

For KCC Use: 3-19-2012
Effective Date: 3
District # 3
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: 4 1 2012
month day year

Spot Description: ~~Approx NW-NW-NW 23/24/9c~~
nw - nw - nw Sec. 23 Twp. 24 S. R. 9 E W
150' feet from N / S Line of Section
330' feet from E / W Line of Section

OPERATOR: License# 7684 7564
Name: R & W Energies
Address 1: % Diana Smith Accounting
Address 2: P.O. Box 427 66860
City: Madison State: Ks Zip: +
Contact Person: Kevin F. Hough
Phone: 620 583 7571 home/ 620 583 4785 cell

Is SECTION: Regular Irregular?
(Note: Locate well on the Section Plat on reverse side)
County: Greenwood
Lease Name: Gray-Divine Well #: SWD #1
Field Name: Thrall-Aggard

CONTRACTOR: License# 33900
Name: Howdown Drilling (Steven Leis)

Is this a Prorated / Spaced Field? Yes No
Target Formation(s): Douglas Sand
Nearest Lease or unit boundary line (in footage): 150'
Ground Surface Elevation: 1175 feet MSL

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

Water well within one-quarter mile: Yes No
Public water supply well within one mile: Yes No
Depth to bottom of fresh water: 50'
Depth to bottom of usable water: 100' / 120'

If OWWO: old well information as follows:
Operator:
Well Name:
Original Completion Date: Original Total Depth:

Surface Pipe by Alternate: I II 40'
Length of Surface Pipe Planned to be set:
Length of Conductor Pipe (if any):
Projected Total Depth: 1000
Formation at Total Depth: 950 Douglas Sand

Directional, Deviated or Horizontal wellbore? Yes No
If Yes, true vertical depth:
Bottom Hole Location:
KCC DKT #:

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: 3-14-2012 Signature of Operator or Agent: [Signature] Title: AGENT.

For KCC Use ONLY
API # 15 - D73-24172-0000
Conductor pipe required None feet
Minimum surface pipe required 40 feet per ALT. I II
Approved by: [Signature] 3-14-2012
This authorization expires: 3-14-2013
(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 (GP-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:

23
24
9
 E
 W

RECEIVED
MAR 14 2012

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

KCC WICHITA

For KCC Use ONLY
 API # 15 073-24172-000

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: R & W Energies
 Lease: Gray-Divine
 Well Number: SWD #1
 Field: Thrall-Aggard

Location of Well: County: Greenwood
150' feet from N / S Line of Section
330' feet from E / W Line of Section
 Sec. 23 Twp. 24 S. R. 9 E W

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

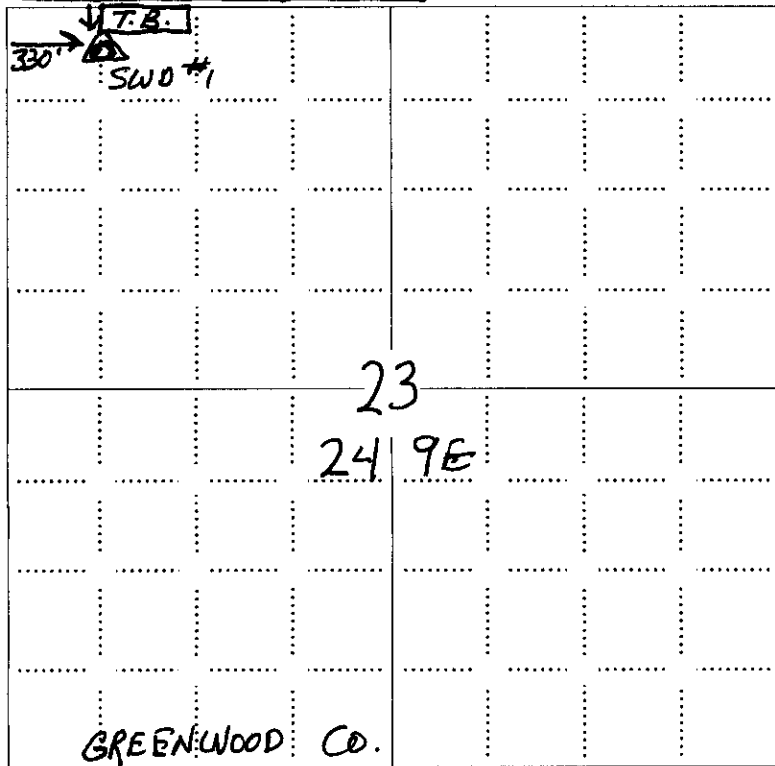
Is Section: Regular or Irregular

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

PLAT

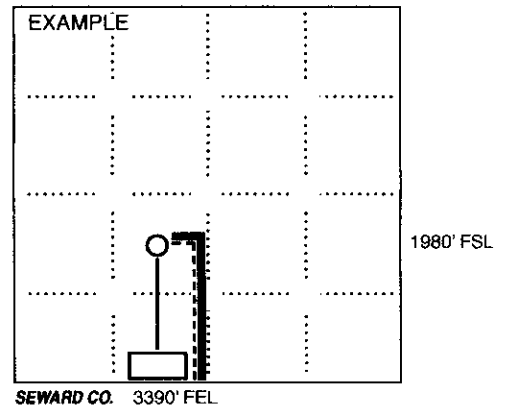
Show location of the well. Show footage to the nearest lease or unit boundary line. Show the predicted locations of lease roads, tank batteries, pipelines and electrical lines, as required by the Kansas Surface Owner Notice Act (House Bill 2032).

