For KCC Use: 6-26-06

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL
CONSERVATION DIVISION

WICHITA, KS

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

Operato: Red Oak Energy, Inc.
Address: 7701 E. Kellogg st. 710
City/State/Zip: Wichita, Ks. 67207
Contact Person: Kevin C. Davis
Phone: 316-852-7373

CONTRACTOR: License# 33610
Name: Fossil Drilling, Inc.

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

Well Name: Grites/Cornwell
Field Name: Wildcat

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

Nearest Lease or unit boundary: 80'

Ground Surface Elevation: 1920 est
Water well within one-quarter mile: Yes No
Public water supply well within one mile: Yes No
Depth to bottom of fresh water: 220
Depth to bottom of usable water: 220

Surface Pipe by Alternate: Yes No
Length of Surface Pipe Planned to be set: 200
Length of Conductor Pipe required: None

Projected Total Depth: 4050
Formation at Total Depth: Arbuckle

Water Source for Drilling Operations: Yes No
DWR Permit #: Yes No

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 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 below from 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: 6-21-06 Signature of Operator or Agent: Title: P.E.S.

For KCC Use ONLY
API # 15 - 185-23366-000

Conductor pipe required: None

Minimum surface pipe required: 450 feet

Approved by: 6-21-06

This authorization expires: 12-21-06

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

Spud date: Agent:

Remember to:
- File Drill Pit Application (form CDP-1) with intent to Drill;
- File Completion Form ACO-I within 120 days of spud date;
- File acreage allocation plats according to field proration orders;
- Notify appropriate district office 48 hours prior to worker 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:

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 - 185-633600000
Operator: Red Oak Energy, Inc.
Lease: Grimes/Cornwell
Well Number: 1-32
Field: Wikiscat

Location of Well: County: Stafford
Location: 2560 feet from N / S Line of Section
830 feet from E / W Line of Section
Sec. 32 Twp. 22 S. R. 13
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; CG-8 for gas wells).
Operator Name: Red Oak Energy, Inc.  
Operator Address: 7701 E. Kellogg stie 710  
Contact Person: Kevin C. Davis  
License Number: 3581  
Phone Number: (316) 652 - 7373  
Lease Name & Well No.: Grimes/Cornwell #1-32  
Pit Location (QQQQ): SW NW  
Sec. 32 Twp. 22 R. 13  
2560 Feet from North / South Line of Section  
830 Feet from East / West Line of Section  
Stafford County  
Is the pit located in a Sensitive Ground Water Area? Yes No  
Chloride concentration: mg/l  
Is the bottom below ground level? Yes No  
How is the pit lined if a plastic liner is not used? Bentonite and native solids  
Artificial Liner? Yes No  
Pit dimensions (all but working pits): 100 Length (feet) 100 Width (feet) N/A: Steel pits  
Depth from ground level to deepest point: 3 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  
2158  
2300 feet Depth of water well 100 80 feet  

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? Yes No  

Drilling, Workover and Haul-Off Pits ONLY:  
Type of material utilized in drilling/workover: Fresh water and bentonite  
Number of working pits to be utilized: 3  
Abandonment procedure: Remove free fluids after drilling Hutchinson salt, cut windows after drilling is complete, backfill and restore when conditions allow  
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.  

6/21/06  
Signature of Applicant or Agent  

KCC OFFICE USE ONLY  
Date Received: 4/21/06  
Permit Number:  
Permit Date: 6/21/06  
Lease Inspection: Yes No  

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202
June 21, 2006

Mr. Kevin C. Davis
Red Oak Energy, Inc.
7701 E. Kellogg, Ste 710
Wichita, KS 67207

Re: Drilling Pit Application
Grimes/Cornwell Lease Well No. 1-32
NW/4 Sec. 32-22S-13W
Stafford County, Kansas

Dear Mr. Davis:

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