

For KCC Use: 3-12-2012
 Effective Date: 4
 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: 3/13/2012
month day year

OPERATOR License# 9370
 Name KAL Oil Operations dba
 Address 1: 102 West 7th
 Address 2:
 City Russell State: KS Zip: 67665
 Contact Person: Alfred E. Emmons
 Phone (785) 483-5000

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

Spot Description: 80' North of
E/2 SE SE Sec. 24 Twp. 16 S. R. 14
(Q-2-0)
740 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: Barton
 Lease Name: Bitter Well # 1
 Field Name: Unamed

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

Nearest Lease or unit boundary line (in footage): 330
 Ground Surface Elevation: 1956 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: 400'
 Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set: 900'
 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: _____

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 # _____

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: 3/3/2012 Signature of Operator or Agent: [Signature] Title: Agent

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For KCC Use ONLY
 API# 15: 009-25669-0000
 Conductor pipe required: None feet
 Minimum surface pipe required: 420 feet per ALT. I II
 Approved by: [Signature] 3-7-2012
 This authorization expires: 3-7-2013
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: _____

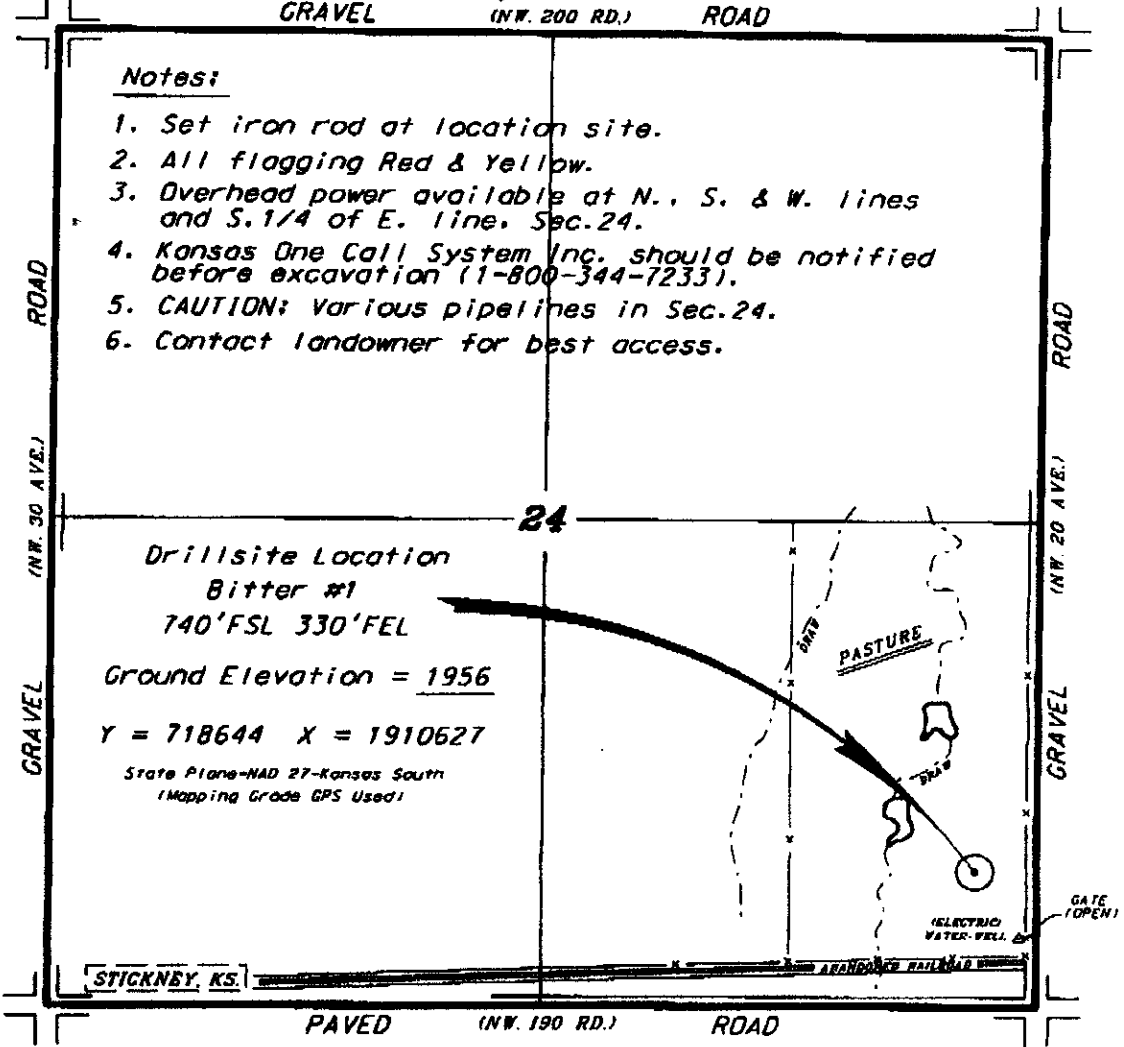
Mail to: KCC - Conservation Division,
 130 S. Market - Room 2078, Wichita, Kansas 67202

