NOTICE OF INTENT TO DRILL

Expected Spud Date: October 10, 2004

OPERATOR: License #: 30717
Name: DOWNING-NELSON OIL CO., INC
Address: P.O. Box 372
City/State/Zip: Hays, KS 67601
Phone: (785) 628-3449

CONTRACTOR: License #: 31548
Name: Discovery Drilling

Well Drilled For: Gas
Well Class: Infield
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
No
Bottom Hole Location:
KCC DKT #:

180' W of SE 1650 Sec. 30
NE 2130 Twp. 13 S.
SW 150' feet from line of Section
NW 150' feet from line of Section

Is SECTION Regular Irregular?

County: Ellis
Lease Name: Luca
Well #: 1-30
Field Name: Kaiser

If this a Prorated / Spaced Field?
LKC & Arbuckle
Yes
No
Target Information(s):

Nearest Lease or unit boundary:
Ground Surface Elevation:
Water well within one-quarter mile:
Public water supply well within one mile:
Depth to bottom of fresh water:
Surface Pipe by Alternate:
Length of Surface Pipe Planned to be set:
Length of Conductor Pipe required:
Projected Total Depth:
Formation at Total Depth:
Water Source for Drilling Operations:
DWR Permit #:

Will Cores be taken?
Yes
No

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 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: 26 Sept. 2004

Signature of Operator or Agent: [Signature]

For KCC Use ONLY
API # 15 - 051-25347-00-00
Conductor pipe required: NONE feet
Minimum surface pipe required: 200 feet per Alt.
Approved by: 25-09-29-05
This authorization expires: 3-29-05
(This authorization void if drilling not started within 6 months of effective date.)

Spud date: [Signature]

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: DOWNING-NELSON OIL CO., INC.

Location of Well: County: Ellis

Lease: Luea

2130

Well Number: 1-30

Sec. 30

Twp. 13

Field:

R. 20W

Number of Acres attributable to well:

feet from N / S Line of Section

feet from E / W Line of Section

Is Section: X Regular or □ Irregular

If Section is Irregular, locate well from nearest corner boundary.

Section corner used: □ NE □ NW □ SE X □ 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.)

EXCHANGE

SEWARD CO.

2130'

1650'

1980

3390'

NOTE: In all cases locate the spot of the proposed drilling location.

Ellis Co., KS

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).