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: 10-26-04
Effective Date: 3
District #: 
SGA? [ ] Yes [X] No

Expected Spud Date: November 10, 2004

OPERATOR: License#: 32977
Name: Dorado Gas Resources LLC
Address: 14550 East Easter Ave., Ste 1000
City/State/Zip: Centennial, CO 80112
Contact Person: Steven Tedesco
Phone: 720-889-8510

CONTRACTOR: License#: 5786
Name: McGowan Drilling

Well Drilled For: [X] Oil [ ] Gas [ ] OWWO [ ] Storage [ ] Disposal [ ] Seismic [X] Infield [ ] Pool Ext. [X] Wildcat
Type Equipment: [X] Mud Rotary [ ] Air Rotary [ ] Cable


East: [X] Line of Section
West: [ ] Line of Section

Is SECTION [X] Regular [ ] Irregular?

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

County: Allen
Lease Name: Markham
Well #: 10-25
Field Name: Humboldt-Chanute

Is this a Prorated / Spaced Field? [ ] Yes [X] No

Target Formation(s): Squirrel and Cattlemen sandstones

Nearest Lease or unit boundary:
660 feet from west and 660 from north

Ground Surface Elevation: 954 feet MSL
Water well within one-quarter mile:
Yes [ ] No [X]
Public water supply well within one mile:
Yes [ ] No [X]

Depth to bottom of fresh water: 150+ feet

Depth to bottom of usable water: 200+

Surface Pipe by Alternate: 1 [X] 2 [ ]

Length of Surface Pipe Planned to be set: 20 feet

Length of Conductor Pipe required: None

Projected Total Depth: 1150'

Formation at Total Depth: Mississippian

Water Source for Drilling Operations:
[ ] Well [X] Farm Pond [ ] Other

DWR Permit #: 

(Note: Apply for Permit with DWR)

Will Cores be taken? [ ] Yes [X] No

If Yes, proposed zone:

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 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: October 19, 2004
Signature of Operator or Agent: ____________________________
Title: Manager of Geology

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.

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

For KCC Use ONLY
API #: 001-29144.00-00
Conductor pipe required: [ ] None [X] 20 feet
Minimum surface pipe required: 20 feet per Alt. [ ]
Approved by: RSP10-21-04
This authorization expires: 4-21-05
(This authorization void if drilling not started within 6 months of effective date.)

Spud date: Agent: ____________________________

[ ] 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: Dorado Gas Resources LLC
Lease: Markham
Well Number: 10-25
Field: Humboldt-Chanute

Number of Acres attributable to well: 50
QTR / QTR / QTR of acreage: NE, NW, SE

Location of Well: County: Allen
1980 feet from N / ✓ S Line of Section
1980 feet from ✓ E / W Line of Section
Sec. 25 Twp. 26S, R. 17  ✓ 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: (CG-7 for oil wells; CG-8 for gas wells).