24
 16
 14

KAL OIL OPERATIONS
BITTER LEASE
SE. 1/4, SECTION 24, T16S, R14W
BARTON COUNTY, KANSAS

15-009-25669-0000

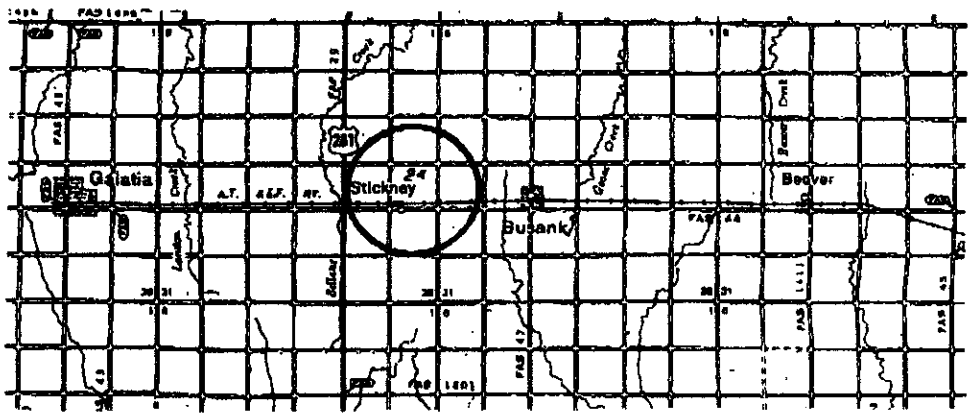
*Ingress and egress to location as shown on this plot is per usage only and may not be legally opened for public use. Contact landowner, tenant and county road department for access.



Notes:

1. Set iron rod at location site.
2. All flagging Red & Yellow.
3. Overhead power available at N., S. & W. lines and S. 1/4 of E. line, Sec. 24.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION: Various pipelines in Sec. 24.
6. Contact landowner for best access.

Drillsite Location
Bitter #1
740' FSL 330' FEL
Ground Elevation = 1956
Y = 718644 X = 1910627
State Plane-NAD 27-Kansas South
(Mapping Grade GPS Used)



* Controlling data is based upon the best maps and photographs available to us and upon a proper section of land containing 360 acres.
 * All bearings and station lines were determined using the normal standard 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 drillsite location in the section is not guaranteed. Therefore, the operator assuming this service and accepting this plot and all other printed matter thereon agrees to hold Central Kansas Drilling Services, Inc., its officers and employees harmless from all losses, costs and damages and said services released from any liability from incidents or consequential damages.
 * Elevations defined from National Geodetic Vertical Datum.

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KCC WICHITA

Date February 29, 2012

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**

15-009-25669-0000

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 # 9370
Name: KAL Oil Operations
Address 1: 102 West 7th
Address 2: _____
City: Russell State: KS Zip: 67665 + _____
Contact Person: Alfred E. Emmons
Phone: (785) 483-5400 Fax: (_____) _____
Email Address: _____

Well Location:
E/2 SE SE Sec. 24 Twp. 16 S. R. 14 East West
County: Barton
Lease Name: Bitter Well #: 1

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

Surface Owner Information:

Name: Kenneth Bitter
Address 1: 10486 Dexter Court
Address 2: _____
City: Powell State: Ohio Zip: 43065 + 8135

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: 3/3/2012 Signature of Operator or Agent: [Signature] Title: Agent

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MAR 06 2012

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: KAL Oil Operations		License Number: 9370
Operator Address: 102 West 7th		Russell KS 67665
Contact Person: Alfred E. Emmons		Phone Number: (785) 483-5000
Lease Name & Well No.: Bitter 1		Pit Location (QQQQ): E/2 SE SE Sec. 24 Twp. 16 R. 14 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 740 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 330 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Barton 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? Sealed with 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: N/A 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
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. 3/3/2012 Date		RECEIVED MAR 06 2012 KCC WICHITA
		<i>Alfred E. Emmons</i> Signature of Applicant or Agent

15-009-25669-00120

KCC OFFICE USE ONLY

Liner Steel Pit RFAC RFAS

Date Received: **3-6-12** Permit Number: _____ Permit Date: **3-6-12** Lease Inspection: Yes No