Expected Spud Date: November 1, 2004

OPERATOR: License # 33138
Name: Meritage KCM Exploration, LLC
Address: 411 Wintertur Way
City/State/Zip: Highlands Ranch, CO 80129
Contact Person: Jeff Vaughan
Phone: 303-263-0126

CONTRACTOR: License # 5831
Name: Mokat Drilling

Well Drilled For: Oil
Well Class: SE
Type Equipment: Mud Rotary

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

Directional, Deviated or Horizontal wellbore? Yes
If Yes, true vertical depth:
Bottom Hole Location:
KCC DKT #:

Spot
SE_ SE_ Sec. 24
Twp. 23 S, R 23

West

S

W

Is SECTION ___ Regular ___ Irregular ___

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

County: Bourbon
Lease Name: Cox
Well #: 2444
Field Name: Wildcat

Is this a Prorated / Spaced Field? Yes
Target Formation(s): Cherokee Coals
Nearest Lease or unit boundary: 340'
Ground Surface Elevation: 877

Water well within one-quarter mile: Yes
Public water supply well within one mile: Yes
Depth to bottom of fresh water: 100'
Depth to bottom of usable water: 200'
Surface Pipe by Alternate: 1
Length of Surface Pipe Planned to be set: 20' minimum
Length of Conductor Pipe required: None
Projected Total Depth: 600'
Formation at Total Depth: Mississippian

Water Source for Drilling Operations:

DWR Permit #: (Note: Apply for Permit with DWR)
Will Cores be taken? Yes

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 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.

Date: 10-21-04 Signature of Operator or Agent: 
Title: 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;
- 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
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: Bourbon
Operator: Meritage KCM Exploration, LLC 940' feet from S Line of Section
Lease: Cox 340' feet from W Line of Section
Well Number: 24-44 Sec. 24 Twp. 23 S. R. 23
Field: Wildcat S East W

If Section is Irregular, locate well from nearest corner boundary.
Is Section: Regular or Irregular
Number of Acres attributable to well: Section corner used: NE NW SE SW
QTR / QTR / QTR of acreage: SE SE SE

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.)

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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).