For KCC Use: 10-27-04

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 1, 2004

OPERATOR: License#: 33138
Name: Meritage KCM Exploration, LLC
Address: 411 Winterthur 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 Gas OWWO Seismic
Well Class: Enh Rec Storage Disposal; # of Holes Other
Type Equipment: Mud Rotary Air Rotary Cable

If OWWO: old well information as follows:
Operator:
Well Name:
Original Completion Date:
Original Total Depth:
Directional, Deviated or Horizontal wellbores? Yes No
If Yes, true vertical depth:
Bottom Hole Location:
KCC DKT #:

Spot SE SW SE Sec. 25 Twp. 23 S. R. 23
340' feet from N / S Line of Section
1450' feet from E / W Line of Section
Is SECTION Regular Irregular?
(Note: Locate well on the Section Plat on reverse side)
County: Bourbon
Lease Name: Snyder
Well #: 25-34
Field Name: Wildcat
Is this a Prorated / Spaced Field? Yes No
Target Formation(s): Cherokee Coals
Nearest Lease or unit boundary: 340'
Ground Surface Elevation: 825 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 2
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:
Well Farm Pond Other
DWR Permit #:
Will Cores be taken? Yes No
(Note: Apply for Permit with DWR)
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 #135,891-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: 10-21-04 Signature of Operator or Agent: Title: Agent

Remember to:
- File Dril Pl 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.

[ ] Well Not Drilled - Permit Expired

Signature of Operator or Agent: Date:

For KCC Use Only
API # 15 - 011 230 20 00 00
Conductor pipe required: None
Minimum surface pipe required: 20 feet per Alt. 1 2
Approved by: 25-23-05
This authorization expires: 4/20/05
Spud date: 10-21-04 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: Meritage KCM Exploration, LLC
Lease: Snyder
Well Number: 25-34
Field: Wildcat

Number of Acres attributable to well: ______
QTR / QTR / QTR of acreage: SE - SW - SE

Location of Well: County: Bourbon
340' feet from N / S Line of Section
1450' feet from E / W Line of Section
Sec. 25 Twp. 23 S. R. 23 East West
Is Section: Regular or Irregular

If Section is Irregular, locate well from nearest corner boundary.
Section corner used: NE NW SE SW

(Show location of the well and shade attributable acreage for prorated or spaced wells.)
(Show footage to the nearest lease or unit boundary line.)

RECEIVED
KANSAS CORPORATION COMMISSION
OCT 2 2 2004
CONSERVATION DIVISION
WICHITA, KS

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: (C0-7 for oil wells; CG-8 for gas wells).