**NOTICE OF INTENT TO DRILL**

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

<table>
<thead>
<tr>
<th>Expected Spud Date:</th>
<th>02/07/2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATOR:</td>
<td>Licensee 5316</td>
</tr>
<tr>
<td>Name:</td>
<td>Falcon Exploration, Inc.</td>
</tr>
<tr>
<td>Address 1:</td>
<td>125 N. MARKET STE 1252</td>
</tr>
<tr>
<td>Address 2:</td>
<td></td>
</tr>
<tr>
<td>City:</td>
<td>WICHITA</td>
</tr>
<tr>
<td>State:</td>
<td>KS</td>
</tr>
<tr>
<td>Zip:</td>
<td>67202</td>
</tr>
<tr>
<td>Contact Person:</td>
<td>MIKE MITCHELL</td>
</tr>
<tr>
<td>Phone:</td>
<td>316-252-1378</td>
</tr>
<tr>
<td>CONTRACTOR:</td>
<td>Licensee 5822</td>
</tr>
<tr>
<td>Name:</td>
<td>Val Energy, Inc.</td>
</tr>
</tbody>
</table>

**Well Drilled For:**
- [X] Oil
- [X] Gas
- [ ] Storage
- [ ] Disposal
- [X] Seismic
- [X] Other

**Completed Class:**
- [X] Infield
- [ ] Midfield
- [ ] Off-field

**Type Equipment:**
- [X] Mud Rotary
- [X] Air Rotary
- [X] Cable

<table>
<thead>
<tr>
<th>Spot Description:</th>
<th>2,310 N. of NW 330 W. of Sect. 31 Twp. 31 S. of R. 22 E. of Sec. 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is SECTION:</td>
<td>Regular [X]</td>
</tr>
</tbody>
</table>

| County: | Clark |
| Lease Name: | GRC |
| Well #: | 2-11(SW) |
| Field Name: | WILOCAT |

**Target Formation(s):**
- [X] MORROW/MISSISSIPPIAN
- [ ] OTHER

**Nearest Lease or unit boundary line (in feet):** 330

**Ground Surface Elevations:**
- [X] Well 2154 MSL
- [ ] 100 ft MSL

**Water well within one-quarter mile:**
- [X] Yes
- [ ] No

**Public water supply well within one mile:**
- [X] Yes
- [ ] No

**Depth to bottom of fresh water:**
- [X] 150 ft
- [ ] 100 ft

**Depth to bottom of usable water:**
- [X] 100 ft
- [ ] 50 ft

**Surface Pipe by Alternate:**
- [X] I

**Length of Surface Pipe Planned to be set:**
- [X] 2,310 ft
- [ ] 1,200 ft

**Length of Conductor Pipe (if any):**
- [X] 650 ft
- [ ] 300 ft

**Projected Total Depth:**
- [X] 5400 ft
- [ ] 4000 ft

**Formation at Total Depth:**
- [X] MISSISSIPPIAN
- [ ] OTHER

**Water Source for Drilling Operations:**
- [X] Well
- [ ] Farm Pond
- [ ] Other

**DWR Permit #:** 20070218

**Will Cores be taken?**
- [X] 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 all unscored 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 #133,691-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.

---

**Submitted Electronically**

For KCC Use ONLY

| API # 15 - | 15-025-21444-00-00 |
| Conductor pipe required | 0 feet |
| Minimum surface pipe required | 200 feet per ALT |
| Approved by | Rick Hestermann 01/23/2008 |
| This authorization expires: | 01/23/2009 |

Spud date: Agent:

**Remember to:**
- File Drill P4 Application (form CDP-1) with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spud date;
- File sewage 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 (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:
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 - 15-025-21444-00-30

Operator: Falcon Exploration, Inc.
Lease: GRC
Well Number: 2-11(SW)
Field: WILDCAT

Location of Well: County: Clark

N / S Line of Section

2,310 feet from

E / W Line of Section

330 feet from

Sec. 11

Twp. 31

S. R. 22

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.)

EXEMPLARY

1980

3990′

SEWARD CO.

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

2310 ft.

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 south / north and east / west outside section lines.
3. The distance to the nearest lease or unit boundary line (in footage).
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).
# KANSAS CORPORATION COMMISSION
## OIL & GAS CONSERVATION DIVISION
### APPLICATION FOR SURFACE PIT

