For KCC Use: 2-11-03

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL
Must be approved by KCC five (5) days prior to commencing well

AP 55S 129E Sec 25 Twp 4 S R 42  

Expected Spud Date: January 28, 2003

OPERATOR: License #: 31609
Name: Priority Oil & Gas LLC
Address: PO Box 27798
City/State/Zip: Denver, CO 80227-0798
Contact Person: Robbie Gries
Phone: 303-296-3435

CONTRACTOR: License #: 8273
Name: Excell Drilling Co.

We Drilled For: Oil Gas OWWO Seismic Other
Well Class: Enh Rec Storage Disposal # of Holes
Type Equipment: Infield Pool Ext. Wildcat Other
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 wellbore?
Yes No
Yes No

Bottom Hole Location:
KCC DKT #:

Spot SW SE NE Sec 25 Twp 4 S R 42

2530 feet from N (circle one) Line of Section
1284 feet from E (circle one) Line of Section

Is SECTION Regular Irregular?

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

Lease Name: Walz
Field Name: Cherry Creek
Is this a Prorated / Spaced Field?

Target Formation(s): Niobrara
Nearest Lease or unit boundary:

Ground Surface Elevation: 3454 feet MSL
Water well within one-quarter mile:

Public water supply well within one mile:

Depth to bottom of fresh water:

Depth to bottom of usable water:

Surface Pipe by Alternate: X 1 2
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:

Well Farm Pond Other

DWR Permit #:

Will Cores be taken?

If Yes, proposed zone:

(No: Apply for Permit with DWR)

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-101, 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 unconsolidated materials plus a minimum of 20 feet into the underlying formation;
4. If the well is a 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. 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: 2-3-03
Signature of Operator or Agent: Title: Office Manager

For KCC Use ONLY

API # 15: 20485.00.00
Conductor pipe required: None feet
Minimum surface pipe required: 200 feet per Alt.:
Approved by: RSP 2.6.03
This authorization expires: 8-6-03
(The authorization void if drilling not started within 6 months of effective date)

Spud date: For KCC Use Only

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.

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: Priority Oil & Gas LLC
Lease: Walz
Well Number: 1-25
Field: Cherry Creek

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

Location of Well: County: Cheyenne
2530 ______ feet from S N (circle one) Line of Section
1284 ______ feet from E W (circle one) Line of Section
Sec. ______ Twp. ______ S. R. ______
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).
CHEYENNE
State of Kansas

Township 4 South Range 42 East of the 6th P.M. Township 4 South Range 42 West of the 6th P.M.
Section 30: NE ¼, SW ¼, SE ¼, and SE ¼
Section 31: NE ¼
Section 25: SW ¼
Section 26: NE ¼

If the land described above is subject to any easements, restrictions, or reservations, and if any portion of the land is rezoned, the area thereof shall be subject to the same restrictions and regulations as applicable to the remainder of the land. The area described above is subject to all regulations and conditions applicable to the remainder of the land.

To the holder or assignee of the above described land, or to his legal representatives, successors, or assigns, and to all persons and parties claiming under him or them, the above described land is hereby conveyed and assigned.

IN WITNESS WHEREOF, the 30th day of March, 1925, I have hereunto set my hand and caused my name to be written in the presence of the undersigned witnesses.

[Signature]

Leta L. O'Brien, a widow
530 East 3rd Street, Saint Francis, Kansas 66756.
Leases and/or rentals of any part of the leased premises is hereby subject to the written approval of this instrument, in any form or manner, and in any event, the lessee shall not sublet any part of the leased premises without the consent of the lessor or the written approval of this instrument, in any form or manner, and in any event, the lessee shall not sublet any part of the leased premises without the consent of the lessor.

ACKNOWLEDGMENT

Before me, the undersigned, a Notary Public, in and for said County and State, on this 27 day of December, 2001, personally appeared: Mary C. Wade, and Mark E. Wade, Co-Trustees of The Elie Valley Ranch Trust #1 and of The Elie Valley Ranch Trust #2, Trustees of The Elie Valley Ranch Trust #1 and of The Elie Valley Ranch Trust #2, and acknowledged to me the foregoing instrument to be their free and voluntary act and deed, for the purposes and considerations expressed herein.

Acknowledged before me on the 27 day of December, 2001.

Notary Public

[Signature]

[Seal]