For KCC Use: 52304

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL
Must be approved by KCC five (5) days prior to commencing well

Effective Date: December 2002
District #: 4
SGA? X Yes No

Expected Spud Date: 5-18-2004

OPERATOR: License#: 32778
Name: CAT Energy, LLC
Address: PO Box 507
City/State/Zip: Galva, KS 67443-0507
Contact Person: Delmar Nightingale
Phone: 620/654-3262

CONTRACTOR: License#: 5929
Name: DIKE Drilling Co. Inc.

Well Drilled For: X Oil
Well Class: X Infield
Type Equipment: X Mud Rotary

If OWWO: old well information as follows:
Operator:
Well Name:
Original Completion Date: X
Original Total Depth: X
Directional, Deviated or Horizontal wellbore? X Yes No
If Yes, true vertical depth:
Bottom Hole Location:
KCC DKT #:

Spot: S/2 N/2 S/2
Sec: 10 Twp: 20 S R: 11 W

Is SECTION Regular X Irregular

(Note: Locate well on the Section Plat on reverse side)
County: Barton
Lease Name: D. Panning
Well #: 3
Field Name: Chase-Silica
Target Formation(s): Ar buckle

Nearest Lease or unit boundary:

Ground Surface Elevation: 1785 ft
Water well within one-quarter mile:
Surface Pipe by Alternate: X 1
Length of Surface Pipe Planned to be set: X 300'

Depth to bottom of usable water:

Depth to bottom of fresh water:

Length of Conductor Pipe required:
Projected Total Depth:
Formation at Total Depth:
Water Source for Drilling Operations:

DWR Permit #:

Will Cores be taken? X Yes No

(Note: Apply for Permit with DWR)

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 50 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: 5-11-2004 Signature of Operator or Agent: J.M. Hadix
Title: Well Site Geo

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.

X 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 - 009 -
Operator: CAT Energy, LLC
Lease: D. Panning
Well Number: #3
Field: Chase-Silica
Location of Well: County: Barton
3630' feet from X N / S Line of Section
2490' feet from X E / W Line of Section
Sec. 10 Twp. 20 S. R. 11 East X 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.

WATER FLOW

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-6 for gas wells).
May 12, 2004

Mr. Delmar Nightingale
CAT Energy, LLC
PO Box 507
Galva, KS 67443-0507

RE: Drilling Pit Application
D. Panning Lease Well No. 3
SE/4 Sec. 10-20S-11W
Barton County, Kansas

Dear Mr. Nightingale:

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, if sand is encountered during the construction of the reserve pit or working pits, please call the District Office at (785) 625-0550. The free fluids must 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