For KCC Use: 10-3-04

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 November 10 2004

OPERATOR: License# 33269 Name: Central Operating, Inc.
Address: 1600 Broadway #1050 City/State/Zip: Denver, CO 80202
Contact Person: P.A. BREW Phone: 303-894-9576

CONTRACTOR: License# 5892 Name: BERENTZ DRILLING CO., INC.

Well Drilled For: Oil X Gas Storage X OWO Disposal Seismic: # of Holes Other
Well Class: Infield X Mud Rotary Air Rotary Wildcat Cable Other
Type Equipment:

If OWO: old well information as follows:
Operator: 
Well Name: 
Original Completion Date: Original Total Depth:

Directional, Deviated or Horizontal wellbore? Yes No
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. 55-101, 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 surface within 120 days of spud date. 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: Sept. 22 2004 Signature of Operator or Agent: Title: President

For KCC Use ONLY
API # 15 - 167.23268.00.00
Conductor pipe required: NONE feet
Minimum surface pipe required: 200 feet per Alt.
Approved by:
This authorization expires: SEP 9.28.04
(THIS AUTHORIZATION VOID IF DRILLING NOT STARTED WITHIN 6 MONTHS OF EFFECTIVE DATE.)
Spud date: Agent:

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.

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: Central Operating, Inc. 
Lease: Krug #1-4 
Well Number: #1-4 
Field: Gorham 

Location of Well: County: Russell 
450' feet from S (circle one) Line of Section 1350' feet from E (circle one) Line of Section 
Sec. 4 Twp 15 S. R. 14 

Number of Acres attributable to well: 160 Acres more or less 
QTR / QTR / QTR of acreage: 

PLAT

(Show location of the well and shade attributable acreage for prorated or spaced wells.)

(Note 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).
September 27, 2004

Mr. P.A. Brew
Central Operating, Inc.
1600 Broadway #1050
Denver, CO 80202

RE: Drilling Pit Application
   Krug Lease Well No. 1-4
   SW/4 Sec. 04-15S-14W
   Russell County, Kansas

Dear Mr. Brew:

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,

Kathy Haynes
Environmental Protection and Remediation Department

cc: H Deines

Conservation Division, Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802  
Voice 316.337.6200  Fax 316.337.6211  www.kcc.state.ks.us