KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL

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

Expected Spud Date: August 3, 2004
OPERATOR: License#: 9163
Name: JANDIE OIL COMPANY, INC.
Address: P. O. Box 442
City/State/Zip: Great Bend, Kansas 67530-0442
Contact Person: Freddie D. Walls
Phone: 620/797-0318

CONTRACTOR: License#: 5929
Name: DUKE DRILLING CO., INC.

Well Drilled For:

- Oil
- Gas
- Water
- Other

Well Class:

- Enh Rec
- Infield
- Storage
- Disposal
- Seismic
- # of Holes

Type of Equipment:

- Mud Rotary
- Air Rotary
- Wildcat
- Cable

If OWWO: old well information as follows:

Operator:

Well Name:

Original Completion Date:

Original Total Depth:

Directional, Deviated or Horizontal wellbore:

If Yes, true vertical depth:

Bottom Hole Location:

RECEIVED
KCC DKT #:

JUL 26 2004

AFFIDAVIT

The undersigned hereby affirms that the location, location 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.

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: 7/26/04
Signature of Operator or Agent: [Signature]
Title: Agent

[Remainder of form with details filled in]

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: ____________________________
Lease: ______________________________
Well Number: ________________________
Field: _______________________________
Number of Acres attributable to well: __________________
QTR / QTR / QTR of acreage: __________________

Location of Well: County: ____________________________

feet from N / S Line of Section
feet from E / W Line of Section
Sec. _____ Twp. _____ S. R. ________ East [ ] 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.

STAFFORD COUNTY

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).
July 27, 2004

Mr. Freddie D. Walls  
Jandie Oil Company, Inc.  
PO Box 442  
Great Bend, KS  67530-0442

RE: Drilling Pit Application  
Kelli Lease Well No. 3  
SW/4 Sec. 30-21S-12W  
Stafford County, Kansas

Dear Mr. Walls:

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,

Kathy Haynes  
Environmental Protection and Remediation Department

cc: S Durrant