NOTICE OF INTENT TO DRILL

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

Expected Spud Date: May 24, 2007

OPERATOR: License#: 5363
Name: Beraco Inc.
Address: P.O. Box 20380
City/State/Zip: Wichita, KS 67208
Contact Person: Evan Mayhew
Phone: (316) 285-3311

CONTRACTOR: License#: 5147
Name: Beraco Inc.

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

Is this a Prorated / Spaced Field? No
Target Formation(s): Chester, Morrow, Viola

Nearest Lease or unit boundary: 429'
Ground Surface Elevation: 2094 feet MSL
Water well within one-quarter mile: Yes
Public water supply well within one mile: Yes
Depth to bottom of fresh water: 720
Depth to bottom of usable water: 1090

Surface Pipe by Alternate: 1
Length of Surface Pipe Planned to be set: 800'
Length of Conductor Pipe required: 40
Projected Total Depth: 5600'
Formation at Total Depth: Arbuckle

Water Source for Drilling Operations:

DWR Permit #:

Will Cores be taken? 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.

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 cementing 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 #133,861-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: May 18, 2007
Signature of Operator or Agent: [Signature]
Title: Engineering Technician

Remember to:
- File Drill Plan 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: [Signature]
Date: [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  025-2415-00-0 b
Operator: Berexco Inc.
Lease: Harden
Well Number: 4
Field: Morrison
Number of Acres attributable to well: ___________________________
QTR / QTR / QTR of acreage: NE., NE. , NE.

Location of Well: County: Clark
429 feet from N / S Line of Section
477 feet from E / W Line of Section
Sec. 20 Twp. 32 S., R., 21
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 6 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; (C0-7 for oil wells; CG-8 for gas wells).
KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION  
APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: Berexco Inc.  License Number: 5363
Operator Address: P.O. Box 20380, Wichita, KS, 67208
Contact Person: Evan Mayhew  Phone Number: (316) 265-3311
Lease Name & Well No.: Harden #4  Pit Location (QQQQ):

Type of Pit:  Pit is:
☐ Emergency Pit ☐ Proposed  ☐ Existing
☐ Burn Pit ☐ Drilling Pit
☐ Settling Pit ☐ Existing, date constructed:
☐ Workover Pit ☐ Haul-Off Pit

If Existing, date constructed:

Pit capacity:

10,250 (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
Chloride concentration: mg/l
(For Emergency Pits and Settling Pits only)

How is the pit lined if a plastic liner is not used?
Pit is self-sealing with Bentonite drilling mud.

Pit dimensions (all but working pits):

120 Length (feet) 120 Width (feet) N/A: Steel Pits

Depth from ground level to deepest point: 4 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
deft Depth of water well __________ 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: Bentonite Mud
Number of working pits to be utilized: 4
Abandonment procedure: Allow liquid to evaporate until bottom of pit is dry, then fill and level to contour of ground.

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.

May 18, 2007  Signature of Applicant or Agent

KCC OFFICE USE ONLY

Date Received: 5/21/07  Permit Number: Permit Date: 5/22/07  Lessee Inspection: ☑ Yes ☐ No

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202
May 22, 2007

Mr. Evan Mayhew
Berexco, Inc.
PO Box 20380
Wichita, KS 67208

RE: Drilling Pit Application
Harden Lease Well No. 4
NE/4 Sec. 20-32S-21W
Clark County, Kansas

Dear Mr. Mayhew:

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