NOTICE OF INTENT TO DRILL

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

Expected Spud Date: August 23, 2004

Spotted:

Operator:
Licenses: 3956
Name: Brungardt Oil & Leasing, Inc
Address: P.O. Box 871, Russell, KS 67665
Contact Person: Gary L. Brungardt
Phone: 785-483-4975

KCC WICHITA

CONTRACTOR:
Licenses: 5184
Name: Shields Oil Producers, Inc

WELL DRILLED:

Class: Oil
Type: Mud Rotary

If OWPO: old well information as follows:

Original Completion Date: Original Total Depth:

Directional, Deviated or Horizontal well bore? Yes

If Yes, true vertical depth:

Bottom Hole Location:

KCC DKT:

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 ALTERRATE 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: 8/5/04

Signature of Operator or Agent:

Title: Owner

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

API # 15

Conductor pipe required: NONE

Minimum surface pipe required: 4,600 feet

Approved by: RSP-9.05

This authorization expires: 9/30/05

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

Well 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:
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

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:


(Show location of the well and shade attributable acreage for prorated or spaced wells.)
(Show footage to the nearest lease or unit boundary line.)

RECEIVED
AUG 06 2004
KCC WICHITA

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 depict 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).
August 9, 2004

Mr. Gary L. Brungardt
Brungardt Oil & Leasing, Inc.
PO Box 871
Russell, KS  67665

RE:  Drilling Pit Application
      Rogg B Lease Well No. 1
      NE/4 Sec. 22-12S-13W
      Russell County, Kansas

Dear Mr. Brungardt:

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 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,

[Signature]
Kathy Haynes
Environmental Protection and Remediation Department

cc: H Deines