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

For KCC Use:
Effective Date: 11-24-04

District #: 2
SGA? Yes No

Expected Spud Date November 17 2004

OPERATOR: Licensee: 31980
Name: Lotus Operating Company, LLC
Address: 100 S. Main, Ste. 420, Wichita, KS 67202
City/State/Zip: Wichita, KS 67202
Contact Person: Tim Hellman
Phone: 316-262-1077

CONTRACTOR: License#: 5929
Name: Duke Dril Co. Inc

Well Drilled For: Oil Gas OWWO Seismic
Well Class: Enl Rec Storage Disposal
Type Equipment: Infield Pool Ext. Wildcat Other

Spot SW - SW - NW Sec. 11 Twp. 34 S. R. 6

East

West

400 430 feet from S Line of Section

feet from E W Line of Section

Is SECTION Regular Irregular

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

County: Harper
Lease Name: Martell
Field Name: Wildcat
Is this a Prorated / Spaced Field? Yes No
Target Formation(s): Layton, KC, Miss, Simp
Nearest Lease or unit boundary: 330
Ground Surface Elevation: 1256 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: 100
Depth to bottom of usable water: 180

Surface Pipe by Alternate: 1 2
Length of Surface Pipe Planned to be set: 250
Length of Conductor Pipe required: None
Projected Total Depth: 5000'
Formation to Total Depth: Arbuckle
Water Source for Drilling Operations:

Well Farm Pond Other XXXX

DWR Permit #: (Note: Apply for Permit with DWR)

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. seq.

As it is agreed that the following minimum requirements will be met:

1. Notify the appropriate district office prior to spudding 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 #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: 11/2/2004

Signature of Operator or Agent: Title: Managing Member

Remember to:
- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form AFCO-1 within 120 days of spud date;
- File acreage attribution plat according to field pronation 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 of 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:

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

KCC WICHITA
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: Lotus Operating Company, LLC
Lease: Martell
Well Number: 1
Field: Wildcat

Number of Acres attributable to well: 10
QTR / QTR / QTR of acreage: SW

Location of Well:

County: Harper
2200 feet from N / S Line of Section
330 feet from E / W Line of Section
Sec. 11 Twp. 34 S. R. 6

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.)

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: (CG-7 for oil wells; CG-8 for gas wells).
November 19, 2004

Mr. Tim Hellman
Lotus Operating Company, LLC
100 S. Main Ste 420
Wichita, KS 67202

Re: Drilling Pit Application
Martell Lease Well No. 1
NW/4 Sec. 11-34S-06W
Harper County, Kansas

Dear Mr. Hellman:

District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed without slots, the bottom shall be flat and reasonably level, and all pits must be lined with bentonite. The free fluids must be removed. The fluids are to be removed from the reserve pit as soon as the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred. The fluids should be removed again within 72 hours after drilling operations have ceased.

If production casing is set all completion fluids shall be removed on a daily basis.

The fluids should be taken to an authorized disposal well. Please call the District Office at (316) 630-4000 when the fluids have been removed. Also, please file the enclosed CDP-5, Surface Pond Waste Transfer, within 30 days of fluid removal.

A copy of this letter should be posted in the doghouse along with the approved Intent to Drill. If you have any questions or concerns please feel free to contact the undersigned at the above address.

Sincerely,

Kathy Haynes
Environmental Protection and Remediation Department

cc: Doug Louis