NOTICE OF INTENT TO DRILL

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Must be approved by KCC five (5) days prior to commencing well

Form C-1
December 2002
Form must be Typed
All blanks must be Filled

For KCC Use
Effective Date:
Designated:

SGA:

For KC Oil Use
API #:
Conductor pipe required:
Minimum surface pipe required:
Approved:

Spud date:

This authorization will void if drilling not started within 6 months of effective date.

Spud date:

KCC CORPORATION COMMISSION

February 14th 2005

OPERATOR:
Name:
Address:
City/State/Zip:
Contact Person:
Phone:
Contractor:
Name:

Contractor License:

Well/Field Name:

Well Class:

Type Requirement:

Oil
Emc Res
Inflect

Gas
Storage
Pool Ext.

SHO
Disposal

Wellhead:

Science:

Other:

If CWWO, old well information:

Operator:

Well Name:

Original Completion Date:

Original Total Depth:

Directional, Deviated or Horizontal well?

Yes
No

If Yes, true vertical depth:

Bottom Hole Location:

Status:

KCC DKT #:

FEB 01 2005

AFFIDAVIT

The undersigned hereby affirms that the following 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. 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. On pursuant to Appendix J, "Eastern Kansas surface casing order #95-591-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.

Date:

Signature of Operator or Agent:

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

Remember to:

- File Oil or Gas Application (CPD-1) with intent to Drill;
- File Completion Form ACC-1 within 120 days of spud date;
- File acreage attribution plan according to field promotion orders;
- Notify appropriate district office 48 hours prior to workaround or re-entry;
- Submit plugging report (CP-4) after plugging is completed;
- Obtain written approval before disposing of nonpotable water;
- If this permit has expired (see authorized expiration date) please check the box below and return to the address below;
- Waive Oil Drilled in Permitted Expires
- Signature of Operator or Agent:
- Date:

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

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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: "VAL ENergy Inc."
Lease: "davidson"
Well Number: 1-31
Field: 

Location of Well: County: Pratt

<table>
<thead>
<tr>
<th>Location</th>
<th>Feet from</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sec. 31</td>
<td>S. 278'</td>
</tr>
<tr>
<td>Line of Section</td>
<td>W. 1380'</td>
</tr>
</tbody>
</table>

Is Section: [ ] Regular or [ ] Irregular

If Section is Irregular, locate well from nearest corner boundary. Section corner used: NE, NW, SE, SW

(Note: in all cases locate the spot of the proposed drilling location.)

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.)

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: (CD-7 for oil wells; CD-8 for gas wells).
February 21, 2005

Mr. Todd Allam
Val Energy, Inc.
Box 116
Wichita, KS 67201

Re: Drilling Pit Application
Davidson Lease Well No. 1-31
SW/4 Sec. 31-27S-11W
Pratt County, Kansas

Dear Mr. Allam:

District staff has inspected the location and has determined that an unsealed condition will present a pollution threat to water resources.

District staff has instructed that no earthen pits are to be used at the location. Steel pits are to be used. Please inform the Commission in writing as to which disposal well you will utilize to dispose of the contents in the steel pits and the amount of fluid which will be disposed.

Should a haul-off pit be necessary, please complete the enclosed CDP-1. This location will have to be inspected prior to approval of the haul-off pit application.

Sincerely,

Kathy Haynes
Environmental Protection and Remediation Department

Cc: S Durant