NOTICE OF INTENT TO DRILL

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

Expected Spud Date: 05/29/2007

OPERATOR: License#: 31191
Name: R & B Oil & Gas, Inc.
Address 1: 304 N. Logan
City: Atica
Contact Person: Randy Newberry
Phone: 620-254-7251

CONTRACTOR: License#: 5929
Name: Duke Drilling Co., Inc.

Well Drilled For:
- Oil
- Gas
- Seismic
- Other:

Well Class:
- Enh Rec
- Storage
- Disposal
- Infield
- Pool Ext.
- Wildcat
- Other:

Type Equipment:
- Mud Rotary
- Air Rotary
- Cable
- Other:

Spot Description:
- SW
- NE
- SE
- NW
- Sec
- Twp
- S
- R
- E
- W
- feet from
- N
- S
- Line of Section
- feet from
- E
- W
- Line of Section

Is SECTION: Regular

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

County: Barber
Lease Name: HUNTER-GRAMLEY A
Well #: 1 OWWO
Field Name: RHODES NORTHEAST
Is this a Prolated / Spaced Field?: Yes
Target Formation(s): Arbuckle

Nearest Lease or unit boundary line (in footage): 480
Ground Surface Elevation: 1542 feet MSL
Water well within one-quarter mile: No
Public water supply well within one mile: No
Depth to bottom of fresh water: 120
Depth to bottom of usable water: 180
Surface Pipe by Alternate: Yes
Length of Surface Pipe Planned to be set: 252
Length of Conductor Pipe (if any):
Project Total Depth: 5590
Formation at Total Depth: Arbuckle

Water Source for Drilling Operations:
- DWR Permit #: (Note: Apply for Permit with DWR)
- Yes
- No

Will Cores be taken?:
- Yes
- No

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 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: 5/22/07
Signature of Operator or Agent: Sally Byrus
Title: Agent

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

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 aerial view plan 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 (within 60 days);
- 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
Date: ____________________

Signature of Operator or Agent: ____________________

For KCC Use ONLY
API # 15: 207 23069 00 00
Conductor pipe required: 0 feet
Minimum surface pipe required: 200 feet per ALT
Approved by: ____________________
This authorization expires: ____________________
(This authorization void if drilling not started within 6 months of approval 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 - 007-23069-0001
Operator: R & B Oil & Gas, Inc.
Lease: HUNTER-GRAMLEY #1
Well Number: 1 OWWO
Field: RHODES NORTHEAST

Number of Acres attributable to well: SW · NE · SE · SE

Location of Well: County: Barber
W 735 ft. from S Line of Section
N 480 ft. from E Line of Section
Sec. 36 Twp. 32 S. R. 11

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.

735 ft.
480 ft.

