KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL
Must be approved by KCC five (5) days prior to commencing well

Operator: License No. 5822
Name: VAL Energy Inc.
Address: 200 W. Douglas #120
Wichita, KS 67202
Contact Person: R. Todd Alson
Phone: 316-353-6569

Contractor: License No. 5822
Name: " 

Well Drilled For: Oil
Well Class: Mud Rotary
Type of Equipment: Mud Rotary

If GWQD, old well information as follows:
Operator: Yes
Well Name: " 
Original Completion Date: " 
Original Total Depth: " 

Directional/ Deviated or Horizontal wellbore? No
If yes, true vertical depth:
Bottom Hole Location:
KCC DIT #

Spot
SW
NW
SE
SW
Sec
32
32
32
32
Twp
18N
18N
18N
18N
R.
1S
1S
1S
1S

Is the well Drilled in a Programmed/Spaced Field? Yes/No
Target Formation(s): Mississippian
Nearest Lease or Unit boundary: 695'

Ground Surface Elevation:
Water well within one-quarter mile: Yes/No
Public water supply well within one mile: Yes/No
Depth to bottom of fresh water: 190
Depth to bottom of usable water: 152

Surface Pipe by Alternate: 1
Length of Surface Pipe Planned to be
Length of Conductor Pipe required: 275

Preferred Total Depth: 4720
Formation to Total Depth: " 
Well Drilled in an Existing Well? Yes/No
Will Cause the Lateral to be Abandoned?
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. 50-7.

Date: 12/29/06
Signature of Operator or Agent: President

For KCC Use Only
API #: 15-009-22977-00-00
Conductor pipe required: None
Minimum surface water required: 2000 feet per Acre
Approved Surface Water

This authorization expires 7/26/06
(This authorization void if drilling not started within 6 months of approval date.)

Spud date: Agent:

Mail to: KCC - Conservation Division, 130 S. Market - Room 2075, Wichita, Kansas 67202

Remember to:
- File Drill Rig Application (Form CDP-1) with Intent to Drill;
- File Completion Form ACD-1 within 120 days of spud date;
- File aerial/flight plan according to field permission orders;
- Notify appropriate district office 48 hours prior to worker or re-entry;
- Submit plugging report (CDP) after plugging is completed;
- Obtain written approval before disposing or injecting salt water.

If this permit has expired, (ask 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: 

Form C-1
December 2006
Form must be Typed
All blanks must be Filled

Form C-1
December 2006
Form must be Typed
All blanks must be Filled

Form C-1
December 2006
Form must be Typed
All blanks must be Filled

Received
KANSAS CORPORATION COMMISSION
JAN 2 5 2006
CONSERVATION DIVISION

3133
10W
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a prorated or spaced field

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 compose the plat below showing that the well will be properly located in relationship to others 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 ____________________________ Location of Well: County: Barber
Operator: VAL Energy Inc. 2145
Lessee: Circle 3-307 feet from W / S Line of Section
Well Number: 1-32 3-307 feet from E / S W Line of Section
Field: Kutchia
Number of Acres attributable to well:
COT / QTR / QTR of acreage: ____________________________ Sec: 32 535.00 S R: 30 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 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.

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 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; (CO-7 for oil wells; CO-8 for gas wells).
January 25, 2006

Mr. K. Todd Allam
Val Energy, Inc.
200 W. Douglas Ste 520
Wichita, KS 67202

Re: Drilling Pit Application
    Circle Lease Well No. 1-32
    SW/4 Sec. 32-33S-10W
    Barber County, Kansas

Dear Mr. Allam:

District staff has inspected the location and has determined that an unsealed condition will present a pollution threat to water resources.

District staff has instructed that no earthen pits are to be used at the location. Steel pits are to be used. Please inform the Commission in writing as to which disposal well you will utilize to dispose of the contents in the steel pits and the amount of fluid that will be disposed. If a haul-off pit is necessary please file, form CDP-1, Application for Surface Pit. This location will have to be inspected prior to approval of the haul-off pit application.

If fluids are taken to an authorized disposal well, please call the District Office at (620) 225-8888. Please file form CDP-5, 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.

Sincerely,

Kathy Hayes
Environmental Protection and Remediation Department

Cc: S Durrant