150' LEASE ROAD. 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 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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**CERTIFICATION OF COMPLIANCE WITH THE
KANSAS SURFACE OWNER NOTIFICATION ACT**

15-073-2472-0000

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 # 7654
Name: R & W Energies
Address 1: % Diana Smith Accounting
Address 2: P.O.Box 427 66860
City: Madison State: Ks Zip: _____ + _____
Contact Person: Kevin F. Hough
Phone: (620) 583 4785 Fax: (620) 583 7571
Email Address: houghkevin@yahoo.com

Well Location:
nw nw nw _____ Sec. 23 Twp. 24 S. R. 9 East West
County: Greenwood
Lease Name: Gray-Divine Well #: SWD #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: Leta -Ann Divine
Address 1: R.R.#1
Address 2: _____
City: Eureka State: KS Zip: 67045 + _____

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: 3/14/2012 Signature of Operator or Agent: [Signature] Title: AGENT

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KCC WICHITA

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: R & W Energies		License Number: 7654
Operator Address: % Diana Smith Accounting		P.O.Box 427 Madison Ks
Contact Person: Kevin F. Hough		Phone Number: 620 583 7571 home/ 620 583
Lease Name & Well No.: Gray-Divine SWD #1		Pit Location (QQQQ): _____ - <u>Nw</u> - <u>Nw</u> - <u>NW</u> Sec. 23 Twp. 24 R. 9 <input checked="" type="checkbox"/> East <input type="checkbox"/> West 150 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 330 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Greenwood 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: _____ (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?
Pit dimensions (all but working pits): <u>40</u> Length (feet) <u>10</u> Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: <u>5</u> (feet) <input type="checkbox"/> No Pit		
If the pit is lined give a brief description of the liner material, thickness and installation procedure. Spray with Rotary Mud		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. Mark Drilling Fluid depth and monitore for fluid loss
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>20</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>Chemical Gel</u> Number of working pits to be utilized: <u>2</u> Abandonment procedure: <u>Let dry and Back fill</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>3-14-2012</u> Date	<i>Kevin F. Hough</i> Signature of Applicant or Agent	RECEIVED MAR 14 2012 KCC WICHITA

15773-24072-0500

KCC OFFICE USE ONLY			
Date Received: <u>3-14-12</u>	Permit Number: _____	Permit Date: <u>3-14-12</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

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/>

Mark Sievers, Chairman
Ward Loyd, Commissioner
Thomas E. Wright, Commissioner

Sam Brownback, Governor

NOTICE TO OPERATORS FILING INTENT TO DRILL FOR DISPOSAL OR ENHANCED RECOVERY INJECTION WELLS, (CLASS II INJECTION WELL)

The attached approved Notice of Intent to Drill indicates the proposed well is to be used for injection. An approved "Intent to Drill" does not approve injection authority as a Class II Injection Well in Kansas.

Before any well is used for injection purposes, the operator must file an application for injection authority in accordance with K.A.R. 82-3-401 and provide notice in accordance with K.A.R. 82-3-402. The Conservation Division must issue a written permit granting the application before commencement of injection.

The Conservation Division requirements and restrictions associated with Class II Injection are identified in **K.A.R. 82-3-400 et seq** of our regulations. Associated regulations governing drilling, completion and injection applications may be found in K.A.R. 82-3-135, Table I, Table II, in the Cedar Hills Sandstone Moratorium, (Docket #156,397-C), and the Eastern Kansas Surface Casing Order, (Docket #133,891-C).

If you have questions regarding the approval of injection authority, an injection application may be filed as a "Design Approval" before actual drilling and completion of the well occurs. If you have any questions or concerns regarding Class II injection wells or regulations, call the Underground Injection Control Department at 316-337-6200.

Failure to obtain commission approval before beginning injection is punishable by a penalty, shut-in of the well or both.

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/>

Mark Sievers, Chairman
Ward Loyd, Commissioner
Thomas E. Wright, Commissioner

Sam Brownback, Governor

March 14, 2012

R & W Energies
PO Box 427
Madison, KS 66860

RE: Drilling Pit Application
Gray-Divine SWD Lease Well No. 1
NW/4 Sec. 23-24S-09E
Greenwood 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 the free fluids must be removed. The fluids are to be removed from the reserve pit immediately 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 (620) 432-2300 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,

A handwritten signature in cursive script that reads "Kathy Haynes".

Kathy Haynes
Environmental Protection and Remediation Department

cc: File