NOTICE OF INTENT TO DRILL

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

Expected Spud Date: February 25, 2003

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

OPERATOR: Licensee# 31609
Name: Priority Oil & Gas LLC
Address: PO Box 27798
City/State/Zip: Denver, CO 80227-0798
Contact Person: Robbie Graes
Phone: 303-295-2345

CONTRACTOR: Licensee 8273
Name: Excell Drilling Co.

Well Drilled For:
- Oil
- Gas
- Storage
- O/W/O
- Seismic;
- Other

Well Class:
- Infield
- Pool Ext.
- Wildcat
- # of Holes
- Other

Type Equipment:
- Mud Rotary
- Air Rotary
- Cable

Spot E12W2SESE
Sec. 12
Twp. 5
S. R. 42

Is SECTION: Regular □ Irregular □

(Note: Locate well on the Section Plot on reverse side)

County: Cheyenne
Lease Name: Holzarth
Field Name: Cherry Creek
Well #: 1-12

Nearest Lease or unit boundary:
- 695' South of the well location

Ground Surface Elevation: 3583 feet MSL
Water well within one-quarter mile:
- Public water supply well within one mile:
- Depth to bottom of fresh water:
- Depth to bottom of usable water:
- Surface Pipe by Alternate:
- Length of Surface Pipe Planned to be set:
- Length of Conductor Pipe required:
- Projected Total Depth:

Formal at Total Depth:
Water Source for Drilling Operations:
- Well
- Farm Pond X
- Other

DWR Permit:

Will Cores be taken:

(Not: 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 K.S.A 55-101, 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 consolidated materials plus a minimum of 20 feet into the underlying formation.
4. If the well is a 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 shall be cemented from below any 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: 2/18/03
Signature of Operator or Agent: [Signature]
Title: Office Manager

For KCC Use Only
API # 15 - 023 - 2049300000
Conductor pipe required - NONE feet
Minimum surface pipe required: 200 feet per Acre
Approved by: RSP 2.19.03
This authorization expires: 8.19.03
(This authorization void if drilling not started within 6 months of effective date.)
Spud date: 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.

Mall 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: Priority Oil & Gas LLC
Lease: Holzwarth
Well Number: 1-12
Field: Cherry Creek

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

Location of Well: County: Cheyenne
695 feet from S N (circle one) Line of Section
840 feet from E W (circle one) Line of Section
Sec. 12 Twp. 5 S. R. 42 ☑ East ☑ West

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 for prorated or spaced wells.)
(Show footage to the nearest lease or unit boundary line.)

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: (C0-7 for oil wells; CG-8 for gas wells).