NOTICE OF INTENTION TO DRILL
(see rules on reverse side)

Expected Spud Date: MARCH 18 1988

OPERATOR: License #: 5923
Name: AMERICAN PETROLEUM COMPANY, INC.
Address: 3500 NORTH ROCK ROAD, BLDG. 1300
WICHITA, KANSAS 67226
Contact Person: JAMES T. BARVAIS
Phone: (316) 636-5273

CONTRACTOR: License #: 8241
Name: EMPHASIS OIL OPERATIONS
City/State: RUSSELL, KANSAS 67665

API Number: 147-20,505-00-00

75' N. E/2 E/2 NE Sec.16... Twp... 4035... Ft. from South Line of Section
7... 330... Ft. from East Line of Section
(Note: Locate well on Section Plat on reverse side)

Nearest lease or unit boundary line: 330 feet
County: PHILLIPS
Lease Name: MORGAN
Well #: 1
Ground surface elevation: 2074 feet MSL
Domestic well within 330 feet: X no
Municipal well within one mile: X no
Depth to bottom of fresh water: 80'
Depth to bottom of usable water: 900' (Dakota)
Surface pipe by Alternate: 1 2 X
Surface pipe planned to be set: 210'
Conductor pipe required: NONE
Projected Total Depth: 3460 feet
Formation:

I certify that well will comply with K.S.A. 55-101, et seq., plus eventually plugging hole to KCC specifications.
Date: 3-07-88... Signature of Operator or Agent: PRESIDENT

For KCC Use:
Conductor Pipe Required: 200 feet per Alt.
Approved By: 3-7-88
This Authorization Expires: 3-12-88

EFFECTIVE DATE: 3-12-88
Must be filed with the K.C.C. five (5) days prior to commencing well
This card void if drilling not started within six (6) months of date received by K.C.C.

Important procedures to follow:

1. Notify District office before setting surface casing.

2. Set surface casing by circulating cement to the top.

3. File completion forms ACO-1 with K.C.C. within 120 days of well spud date, following instructions on ACO-1, side 1, and including copies of wireline logs.

4. Notify District office 48 hours prior to old well workover or re-entry.

5. Prior to filing Intent, prepare a proposed plugging plan in case well is D & A, then obtain approval of plan when calling district office prior to setting surface pipe.

6. Submit plugging report (CP-4) to K.C.C. after plugging is completed.

7. Obtain an approved injection docket number before disposing of salt water.

8. Notify K.C.C. within 10 days when injection commences or terminates.

9. If an alternate 2 completion, cement in the production pipe from below any usable water to surface within 120 days of spud date.

State Corporation Commission of Kansas
Conservation Division
200 Colorado Derby Building
Wichita, Kansas 67202-1212
(316) 263-3238