KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL

Must be approved by KCC live (5) days prior to commencing well.

Operator: License # 5822
Name: VAL Energy Inc.
Address: 200 W. Douglas. #520
City/State/Zip: Wichita, Ks. 67202
Contact Person: Todd Allam
Phone: 316-263-6688

CONTRACTOR: License # 5822

Name: 

Well Drilled For: 

- Oil  
- Gas  
- Storage  
- GWWO  
- Seismic  

Well Class: 

- Infield  
- Air Rotary  
- Wildcat  
- Cable  

Type Equipment: 

- Mud Rotary  

If GWWO: 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: 

Spotted

N W S E  

3135 1815 

feet from 
feet from 

Sec. 31 Twp. 33S S. R. 10W 

East West 

feet from 

N S Line of Section 

E W Line of Section 

Is SECTION Regular Irregular

(Note: Locate well on the Section Plat on reverse side)

County: Barber

Lease Name: VANNYDY Well #: 1-31

Field Name: Kochia

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Mississippian

Nearest Lease or unit boundary: 495'

Surface Pipe by Alternate: No

Length of Surface Pipe Planned to be set: 275

Length of Conductor Pipe required: None

Projected total depth: 4700

Formation at Total Depth: Mississippian

Water Source for Drilling Operations:

- Well 
- Form Pond

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: 5/21/2006

Signature of Operator or Agent:

Title: President

Remember to:

- 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;
- Obtain written approval before disposing or injecting salt water;
- If this permit has expired (See: 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:

For KCC Use ONLY

API # 15 - 007-2305-0000

Conductor pipe required: None

Minimum surface pipe required: 200 feet per Acre

Approved by: 845-17-00

This authorization expires: 11-17-06

This authorization void if drilling not started within 6 months of approval date.

Spud date: 5/21/06

Agent:

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202
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, 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: 207-23025-0000
Operator: VAL Energy Inc.
Lease: VANNDY
Well Number: 1-31
Field: Kochia

Location of Well: County: Barber
3135 feet from N / S Line of Section
1815 feet from E / W Line of Section
Sec. 31 Twp. 33S S. R. 10W
East / West

Is Section: □ Regular or □ Irregular

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

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

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.)

EXAMPLE

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; CG-8 for gas wells).
Operator Name: VAL Energy Inc.  
License Number: 5822

Operator Address: 200 W. Douglas #520 Wichita, Ks. 67202

Contact Person: K. Todd Allam  
Phone Number: (316) 263-6688

Lease Name & Well No.: VANNDY 1-31  
Pit Location (QQQQ):

Type of Pit:  
☐ Emergency Pit  ☑ Drilling Pit  
☐ Settling Pit  ☑ Haul-Off Pit

Pit is:  
☑ Proposed  ☐ Existing

If Existing, date constructed: 

Pit capacity: 
4000 (bbls)

Is the pit located in a Sensitive Ground Water Area? ☑ Yes  ☐ No

Is the bottom below ground level? ☑ Yes  ☐ No

Artificial Liner? ☑ Yes  ☐ No

How is the pit lined if a plastic liner is not used? 
Clay Bottom

Pit dimensions (all but working pits): 120 Length (feet) 120 Width (feet) 1 N/A: Steel Pits

Depth from ground level to deepest point: 5 (feet)

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: 

Depth of water well: 

Depth to shallowest fresh water: 

Source of information: 

Emergency, Settling and Burn Pits ONLY: 

Drilling, Workover and Haul-Off Pits ONLY: 

Type of material utilized in drilling/workover: Chemical mud

Number of working pits to be utilized: steel

Abandonment procedure: let dry and cover

Does the slope from the tank battery allow all spilled fluids to flow into the pit? ☐ Yes  ☐ No

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

Date: 5/8/06

Signature of Applicant or Agent: K. Todd Allam

KCC OFFICE USE ONLY

Date Received: 5/8/06  Permit Number:  
Permit Date: 5/16/06  Lease Inspection: ☑ Yes  ☐ No

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202
May 16, 2006

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

Re: Drilling Pit Application
Vannoy Lease Well No. 1-31
NE/4 Sec. 31-33S-10W
Barber County, Kansas

Dear Mr. Allam:

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 as soon as practical 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) 225-8888 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,

Kathy Haynes
Department of Environmental Protection and Remediation

cc: File

Conservation Division, Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802
Voice 316.337.6200  Fax 316.337.6211  www.kcc.state.ks.us