NOTICE OF INTENT TO DRILL

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Must be approved by KCC not 5 days prior to commencing work

FORM 0-1
December 2000
Form must be typed
Form must be signed
All blanks must be filled

Expected Spud Date: 06 17 05

OPERATOR: Licensed: 5210
Name: Local Oil Production
Address: P. O. Box 489
City/State/Zip: Hills, KS 67549
Contact: Terry, Rex Curtis
Phone: (785) 625-3444

CONTRACTOR: License#: 5142
Name: Stein Drilling Company

Spot C 21 20 10

Form: W, Line of Section

In SECTION F.3. Regular Irregular

County: Reno
Lease Name: Sennel
Tenant Name: Chase-Silva
Is this a Fractured? No
Is this a Perforated? Yes
Target Information: Armagle

Nearest Lease or Unit boundary:

Ground Surface Elevation: 1750
Wells within one-quarter mile:
Public water supply well within one mile:
Depth to bottom of fresh water:

S Honor Pipe by Alternate: 1
Length of Surface Pipe Planned to set:

Trench

Water Source for Drilling Operations:

DWR Permit #: 3690 (Note: Applies only if Permit 3690 is on file)

Will Cort be Taken?

For KCC Use Only

Signature of Operator Agent

 date

For KCC Use Only

API #: 157 20537 00 01

Conductor pipe required

Minimum surface water permitted

Approved to

This authorization expires

Spud Date

Mail to: KCC - Conservation Division, 150 S. Market - Room 2078, Wichita, Kansas 67202

KCC WICHITA

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JUN - 8 2005

Affidavit

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq.

1. Neatly the appropriate district office prior to spudding of wall
2. A copy of the approved notice of intent to drill shall be posted at 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 50 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 notify before well is either plugged or production commenced...
6. If an ALTERATE II COMPLETION, production shall be carried from below any usable water to surface within 120 days of spud date.

On pursuant to Appendix "B" Eastern Kansas surface-capping order 493 986-91-C, which applies to the KCC, the drilling of this well must be completed within 30 days of the spud date or the well will be plugged. All cases, NOTIFY district office prior to any commencing...

I hereby certify that the statements made herein are true to the best of my knowledge and belief.

Date: 05/07/05

Signature of Operator or Agent

Remember to:

- File DD Pit Application (form CDP-1) with intent to drill...
- File Completion Form COC-1 within 120 days of spud date...
- File arowage assortment plan according to field permission orders...
- Notify appropriate district office 24 hours prior to workover or re-entry...
- Submit plugging report (CP-4) after plugging is completed...
- Observe written approval before disposing or injecting salt water...
- If the permit has expired, (file) authorized expiration date; please check the box below and return to the address below...

Well Not Drilled - Permit Expired

Signature of Operator or Agent

Date:
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field, complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please show all the wells and within 1 mile of the boundaries of the proposed acreage attribution unit for gas wells and within 1/2 mile of the boundaries of the proposed acreage attribution unit for oil wells.

API No. 15
Operator: Leaback Oil Production
Lease: Steele
Well Number: T
Field: Chase-Silica
Number of Acres attributable to well: 160
QTR / QTR / QTR of acreage: , C , SW

Location of Well: County: Rice
1320', lat from E 1/2
3060', lat from N 1/2
Sec. 21, Twp. 20 S, R. 15 W
Line of Section
Line of Section
East (E) West
Is section: ✓ Regular or ◯ Irregular
V Section is Irregular, locate well hom nearest corner boundary.
Section corner used: NE NW SE SW

PLAT
(Show location of the well and shade attributable acreage for prorated or spaced wells)
(Show footage to the nearest lease or unit boundary line.)

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

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KCC WICHITA

In plotting the proposed location of the well, you must know:
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 section's south / north and east / west.
3. The distance to the nearest lease or unit boundary line.
4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached. (CG-7 for oil wells; CG-8 for gas wells, etc.)
June 15, 2005

Mr. Rex Curtis
Lebsack Oil Production
PO Box 489
Hays, KS 67601-0489

Re: Drilling Pit Application
Sessler Lease Well No. 1
SW/4 Sec. 21-20S-10W
Rice County, Kansas

Dear Mr. Curtis:

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 as soon as the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred. The fluids should be removed again within 72 hours after drilling operations have ceased.

**If production casing is set all completion fluids shall be removed on a daily basis.**

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. Also, please file the enclosed CDP-5, Surface Pond Waste Transfer, within 30 days of fluid removal.

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,

[Signature]

Kathy Haynes
Environmental Protection and Remediation Department
cc: Doug Loits