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: 22-09-04
District #: 4
SGA: Yes No

OPERATOR: License# 6622
Name: Jason Oil Company
Address: P.O. Box 701
City/State/Zip: Russell, KS 67665
Contact Person: Jim Schoenberger
Phone: 785-483-4202

CONTRACTOR: License# 9431
Name: Vonfeldt Drilling, Inc.

Well Drilled For: Oil Gas OWWO Seismic
Well Class: X Enh Rec X Storage X Disposal X Seismic
Type Equipment: X Infield X Pool Ext X Wildcat X Cable
Other

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 #: 14904

Expected Spud Date: 12-28-04

Spud
NE NE NE Sec 5 Twp. 15 S r. 13 X East
feet from X N / X S Line of Section
X feet from X E / X W Line of Section

Is SECTION Regular or Irreguar?
(Note: Locate well on the Section Plat on reverse side)
County: Russell
Lease Name: Gross
Well #: 5
Field Name: Hall-Gurney
Is this a Prorated / Shared Field? Yes No
Target Formation(s): IKC - Gorham Sand
Nearest Lease or unit boundary: 1749'
Ground Surface Elevation: feet MSL
Water well within one-quarter mile: Yes No
Public water supply within one mile: Yes No
Depth to bottom of fresh water: 200'
Depth to bottom of usable water: 380'
Surface Pipe by Alternate: X 1 2
Length of Surface Pipe Planned to be set: 400'
Length of Conductor Pipe required: NONE
Projected Total Depth: 3200'
Formation at Total Depth: Gorham Sand
Water Source for Drilling Operations:

Well Farm Pond Other
DWR Permit #:
Will Cores be taken? Yes No

(Note: Apply for Permit with DWR)

If Yes, proposed zone:

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with the KCC rules 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 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: 12-14-04

Signature of Operator or Agent: Chickie Lagni
Title: Agent

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.

Well Not Drilled - Permit Expired
Signature of Operator or Agent:
Date:

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: __________________________ Location of Well: County: __________
Operator: Jason Oil Company __________________________
Lease: Gross 4950' feet from X N / S Line of Section
Well Number: 5 330' feet from X E / W Line of Section
Field: Hall-Gurney Sec. 5 Twp. 15 S. R. 13 [ ] East [X] West

Number of Acres attributable to well: Is Section: [X] Regular or [ ] Irregular
QTR / QTR / QTR of acreage: NE - NE - NE

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.)

330 FEL

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).
December 16, 2004

Jim Schoenberger
Jason Oil Company
PO Box 701
Russell KS 67665

Re: Drilling Pit Application
Gross Lease Well No. 5
NE/4 05-15S-13W
Russell County, Kansas

Dear Mr. Schoenberger:

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 the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as practical 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 (785) 625-0550 when the fluids have been removed. Also, please file the enclosed Exploration and Production Waste Transfer, form CDP-5, 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,

Jonelle Rains, Supervisor
Department of Environmental Protection and Remediation

cc: Herb Deines
File