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: 12.25.04

District #

SGA? Yes No

Expected Spud Date: January 8, 2005

OPERATOR: Licensee: 32239
Name: River Gas Chanute, LLC
Address: 506 Energy Center Blvd Suite 804
City/State/Zip: Northport, KS 35473
Contact Person: Mike Farrens/Gary Cox
Phone: 205-752-3399

CONTRACTOR: Licensee: 32980
Name: Pense Bros. Drilling Co., Inc.

Well Drilled For:

[ ] Oil [ ] Gas [ ] Storage [ ] OWO [ ] Seismic [ ] Other

[ ] Enh Rec [ ] Disposal [ ] Wildcat [ ] Cable

[ ] Infield [ ] Pool Ext. [ ] Air Rotary

[ ] Mud Rotary

[ ] Yes [ ] No

If OWO: 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 #:

WAS: NW NW NE IS: NE NW NE

Spot

* NE NW NE Sec. 10

400 feet from [ ] N [ ] S

1620 feet from [ ] E [ ] W

Is SECTION [ ] Regular [ ] Irregular? (Note: Locate well on the Section Plat on reverse side)

County: Allen

Lease Name: Cross

Well #: A3-10

Field Name: Cherokee Basin Coal Area

Is this a Prorated / Spaced Field? [ ] Yes [ ] No

Target Formation(s): Cherokee Coal

Nearest Lease or unit boundary: 400' N

Ground Surface Elevation: 997

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: 20'

Length of Conductor Pipe required: none

Projected Total Depth: 1150

Formation at Total Depth: Cherokee Coal

Water Source for Drilling Operations:

[ ] Well [ ] Farm Pond [ ] Other Neosho Water District - Tap

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.

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 cementing 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: 12/18/04 Signature of Operator or Agent: David M. Chambers Title: Manager

Remember to:

- File Drill Pit Application (form CP-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

For KCC Use ONLY

API # 15 - 001-29177.00-00

Conductor pipe required: None
 Minimum surface pipe required: 20 feet per Alt. 20'
 Approved by: RSP 12/04/2004
 This authorization expires: 6/20/05
 (This authorization void if drilling not started within 6 months of effective date.)

Spud date: Agent: