NOTICE OF INTENT TO DRILL

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

For KCC Use:
Effective Date: 12-22-07
District #: 1
SGA? [ ] Yes [ ] No

Expected Spud Date: 17 2007

OPERATOR: License #: 6039
Name: L.D. DRILLING, INC.
Address: 7 SOUTHWEST 26TH AVENUE
City/State/Zip: GREAT BEND, KANSAS 67530
Contact Person: L.D. DAVIS
Phone: 620-793-3051

CONTRACTOR: License #: 33323
Name: PETROMARK DRILLING, LLC RIG #2

Spot 77' N of C of SW NW SE

Well Drilled For: [ ] Oil [ ] Gas [ ] Storage [ ] OWNO [ ] Seismic
Well Class: [ ] Erth Rec [ ] Infill [ ] Pool Ext. [ ] Disposal [ ] Wildcat [ ] Other
Type Equipment: [ ] Mud Rotary [ ] Air Rotary [ ] Cabie [ ] Other

If OWNO: 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 #:

SPOT: 1727

Twp. 22 Sec. 23
S. R. 14

Is SECTION [ ] Regular [ ] Irregular?

[Note: Locate well on the Section Plat on reverse side]

County: STAFFORD
Lease Name: SCHARTZ CHESOLM
Well #: 1
Field Name: DORIS
Is this a Prorated / Spaced Field? [ ] Yes [ ] No
Target Formation(s): ARBUCKLE

Nearest Lease or unit boundary: 330 FEET

Ground Surface Elevation: 1521

Water well within one-quarter mile: [ ] Yes [ ] No
Public water supply well within one mile: [ ] Yes [ ] No
Depth to bottom of fresh water: 520 FEET
Depth to bottom of usable water: 220 FEET
Surface Pipe by Alternate: [ ] 1 [ ] 2
Length of Surface Pipe Planned to be set: 700 FEET
Length of Conductor Pipe required: NONE
Projected Total Depth: 3850
Formation at Total Depth: ARBUCKLE
Water Source for Drilling Operations:
[ ] Well [ ] Farm Pond [ ] Other
DWR Permit #: OPERATOR TO APPLY

Will Cores be taken?
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.

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

Date: DEC. 13, 2007
Signature of Operator or Agent: [Signature]
Title: AGENT

RECEIVED
KANSAS CORPORATION COMMISSION

DEC 14 2007
WICHITA, KS

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:

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 - 18523996
Operator: L.D. DRILLING, INC.
Lease: SCHARTZ CHISHOLM
Well Number: 1
Field: 

Number of Acres attributable to well: 
QTR / QTR / QTR of acreage: SW - NW - SE

Location of Well: County: STAFFORD
1727 feet from N / S Line of Section
2310 feet from E / W Line of Section
Sec. 23 Twp. 22 S. R. 14 East / West

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: (CD-7 for oil wells; CG-8 for gas wells).
**Application for Surface Pit**

**Operator Name:** L.D. DRILLING, INC.  
**License Number:** 6039

**Operator Address:**  7 SW 26TH AVENUE, GREAT BEND, KANSAS 67530

**Contact Person:** L.D. DAVIS  
**Phone Number:** (620) 793-3051

**Lease Name & Well No.:** SCHARTZ CHISHOLM #1

**Type of Pit:**
- [ ] Emergency Pit  
- [ ] Burn Pit  
- [ ] Settling Pit  
- [✓] Drilling Pit  
- [ ] Workover Pit  
- [ ] Haul-Off Pit  
- (if WP Supply API No. or Year Drilled)

**Pit is:**
- [✓] Proposed  
- [ ] Existing

**If Existing, date constructed:**

**Pit capacity:** 3500 (bbls)

**Sec. 23  Twp. 22  R. 14  East  West**
- 1727 feet from North / [✓] South Line of Section
- 2310 feet from [✓] East / [✓] West Line of Section

**STAFFORD**  
**County**

**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 dimensions (all but working pits):**
- Length (feet): 70  
- Width (feet): 70  
- N/A: Steel Pits

**maximum 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.**

**IF REQ'D 10 MIL. LINER WITH EDGE CONTAINED BY SOIL.**

**Distance to nearest water well within one-mile of pit:**
- 7 1/2 feet  
- Depth of water well: 9 1/2 feet

**Depth to shallowest fresh water:** 27 feet

**Source of information:**
- [ ] measured  
- [ ] well owner  
- [ ] electric log  
- [ ] KDWR

**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 GEL

**Number of working pits to be utilized:**  THREE

**Abandonment procedure:** PITS JETTED, ALLOWED TO EVAPORATE AND BACKFILLED BY DOZER.

**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.**

**Date:** DEC. 13, 2007  
**Signature of Applicant or Agent:**

**KCC Office Use Only**

**Date Received:** 12/14/07  
**Permit Number:**  
**Permit Date:** 12/17/07  
**Lease Inspection:**  
- [ ] Yes  
- [ ] No

**Mail to:** KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202
December 17, 2007

Mr. L.D. Davis
L.D. Drilling, Inc.
7 Southwest 26th Ave
Great Bend, KS 67530

RE: Drilling Pit Application
Schartz Chisholm Lease Well No. 1
SE/4 Sec. 23-22S-14W
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