NOTICE OF INTENT TO DRILL

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

For KCC Use:

Effective Date: 9-7-04
District # 1
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Expected Spud Date: October 9, 2004

OPERATOR: License #: 5046
Name: Raymond Oil Company, Inc.
Address: P.O. Box 48788
City/State/Zip: Wichita, KS 67201-8788
Contact Person: Clarke Sandberg
Phone: (316) 267-4214

CONTRACTOR: License #: 5929
Name: Duke Drilling Company, Inc.

Spot

SW NE NE Sec. 32 Twp. 31 S R 13

990' feet from N / S
890' feet from E / W

Is SECTION Regular Irregular?

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

County: Barber

Lease Name: Duggan Trust 'D' OWDD Well #: 2

Field Name: Brooks

Target Formation(s): Lecompton & Miss.

Nearest Lease or unit boundary: 1600'

Ground Surface Elevation: 1600'

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: X

Length of Surface Pipe Required set:

Length of Conductor Pipe required:

Projected Total Depth: 4650'

Formation at Total Depth: Viola

Water Source for Drilling Operations:

Well Farm Pond Other

DWR Permit #: Contractor will file the permit

Will Cores be taken?

(Note: Apply for Permit with DWR)

If Yes, proposed zone:

KCC DKT #:

If OWDD: old well information as follows:

Operator: Lario Oil & Gas Company

Well Name: #1 Brook 'A'

Original Completion Date: 08/18/66

Original Total Depth: 3715'

Directional, Deviated or Horizontal wellbore?

Yes No

If True vertical depth:

Bottom Hole Location:

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 shall 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 will 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: 08/30/2004 Signature of Operator or Agent: Geologist

RECEIVED
SEP - 1 2004 KCC WICHITA

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:

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: _______________________________ Location of Well: County: Barber
Operator: Raymond Oil Company, Inc. 990' feet from
Lease: Dugan Trust 'D' OWDD 890' feet from
Well Number: 2 Sec. 32 Twp. 31 S. R. 13
Field: _______________________________ S Line of Section

Number of Acres attributable to well: _______________________________
QTR / QTR / QTR of acreage: SW NE NE

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: (C0-7 for oil wells; CG-8 for gas wells).
September 2, 2004

Mr. Clarke Sandberg
Raymond Oil Company, Inc.
PO Box 48788
Wichita, KS 67201-8788

RE: Drilling Pit Application
    Dugan Trust D OWDD Lease Well No. 2
    NE/4 Sec. 32-31S-13W
    Barber County, Kansas

Dear Mr. Sandberg:

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. The pits should be located to the north on the hillside away from the draws.

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