NOTICE OF INTENT TO DRILL

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

Expected Spud Date: January 19, 2005

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

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

Well Drilled For: Oil Gas Storage & Water Disposal
Well Class: Infield Pool Ext. & Wildcat
Type Equipment: Mud Rotary & Air Rotary

If OWWO: old well information as follows:
Operator:
Well Name:
Original Completion Date: Original Total Depth:

Directional, Deviated or Horizontal wellbore? Yes No
If Yes, true vertical depth:
Bottom Hole Location:
KCC DKT #:

Spotted
N 27 1/2 W 6 E
Sec. 21 Twp. 26 S. R. 20 W

Approx
2233 feet from N 1/4 S Line of Section
1311 feet from E 1/4 W Line of Section

Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)
County: Allen
Lease Name: Jarred
Well #: C4-21
Field Name: Cherokee Basin Coal Area
Is this a Prorated / Spaced Field? Yes No
Target Formation(s): Cherokee Coal
Nearest Lease or unit boundary: 407' N
Ground Surface Elevation: 991 ft MSL
Water well within one-quarter mile: Yes No
Public water supply well within one mile: Yes 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: None
Length of Conductor Pipe required: None
Projected Total Depth: 1150
Formation at Total Depth: Cherokee Coal
Water Source for Drilling Operations: Well Farm Pond Neosho Water District - Tap
DWR Permit #:

Will Cores be taken? Yes 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 al. 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 drilling;
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: 11/10/04 Signature of Operator or Agent: Dawn Chambers Title: Manager

For KCC Use ONLY
API # 15 - 001-29158-00-00
Conductor pipe required None
Minimum surface pipe required 20 feet per Alt.
Approved by:
This authorization expires: 5/18/05
(This authorization void if drilling not started within 6 months of effective date.)
Spud date: 11/21/04 Agent:

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

RECEIVED
KANSAS CORPORATION COMMISSION
NOV 18 2004
CONSERVATION DIVISION
WICHITA, KS

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.
- If this permit has expired (See: authorized expiration date) please check the box below and return to the address below.

Date: 11/21/04
Signature of Operator or Agent: Dawn Chambers
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. 16 - __________________________
Operator: River Gas Chanute, LLC

Lease: __________________________
Well Number: C4-21
Field: Cherokee Basin Coal Area

Location of Well: County: Allen

2233 feet from N / E Line of Section
1311 feet from S. R. 20 W. Line of Section
Sec: 21 Twp: 26 East West

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 location.

Received
KANSAS CORPORATION COMMISSION
NOV 18 2004
CONSERVATION DIVISION
WICHITA, KS

EXAMPLE

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.)