**Submit in Duplicate**

<table>
<thead>
<tr>
<th>Operator Name:</th>
<th>Falcon Exploration, Inc.</th>
<th>License Number:</th>
<th>5316</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operator Address:</td>
<td>125 N MARKET STE 1252</td>
<td>WICHITA</td>
<td>KS 67202</td>
</tr>
<tr>
<td>Phone Number:</td>
<td>316-262-1378</td>
<td>Pit Location (QQQQ):</td>
<td></td>
</tr>
<tr>
<td>Contact Person:</td>
<td>MIKE MITCHELL</td>
<td>Sec. 11, Twp. 31 R., 22</td>
<td>East West</td>
</tr>
<tr>
<td>Lease Name &amp; Well No.:</td>
<td>GRC 2-11(SW)</td>
<td>2,310 Feet from North South Line of Section</td>
<td></td>
</tr>
<tr>
<td>Pit Location (QQQQ):</td>
<td>NW SW</td>
<td>330 Feet from East West Line of Section</td>
<td></td>
</tr>
<tr>
<td>Pit Location (QQQQ):</td>
<td>NW SW</td>
<td>330 Feet from East West Line of Section</td>
<td></td>
</tr>
<tr>
<td>Is the pit located in a Sensitive Ground Water Area?</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Is the bottom below ground level?</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Is the bottom below ground level?</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Artificial Liner?</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Chloride concentration:</td>
<td>(For Emergency Pits and Setting Pits only)</td>
<td>mg/l</td>
<td></td>
</tr>
<tr>
<td>Pit dimensions (all but working pits):</td>
<td>100</td>
<td>Length (feet)</td>
<td>80</td>
</tr>
<tr>
<td>Depth from ground level to deepest point:</td>
<td>4</td>
<td>(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>
<td></td>
<td></td>
</tr>
<tr>
<td>Distance to nearest water well within one-mile of pit</td>
<td>2745</td>
<td>feet</td>
<td>Depth of water well</td>
</tr>
<tr>
<td>Emergency, Setting and Burn Pits ONLY:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Producing Formation:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of producing wells on lease:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Barrels of fluid produced daily:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does the slope from the tank battery allow all spilled fluids to flow into the pit?</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Depth to shallowest fresh water</td>
<td>35</td>
<td>feet</td>
<td></td>
</tr>
<tr>
<td>Source of information:</td>
<td>measured</td>
<td>well owner</td>
<td>electric log</td>
</tr>
<tr>
<td>Drilling, Workover and Haul-Off Pits ONLY:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type of material utilized in drilling/workover:</td>
<td>CHEMICAL MUD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of working pits to be utilized:</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Abandonment procedure:</td>
<td>ALLOW TO DRY COMPLETELY. THEN BACKFILL WHEN CONDITIONS ALLOW.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drill pits must be closed within 365 days of spud date.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Submitted Electronically</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**KCC OFFICE USE ONLY**

| Date Received: | 01/16/2008 | Permit Number: | 15-025-21444-00-00 | Permit Date: | 01/23/2008 | Lease Inspection: Yes No | |

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202
January 23, 2008

MIKE MITCHELL
Falcon Exploration, Inc.
125 N MARKET STE 1252
WICHITA, KS67202-1719

Re: Drilling Pit Application
   GRC Lease Well No. 2-11(SW)
   SW/4 Sec.11-31S-22W
   Clark County, Kansas

Dear MIKE MITCHELL:

District staff has inspected the location and has determined that an unsealed condition will
present a pollution threat to water resources.

District staff has instructed that no earthen pits are to be used at this location. Steel pits are to be
used. Please inform the Commission in writing as to which disposal well you utilized to dispose of
the contents in the steel pits and the amount of fluid that was disposed. Please file form CDP-5
(August 2004), Exploration and Production Waste Transfer, within 30 days of fluid removal.

Should a haul-off pit be necessary please file form CDP-1 (April 2004), Application for Surface Pit.
This location will have to be inspected prior to approval of the haul-off pit application.
Conservation division forms are available through our office and on the KCC web site:
kcc.ks.gov/conservation/forms/.
HAUL-OFF PIT APPLICATION
FILING REQUIREMENTS

82-3-607. DISPOSAL OF DIKE AND PIT CONTENTS.
(a) Each operator shall perform one of the following when disposing of dike or pit contents:
(1) Remove the liquid contents to a disposal well or other oil and gas operation approved by the commission or to road maintenance or construction locations approved by the department;
(2) dispose of reserve pit waste down the annular space of a well completed according to the alternate I requirements of K.A.R. 82-3-106, if the waste to be disposed of was generated during the drilling and completion of the well; or
(3) dispose of the remaining solid contents in any manner required by the commission. The requirements may include any of the following:
(A) Burial in place, in accordance with the grading and restoration requirements in K.A.R. 82-3-602 (f);
(B) removal and placement of the contents in an on-site disposal area approved by the commission;
(C) removal and placement of the contents in an off-site disposal area on acreage owned by the same landowner or to another producing lease or unit operated by the same operator, if prior written permission from the landowner has been obtained; or
(D) removal of the contents to a permitted off-site disposal area approved by the department.
(b) Each violation of this regulation shall be punishable by the following:
(1) A $1,000 penalty for the first violation;
(2) a $2,500 penalty for the second violation; and
(3) a $5,000 penalty and an operator license review for the third violation.

Complete and return with Haul-Off Pit Application, Form CDP1(2004)

Haul-off pit will be located in an on-site disposal area: ___Yes ___No

Haul-off pit is located in an off-site disposal area on acreage owned by the same landowner: ___Yes ___No If yes, written permission from the landowner must be obtained. Attach written permission to haul-off pit application.

Haul-off pit is located in an off-site disposal area on another producing lease or unit operated by the same operator: ___Yes ___No If yes, written permission from the landowner must be obtained. Attach permission and a copy of the lease assignment that covers the acreage where the haul-off pit is to be located, to the haul-off pit application.