NOTICE OF INTENT TO DRILL

KCC WICHITA

February 1, 2005

Date:

32639

Operator:

Coral Production Corporation

Address:

1600 Stout Street, Suite 1500
Denver, Colorado 80202

Contractor:

John Weber
(Apollo) 323-35277

Contractor Name:

Discovery Drilling

WELL IDENTIFICATION:

Type: Oil

Well Completion Date:

1/18/2005

WELL DATA:

Well Depth:

350 feet

Ground Surface Datum:

1927

Water well within one-half mile:

No

Public water supply well within one mile:

No

Depth to bottom of fresh water:

330 feet

Surface Pipe Diameter:

X:

350 feet

Length of Surface Pipe Planned to be used:

350 feet

Length of Conductor Pipe Required:

350 feet

Producing Formation Target:

Arbuckle

Water Source for Drilling Operations:

Well

DWR Permit #:

1/14/05

Date: Signature of Operator or Agent: 

Statement: The undersigned hereby affirms that all drilling, completion, and eventual plugging of this well will comply with K.S.A. 35-101, et seq.

It is agreed that the following minimum requirements will be met:

1. Notify the appropriate district office prior to spudding or 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 to cementing cement to the top in all cases; surface pipe shall be set through 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 pay length and placement is necessary prior to plugging; and

5. The appropriate district office will be notified before well is either plugged or production casing is cemented in.

If an ALTERNATE II COMPLETION, production pipe shall be cemented from bottom usable water to surface within 120 days of spud date, 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: 1/14/05

Signature of Operator or Agent: 

Remember to:

- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form (ACD-1) within 120 days of spud date;
- File aerial attribution map according to lead provision 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 re-entering or infiltrating salt water;

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

For KCC Use Only

API # 15: 1/85-1/32-97-90-00

Conductor pipe required: 350 feet

Minimum surface pipe required: 350 feet

This authorization expires: 1/18/05

Spud date: 1/18/05

Agent: 

Approval of

DX

Dated: 1/14/05

DX

[Signature]
IN ALL CASES LOT THE INTENDED WELL ON THE AT 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. 10 185-23296000

Location of Well: County:

Operator:

Lease:

Well number:

Field:

Number of acres attributable to well:

QTR / QTR / QTR of acreage:

If Section is irregular, locate well from nearest corner boundary.

Section number 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.)

EXAMPLE

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 illustrated plat by identifying section lines, i.e. 1 section, 1 section and 8 surrounding sections.
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 (CD 7 for oil wells; CD 8 for gas wells).
January 19, 2005

Mr. Jim Weber
Coral Production Corporation
1600 Stout St, Ste 1500
Denver, CO 80202

RE: Drilling Pit Application
Peters Lease Well No. 1
NE/4 Sec. 25-21S-14W
Stafford County, Kansas

Dear Mr. Weber:

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) 225-8895 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