NOTICE OF INTENT TO DRILL

FOR KCC USE ONLY

Effective Date: 3-7-05

License # 32787

NAME: Kansas Natural Gas Operating, Inc.

Address: P.O. Box 815

City/State/Zip: Sedalia, KS 66787

Contact Person: Steven Leathers

Phone: 920-675-8185

CONTRACTOR: Line 1: L&L CONSERVATION DIVISION

NAME: MONTA, NA

Well Drilled For: 1.

Well Class: Test Type: Exploratory

Gas Storage: Field Test

Well Rotary

WCD: 556-336-2120

Well Completion: Replacement Well

IF CHOWD: Old well information as follows:

Operator: Original Completion Date: Original Total Depth:

Well Name: Original Completion Date: Original Total Depth:

Directional, Depressed or Horizontal well?: Yes

If Yes, true vertical depth:

Bottom Hole Location:

HCC #:

WELL LOCATION EXCEPTION GRANTED:

3-05, OCS-194, 3-05

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 out of unperforated materials plus a minimum of 20 feet into the underlying formation;

4. If the well is cased, 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 testing is commenced;

6. If an ALTERNATE II COMPLETION, production pipe shall be cemented from below any usable water to surface within 120 days of spudd date.

Or pursuant to Appendix "B" - Eastern Kansas Surface Oilfield #153,581-1, which applies to the KCC district 3 area, alternate cementing must be completed within 30 days of the spudd 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: January 27, 2005

Signature of Operator or Agent:

This authorization exp. 4-2-05

This authorization expires 4-2-05

This authorization expires 4-2-05

Submit application form (form COP-1) with intent to Drill:

File Complete Form COP-1 within 120 days of spudd date;

File an adequate application post to federal jurisdiction orders;

Notify appropriate district office 40 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 (i.e., a certificate expiration date) please check the box below and return to the address below.

Well Not Drilled

Signature of Operator or Agent:

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 - New Well

Operator: Kansas Natural Gas Operating, Inc.
Lease: Binney
Well Number: 1-A (Replace)
Field: Hugoton - Chase Fields

Number of Acres attributable to well: 640 Acres
QTR / QTR / QTR of acreage:

Location of Well:

4950 C Line of Section

6050 W Line of Section

Sec: 24
Twp: 29
N:\ S:\ E:\ W:

Is Section: \ Regular or \ irregular

If Section is Irregular, locate well from nearest corner boundary.
Section corner used:

(N)

(NW)

(SE)

(SW)

PLAT

(Show location of the well and shade attributable acreage for prorated or spaced wells.)
(Show footage to the nearest base 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. (CO-7 for oil wells; CO-8 for gas wells.)