NOTICE OF INTENT TO DRILL

Must be approved by KCC five (5) days prior to commencing well drilling

For KCC Use Only
API # 15- 001-29166.00.00
Conductor pipe required _NONE_ feet
Minimum surface pipe required _20_ feet per Alt. +
Approved by 2011-29-004
This authorization expires 5-29-2005
(This authorization void if drilling not started within 6 months of effective date.)
Spud date: Agent:

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

January 21, 2005

OPERATOR: License# 33239
Name: River Gas Chanute, LLC
Address: 509 Energy Center Blvd Suite 804
City/State/Zip: Northport, AL 35473
Contact Person: Mike Chambers
Phone: 205-345-9063

CONTRACTOR: License# 32980
Name: Pense Bros. Drilling Co., Inc.

Well Drilled For: Oil
Well Class: Engr Rec
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? _No_
If Yes, true vertical depth: 
Bottom Hole Location: 
KCC DKT: 

Well Name: Bauer
Field Name: Cherokee Basin Coal Gas Area
Is this a Prorated / Spaced Field? _No_
Target Formation(s): Cherokee Coals
Nearest Lease or unit boundary: 400' N
Ground Surface Elevation: 991' feet MSL
Water well within one-quarter mile: _No_
Public water supply well within one mile: _No_
Depth to bottom of fresh water: 100
Depth to bottom of usable water: 200
Surface Pipe by Alternate: _1_ _2_
Length of Surface Pipe Planned to be set: 20'
Length of Conductor Pipe required: _None_
Projected Total Depth: 1150
Formation at Total Depth: Cherokee Coals
Water Source for Drilling Operations: _Well_ _Farm Pond_ _Other_ Neosho Water District - Tap
DWR Permit #: 

Will Cores be taken? _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 pass 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: 11/11/04 Signature of Operator or Agent: David D. Chambers Title: Manager

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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: River Gas Chanute, LLC
Lease: Bauer
Well number: C3-16
Field:

Location of Well: County: Allen
2240' feet from N line of Section
2120' feet from S line of Section
16 Twp. 26 S. R. 20 E/W

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 location to the nearest lease or unit boundary lines.)

NOTE: In all cases locate the spot of 2240' 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, DG-8 for gas wells).