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: 1.29.2005

District #: 1
SGA# Yes No

March 7 2005

Expected Spud Date: Month Day Year

OPERATOR: Licensed: 8045
Name: O & B Operating, Inc.
Address: PO BOX 4064
City/State/Zip: St. John, KS 67576
Contact Person: Carl Dudley
Phone: 320-949-3234

CONTRACTOR: License: 33500
Name: Southweld Drilling, Inc.
Address: 1303 N 36th
City/State/Zip: Emporia, KS 66801

WELD AREA:
West Eas W_:

Type Equipment:
Oil Gas Storage Disposal

Well No: 60' 4" Spud Date: 3-26-2005

Well Location: SE 21-22S-R-13-W

Length of Surface Pipe Planned to be set: 320'

Wells Completion Date: 4-25-2005

Well Completion Date: 5-2-2005

Is this a Pensed / Spot Field? Yes No
Target Formation(s): Arbuckle

Nearest Lease or Unit Boundary: 1730' Gas Water well within one-quarter mile: 1750' Water supply well within one mile: 2000'

Other Wells: 1750' Depth to bottom of fresh water: 2900'

Depth to bottom of usable water: 3200'

Surface Pipe by Alternate: Yes No

Location of Sprinkler Pipe: 100' Length of Conductor Pipe required: None

Projected Total Depth: 3000'

Drilled: 3000' Total Drilling Date: 4-25-2005

For KCC Use Only:

Conductor pipe required: N/A

Minimum surface pipe required: 320'

This authorization expires: 7-2-2005

Spud date: 3-21-2005

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

KCC WICHITA

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 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.

I hereby certify that the statements made herein are true and to the best of my knowledge and belief.

Date: 3-19-05

Signature of Operator or Agent: Jim Scott, Jr.

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 -
Operator: C & B Operating, Inc.
Lease: Dudley
Well Number: #21
Field: Hahn

Number of Acres attributable to well:
QTR / QTR / QTR of acreage: NW, SE, NW

Location of Well: County: Stafford
1790 feet from NW / / SE Line of Section
Sec. 21, Twp. 22, R. 13, E. / / W Line of Section
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.)(Show footage to the nearest lease or unit boundary line.)

RECEIVED
JAN 2 0 2005
KCC WICHITA

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 plan must be attached: (CG-7 for oil wells; CG-8 for gas wells).
January 24, 2005

Mr. Carl Dudrey
C & B Operating, Inc.
PO Box 65
St. John, KS  67576

RE: Drilling Pit Application
    Dudrey Lease Well No. 2-21
    NW/4 Sec. 21-22S-13W
    Stafford County, Kansas

Dear Mr. Dudrey:

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 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 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 (620) 225-8888 when the fluids have been removed. Also please file the enclosed CDP-5 form, 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: S Durrant