RECEIVED
KANSAS CORPORATION COMMISSION
MAY 23 2007
CONSERVATION DIVISION
WICHITA, KS

EXAMPLE
1980
3390'
SEWARD CO.
**APPLICATION FOR SURFACE PIT**

<table>
<thead>
<tr>
<th>Operator Name: R &amp; B Oil &amp; Gas, Inc.</th>
<th>License Number: 31191</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operator Address: 904 N. Logan</td>
<td>PO Box 195</td>
</tr>
<tr>
<td>Contact Person: Randy Newberry</td>
<td>Attica KS 67009</td>
</tr>
<tr>
<td>Lease Name &amp; Well No.: HUNTER-GRAMLEY 'A' OWWO</td>
<td>Pit Location (QQQQ):</td>
</tr>
<tr>
<td>Type of Pit:</td>
<td>- SE - SE</td>
</tr>
<tr>
<td>Emergency Pit</td>
<td>[ ] Burn Pit</td>
</tr>
<tr>
<td>[ ] Settling Pit</td>
<td>[x] Drilling Pit</td>
</tr>
<tr>
<td>(If WP Supply API No. or Year Drilled)</td>
<td>Sec. 36 Twp. 32 R. 11 East</td>
</tr>
<tr>
<td>Pit is: [x] Proposed</td>
<td>[ ] Existing</td>
</tr>
<tr>
<td>If Existing, date constructed:</td>
<td>Feet from [ ] North</td>
</tr>
<tr>
<td>735 Feet from [x] East</td>
<td>[x] West Line of Section</td>
</tr>
<tr>
<td>Barber Country</td>
<td>Chloride concentration: mg/l</td>
</tr>
<tr>
<td>Is the pit located in a Sensitive Ground Water Area? [x] Yes</td>
<td>No</td>
</tr>
<tr>
<td>Is the bottom below ground level?</td>
<td>Artificial Liner? [x] Yes</td>
</tr>
<tr>
<td>[x] Yes</td>
<td>[ ] No</td>
</tr>
<tr>
<td>How is the pit lined if a plastic liner is not used?</td>
<td>Native clay &amp; mud</td>
</tr>
<tr>
<td>Pit dimensions (all but working pits): Length (feet) 100</td>
<td>Width (feet) 100</td>
</tr>
<tr>
<td>Depth from ground level to deepest point: 4 feet</td>
<td>No Pit</td>
</tr>
<tr>
<td>If the pit is lined give a brief description of the liner material, thickness and installation procedure.</td>
<td>Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.</td>
</tr>
<tr>
<td>Distance to nearest water well within one-mile of pit</td>
<td>Depth to shallowest fresh water 0 feet</td>
</tr>
<tr>
<td>00 feet Depth of water well 0 feet</td>
<td>Source of information: [ ] measured</td>
</tr>
<tr>
<td>Emergency, Settling and Burn Pits ONLY:</td>
<td>Drilling, Workover and Haul-Off Pits ONLY:</td>
</tr>
<tr>
<td>Producing Formation:</td>
<td>Type of material utilized in drilling/workover: Fresh</td>
</tr>
<tr>
<td>Number of producing wells on lease:</td>
<td>Number of working pits to be utilized: 3</td>
</tr>
<tr>
<td>Barrels of fluid produced daily:</td>
<td>Abandonment procedure: Dry up then backfill</td>
</tr>
<tr>
<td>Does the slope from the tank battery allow all spilled fluids to flow into the pit? [x] Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

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

5/22/07

Signature of Applicant or Agent

KCC OFFICE USE ONLY

Steel Pit [ ] RFAC [x] RFAS [ ]

Date Received: 5/28/02 Permit Number: Permit Date: 5/22/07 Lease Inspection: [x] Yes [ ] No

Mail to: KCC - Conservation Division, 130 S. Market - Room 207B, Wichita, Kansas 67202
May 22, 2007

Randy Newberry
R & B Oil & Gas, Inc.
904 N. Logan
PO Box 195
Attica, KS 67009-0195

Re: Drilling Pit Application
   HUNTER-GRAMLEY 'A' Lease Well No. 1
   OWWO
   SE/4 Sec.36-32S-11W
   Barber County, Kansas

Dear Randy Newberry:

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 lined with bentonite or naïve clay. The free fluids must be removed. The fluids are to be removed from the reserve pit as soon as practical after drilling operations have ceased. Keep pits up on hillside away from the draw.

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 District Office at (620) 225-8888.

RECEIVED
KANSAS CORPORATION COMMISSION

MAY 2 3 2007

CONSERVATION DIVISION
WICHITA, KS
KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
WELL PLUGGING RECORD
K.A.R. 82-3-117

Lease Operator: R&B Oil & Gas
Address: PO Box 195 Attica, Kansas 67009-0195
Phone: (620) 254-7251 Operator License #: 31191
Type of Well: D&A
Docked #: 11-01-06 (Date)
This plugging proposal was approved on: 11-01-06 (Date)
by: Steve Pfieffer (KCC District Agent's Name)

[Table: Oil and Gas Records
- Form: Received: FEB 23 2007
- KCC Wichita

Describe in detail the manner in which the well is plugged, indicating where the mud fluid was placed and the method or methods used in introducing it into the hole. If cement or other plugs were used, state the character of the same depth placed from (bottom), to (top) for each plug set.

1st Plug: 600' w/50 sacks cement through drillpipe
2nd Plug: 280' w/50
Top Plug: 60' w/20 RATHOLE w/15 MOUSEHOLE w/10

Name of Plugging Contractor: Duke Drilling Co., Inc. License #: 5929
Address: PO Box 823 Great Bend, Kansas 67530

Name of Party Responsible for Plugging Fee: R&B Oil & Gas
State of Kansas, County: Harper

(Address): PO Box 195 Attica, KS 67009

(Signature): Lynda Smith
My Commission Expires: 3-15-2011

Mail to: KCC - Conservation Division, 130 S. Market - Room 2787, Wichita, Kansas 67202