NOTICE OF INTENTION TO DRILL

TO BE FILED WITH THE STATE CORPORATION COMMISSION
PRIOR TO COMMENCEMENT OF WELL

1. Operator _______________ AMERICAN PETROLEUM COMPANY, INC.
   Suite 111, 400 North Woodlawn
   Address _______________ Wichita, Kansas 67208

2. Contractor _______________ Tornado Drilling
   Box 706
   Address _______________ Enid, Oklahoma 73701

3. Type of Equipment: Rotary X Cable Tool

4. Well to be Drilled for: Oil X Gas
   Disposal _______________ Input _______________ Other _______________

5. Depth of Deepest Fresh Water within 1 mile _______________ None _______________ ft.
6. Depth of Municipal Water Well within 3 miles _______________ None _______________ ft.
7. Depth to Protect all Fresh Water _______________ 200 _______________ ft.
8. Amount of Surface Casing to be set _______________ 200 _______________ ft.
9. Alternate No. 1 _______________ No. 2 X

API Number _______________ 15-147-20,241-

Starting Date ___________ August 23, 1978

County _______________ Phillips

Sec 35 Twp 3 S Rge 19 W

Spot Location _______________ SW SE SW

Nearest Lease Line _______________ 330 _______________ ft.

Lease Name _______________ GRAU

Well No. _______________ 1B

Est. Total Depth _______________ 3,700 _______________ ft.

REMARKS:

OPERATOR STATES THAT HE WILL COMPLY WITH K.S.A. 55-128

Signature of Operator _______________ James T. Barvais

President of American Petroleum Co., Inc.
State Corporation Commission of Kansas
Conservation Division
245 North Water
Wichita, Kansas 67202

(IF PREFERRED, MAIL IN ENVELOPE)