		Depth from ground level to deepest point: 5 (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: 1437 feet Depth of water well 40 feet		Depth to shallowest fresh water 15 feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input checked="" 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: Fresh Mud Number of working pits to be utilized: 3 Abandonment procedure: Allow liquid contents to evaporate, let cuttings dry and 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.		RECEIVED JUL 14 2011 KCC WICHITA	
July 13, 2011 Date		 Signature of Applicant or Agent	
KCC OFFICE USE ONLY			
Date Received: 7-14-11 Permit Number: _____		Permit Date: 7-14-11 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			

15-167-23731-00-00