NOTICE OF INTENT TO DRILL

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

Spud Date: July 15, 2004

OPERATOR: License# 5003
Name: McCoy Petroleum Corporation
Address: 8080 E Central, Suite 300
City/State/Zip: Wichita, KS 67206
Contact Person: Scott Hampel
Phone: 316-636-2737

CONTRACTOR: License# 5142
Name: Sterling Drilling Co.
Address: Kansas Conservation Division
City: Wichita, KS

Well Drilled For:
Oil  Enr Rec  Infield  Mud Rotary
Gas  Storage  Pool Ext.  Air Rotary
OGO  Disposal  Wildcat  Cable
Seismic: # of Holes: Other:

Well Class:

Type of Equipment:

Spot E2  NW  NW
Sec. 3
Twp. 30
S. R. 9

Is SECTION: Yes  No

(Note: Locate well on the Section Plat on reverse side)

County: Kingman
Lease Name: Holgerson-Twyman
Field Name: Spivey-Grabs-Basil
Is this a Prorated / Spaced Field?: Yes  No
Target Formation(s): Mississippian

Nearest Lease or unit boundary: 660' feet

Ground Surface Elevation: 1645' feet MSL

Water well within one-quarter mile:

Public water supply well within one mile:

Depth to bottom of fresh water:

Depth to bottom of usable water:

Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be:
200'

Length of Conductor Pipe required: none

Projected Total Depth: 4275'

Formation at Total Depth: Mississippian

Water Source for Drilling Operations:

Well  Farm Pond  Other

DWR Permit #:

(Note: Apply for Permit with DWR)

Will Cores be taken?: Yes  No

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: 7/8/04  Signature of Operator or Agent: Scott Hampel  Title: Engineering/Production Mgr.

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:

For KCC Use ONLY

API #: 095 - 21901 - 0000
Conductor pipe required: 0500 feet
Minimum surface pipe required: 200 feet per Alt. RJP 7.15.04
Approved by:

This authorization expires:
(This authorization void if drilling not started within 6 months of effective date.)

Spud date: 7/15/04  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: McCoy Petroleum Corporation
Lease: Holgerson-Twyman
Well Number: 4-3
Field: Splivey-Grabs-Basil

Number of Acres attributable to well:
QTR / QTR / QTR of acreage: E2 - NW - NW

Location of Well: County: Kingman
660' feet from E
990' feet from S Line of Section

Sec. 3 Twp. 30 S. R. 9

Is Section: Regular or Irregular

If Section isIrregular, 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.)
July 14, 2004

Mr. Scott Hampel
McCoy Petroleum Corporation
8080 E. Central  Ste 300
Wichita, KS  67206

Re:  Drilling Pit Application
     Holgerson-Twyman Lease Well No. 4-3
     NW/4 Sec. 03-30S-09W
     Kingman County, Kansas

Dear Mr. Hampel:

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 within 72 hours 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 (316) 337-6231 when the fluids have been removed. Also, please file the enclosed CDP-5, 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,

[Kathy Haynes]

Kathy Haynes
Environmental Protection and Remediation Department

cc: Doug Louis