KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL

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

For KCC Use:
Effective Date: 8-1-04
District #: 1
SGA? \[\text{Yes} \quad \text{No}\]

Expected Spud Date: July 30, 2004

OPERATOR: License# 5435
Name: Bowers Drilling Co., Inc.
Address: 400 N. Woodlawn, Suite 16
City/State/Zip: Wichita, KS 67208
Contact Person: Emil E. Bowers
Phone: 316 262-6449

CONTRACTOR: License# 5822
Name: Val Energy, Inc.

Well Drilled For: Oil \[\text{X}\] Gas \[\text{X}\] Enhanced Recovery \[\text{X}\] Storage
Well Class: Infield \[\text{X}\] Noninfield
Type of Equipment: Mud Rotary \[\text{X}\] Air Rotary

If OWDO, old well information as follows:
Operator:
Original Completion Date: 
Original Total Depth:
Directional, Deviated or Horizontal wellbore? \[\text{No}\] Yes
If Yes, true vertical depth:
Bottom Hole Location:
KCC DKT #: JUL 26 2004

CONSERVATION DIVISION

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.

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: JULY 26, 2004 Signature of Operator or Agent: Emil E. Bowers President

KCC DKT #: JUL 26 2004

API # 15 - 007-22838.00-00
Conductor pipe required: \[\text{None}\] feet
Minimum surface pipe required: 200 feet per Alt. 

Approved by: 25P 27-04
This authorization expires: 1-27-05
(This authorization void if drilling not started within 6 months of effective date.)

Spud date: Agent:

Mail to: KCC - Conservation Division, 130 S. Market - Room 2076, Wichita, Kansas 67202

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 fieldoration 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.
\[\text{X}\] Well Not Drilled - Permit Expired
Signature of Operator or Agent: Date:
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: Bowers Drilling Co., Inc.
Lease: Lonker
Well Number: 1-25
Field: ________________________________

Number of Acres attributable to well: __________________________
QTR / QTR / QTR of acreage: _______ ___ ___

Location of Well: County: Barber
Line of Section
1485 feet from S (circle one) Line of Section
1980 feet from E (circle one) Line of Section
Sec. 25 Twp. 32 S. R. 13 _______ 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.

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. Emil E. Bowers
Bowers Drilling Co., Inc.
400 N. Woodlawn Ste 16
Wichita, KS 67208

RE: Drilling Pit Application
Lonker Lease Well No. 1-25
NW/4 Sec. 25-32S-13W
Barber County, Kansas

Dear Mr. Bowers:

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