NOTICE OF INTENT TO DRILL

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

Expected Spud Date: May 28, 2004

OPERATOR: Licensee: 32754
Name: ELYSIUM ENERGY, LLC
Address: 1625 Broadway, Suite 2000
City/State/Zip: Denver, CO 80202
Phone: (303) 389-3610

CONTRACTOR: Licensee: 31548
Name: Discovery Drilling

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

If OWWO: old well information as follows:
Operator: 
Well Name: 
Original Completion Date: 
Original Total Depth: 
Directional, Deviated or Horizontal wellbore? Yes
If Yes, true vertical depth: 
Bottom Hole Location: 
KCC DKT #: 

Spot 65' N of SE . NE SE Sec. 11 Twp. 11 S. R. 18W East
1705 feet from N / X S Line of Section
330 feet from E / X W Line of Section

Is SECTION Regular / Irregular? X

Target Information(s): IKC & Arbuckle

Nearest Lease or unit boundary: 330'
Ground Surface Elevation: 1859 feet MSL
Water well within one-quarter mile: Yes
Public water supply well within one mile: Yes
Depth to bottom of fresh water: 180'
Depth to bottom of usable water: 180'
Surface Pipe by Alternate: X
Length of Surface Pipe Planned to be set: 200'
Length of Conductor Pipe required: None
Projected Total Depth: 3425'
Formation at Total Depth: Arbuckle

Water Source for Drilling Operations: X Farm Pond
DWR Permit #: 

Will Cores be taken? Yes
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 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: May 16, 2004 Signature of Operator or Agent: Title: Agent

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: ________________________________
ELSISUM ENERGY, LLC
Lease: ________________________________
Carmichael
Well Number: __________________________
6
Field: ________________________________
Bemis-Shutts

Number of Acres attributable to well: _______________________
QTR / QTR / QTR of acreage: _______________________

Location of Well: County: Ellis

1705 feet from ___________________________
N / X S Line of Section

330 feet from ___________________________
X E / W Line of Section

Sec. 11 Twp. 11 S. R. 18W

Is Section: □ Regular or [X] Irregular

If Section is Irregular, locate well from nearest corner boundary.
Section corner used: □ NE □ NW [X] 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.

Ellis Co., KS

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: (C0-7 for oil wells; CG-8 for gas wells).
May 20, 2004

Mr. Jim Annable
Elysium Energy, LLC
1625 Broadway Ste 2000
Denver, CO 80202

RE: Drilling Pit Application
Carmichael Lease Well No. 6
SE/4 Sec. 11-11S-18W
Ellis County, Kansas

Dear Mr. Annable:

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 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 (785) 625-0550 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: H Deines