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#: 32977
Name: Dorado Gas Resources LLC
Address: 14550 East Easter Ave., Ste 1000
Centennial, CO 80112
Contact Person: Steven Tedesco
Phone: 720-889-0510

CONTRACTOR: License#: 5786
Name: McGowan Drilling

Well Drilled For: 
Well Class: 
Type Equipment:
- Gas
- Storage
- Shale
- Oil
- Offshore
- Other

Seismic:
- # of Holes
- Other

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

Directional, Deviated or Horizontal wellbore? Yes No

Bottom Hole Location:
KCC DKT #:

Spot
- Sec: 36
- Twp: 26
- S
- R: 17
- W
- E

Is SECTION Regular Irregular

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

County: Allen
Lease Name: Isle
Field Name: Humboldt-Chanute
Is this a Prorated / Spaced Field? Yes No
Target Formation(s): Mully, Bevier, Mineral and Riverton Coals
Nearest Lease or unit boundary: 660 feet from west and 660 from north
Ground Surface Elevation: 950 feet MSL
Water well within one-quarter mile: Yes No
Public water supply well within one mile: Yes No
Depth to bottom of fresh water: 150+
Depth to bottom of usable water: 200+
Surface Pipe by Alternate: 1
Length of Surface Pipe Planned to be set: 20 feet
Length of Conducting Pipe required: None
Projected Total Depth: 1150
Formation at Total Depth: Mississippian
Water Source for Drilling Operations: Well Farm Pond Other

DWR Permit #: 

Will Cores be taken? Yes 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 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 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

For KCC Use ONLY
API # 15: 001-29143-00-00
Conductor pipe required: NONE
Minimum surface pipe required: 20 feet per Alt. 20 feet
Approved by: JSP-10-21-04
This authorization expired: 4-21-05
(This authorization void if drilling not started within 6 months of effective date.)

Spud date: Agent: ____________________________

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: Dorado Gas Resources LLC
Lease: [Lease Information]
Well Number: 16-36-CBM
Field: Humboldt-Chanute
Number of Acres attributable to well: 80
QTR / QTR / QTR of acreage: [QTR Information]

Location of Well: County: Allen
660 feet from N / S Line of Section
740 feet from E / W Line of Section
Sec: 36 Twp: 26 S. 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: (CO-7 for oil wells; CG-8 for gas wells).