Expected Spud Date: April 8th, 2004

OPERATOR: License #: 6484
Name: Anderson Energy, Inc.
Address: 221 S. Broadway
City/State/Zip: Wichita, KS 67202
Contact Person: Thornton E. Anderson
Phone: 316-263-1006
CONTRACTOR: License #: 5142
Name: Sterling Drilling Company

Well Drilled For:

- Oil
- Storage

Well Class: Infield

Type Equipment:

- Mud Rotary

If OWWO: old well information as follows:

- Operator:

Well Name: None

Original Completion Date: None

Original Total Depth: None

Directional, Deviated or Horizontal wellbore? Yes No

If Yes, true vertical depth: None

Bottom Hole Location: None

KCC DKT#: None

RECEIVED
KANSAS CORPORATION COMMISSION
APR 02 2004

CONSERVATION DIVISION
WICHITA, KS

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-101, 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 underlying formation;
4. If the well is a 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. 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: 04/01/04
Signature of Operator or Agent: Thornton E. Anderson
Title: President

For KCC Use ONLY
API #: 15 - 007-22818-00-00
Conductor pipe required: NONE
Minimum surface pipe required: 200 feet per Alt.

Approved by: RSP 4.2-04
This authorization expires: 10-3-04

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 definition orders;
- Notify appropriate district office 48 hours prior to reentry or re-drillage;
- Submit plugging report (CP-4) after plugging is completed;
- Obtain written approval before disposing of injecting salt water.

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 - __________________________
Operator: Anderson Energy, Inc.
Lease: Prothe
Well Number: #1-12
Field: Rhodes

Number of Acres attributable to well: 160
QTR / QTR / QTR of acreage: _______ - _______

Location of Well: County: Barber
2,510 feet from S: (circle one) Line of Section
950 feet from E: (circle one) Line of Section
Sec. 12 Twp. 33 S. R. 12
East [X] West

Is Section ______ Regular or [X] 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).
April 2, 2004

Mr. Thornton Anderson
Anderson Energy, Inc.
221 So. Broadway Ste 302
Wichita, KS  67202

RE: Drilling Pit Application
Prothe Lease Well No. 1-12
NW/4 Sec. 12-33S-12W
Barber County, Kansas

Dear Mr. Anderson:

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 on a daily basis.**

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. Also please file the enclosed CDP-5 form, Surface Pond Waste Transfer, within 30 days of fluid removal.

**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,

Kathleen Haynes
Environmental Protection and Remediation Department

cc: S Durrant