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 Only

API 15 509.24840.00.00

 conductor pipe required: NO

 minimum surge pipe required: 250 feet per 100 bbl.

 approved by 6-14-05

 (This authorization void if not used within 6 months of effective date.)

Spud date: 10-19-05

Form C-1

November 2003

Form must be typed

All blanks must be filled

month day year

OWC

Gas Storage

Well Drilled For:

Proper No.

Rev.

Initials

Well Rotary

Equipment:

Well Class:

Gas

(No Use)

Other

Drilling Contractor:

Name

Danneel DRILLING Co., Inc.

License

5929

Contact Person

Cecil O. Breite

Phone

620/275-2231

KCC DCT #

APR 19 2005

The undersigned hereby offers NO COMPLIANCE to stimulation and eventual plugging of this well shall comply with K.S.A. 63 et seq.

If it is agreed that the following minimum requirements will be met:

1. Notified 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 continuous amount of surface pipe as specified below shall be set by casing cement is the tool. In all cases 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 notified before well is either plugged or production casing is cemented in;

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

Or pursuant to Appendix "B" - Eastern Kansas surface casing unit 193.891-5, which applies to the KCC District 3 area, alternate 6 cementing must be completed within 30 days of the spudding 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: April 19, 2005

Signature of Operator or Agent:

Printed Name:

Title:

Agent:

Mail to: KCC - Conservation Division, 130 NE Market - Room 207, Wichita, Kansas 67202

28 02 12
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW
Plot 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 of 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:
Lease:
Well Number:
Field:
Number of Acre attributable to well:
QTR / QTR / QTR of acreage:

Location of Well: County:

feet from:

feet from:

Line of Section:

Line of Section:

Sec.:

Trp.:

S.

R.:

W.

E.

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.

WATON COUNTY

In plotting the proposed location of the well, you must show:
1. The manner in which you are using the delineated 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).
April 19, 2005

Mr. Cecil O’Brate
American Warner, Inc.
PO Box 399
Garden City, KS 67846-0399

RE: Drilling Pit Application
Haddon Lease Well No. 1-29
SW/4 Sec. 29-20S-12W
Barton County, Kansas

Dear Mr. O’Brate:

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. Please keep all pits away from any drains.

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 (785) 625-0550 when the fluids have been removed. Also please file the enclosed COP-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,

[Signature]
Kathy Haynes
Environmental Protection and Remediation Department

cc: H Deines