KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL

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

Spot 271 NE SE 27 21 S 34 E

For KCC Use:

Effective Date:

District:

SOA?

Yes No

Expected Spud Date:

JUNE 15, 2005

OPERATOR:

Sterling Drilling Co.

Address:

12965 E 136th St.

City/State/Zip:

Wichita, KS 67208

Contact Person:

STAN MITCHELL

Phone:

(316) 277-2711

CONTRACTOR:

Name:

Lance KCC WICHITA

Sterling Drilling Co.

Date:

April 28, 2005

Is SECTION Received REGULAR/IRREGULAR?

Yes No

Is this a Promised Spaced Field?

Yes No

Target Formation:

Mississippi

Nearest Lease or Unit Boundary:

2.5 miles

Surface Elevation:

2850 feet MSL

Water well within co-operative field:

Yes No

Public water supply well within one mile:

Yes No

Depth to bottom of usable water:

1200 feet

Surface Pipe to Alleinate:

2.5 miles

Length of Conducting Pipe Required:

None

DRA Permit #:

DRA Permit #

Water Source for Drilling Operations:

Well Farm Pond Other

Does this well comply with Kansas Statutes 55 et seq.?

Yes No

Directional Driller or Horizontal Wellbore:

Yes No

If yes, true vertical depth:

240 feet

If yes, vertical extent:

240 feet

If yes, true vertical depth:

240 feet

Bottom Hole Location:

KCC #42620

Site Surveyed and Approved:

Hugoton, Kansas

Signed at:

Wichita, Kansas

Date:

6/26/2005

Signature of Operator or Agent:

Witness:

President

Mail to:

KCC - Consenatives Divi, 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 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 attributable unit for gas wells and within 1/2 mile of the boundaries of the proposed acreage attribution unit for oil wells.

<table>
<thead>
<tr>
<th>Location of Well</th>
<th>County:</th>
<th>FINNEY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sec. 27</td>
<td>Two 3, 30</td>
<td>S, NE, 36</td>
</tr>
<tr>
<td>Line of Section</td>
<td>W</td>
<td>Start</td>
</tr>
<tr>
<td>Line of Section</td>
<td>E</td>
<td>End</td>
</tr>
<tr>
<td>Is Section:</td>
<td>Regular</td>
<td>Yes</td>
</tr>
<tr>
<td>If Section is irregular, locate well near nearest corner boundary. Section corner used: NE, NW, SE, SW</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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### FLAT

(Show location of the well and shade attributable acreage for prorated or spaced wells.)
(Show footage to nearest sasw or unit boundary line.)

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**RECEIVED**

APR 28 2005

KCC WICHITA

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**EXAMPLE**

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**NOTE:** In all cases locate the spot of the proposed drilling location.

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In plotting the proposed location on 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: CG-7 for oil wells; CG-8 for gas wells.
NOTICE TO OPERATORS DRILLING IN THE PANOMA-
COUNCIL GROVE GAS POOL SPACED AREA

The enclosed intent is located within the Panoma-Council Grove gas pool space area. In May 1978, Panoma-Council Grove Proration Order (as amended), Docket No. 60,024-C (C-7058) under FINDINGS OF FACT AND LAW on page 31, the following language is stated that:

"The Commission finds that in order to prevent waste and protect correlatives rights, the following stated rules pertaining to wells already completed, in the process of being drilled or for future wells to be drilled in the Panoma Council Grove Gas Pool Spaced area, and for wells producing from the Council Grove Formation outside of the Panoma Council Grove Gas Pool Spaced area within the Hugoton Gas Field, should be adopted."

1. "No dual completions between the Chase (Hugoton) and Council Grove Formations will be permitted for future wells drilled."

2. "Casing shall not be set above the top of the Council Grove Formation for a Council Grove producing well."

3. "The production casing of all new Council Grove wells should be cemented with a calculated volume of cement sufficient to encase the casing from the bottom of the casing to a point 500 feet above the Chase Formation."

4. "The casing shall be encased in cement in the interval between the base of the Council Grove and the top of the Chase Formation on all wells, irrespective of depth, completed below the Council Grove Formation, if they are located within the space area."

5. "The cement coverage herefore required shall be confirmed by the running of a recognized survey, such as a temperature survey or cement bond log."

A copy of this survey and the cement ticket(s) showing that all cement work has been completed, must be filed with the ACO-1 Completion Report within 120 days from the wells “spud date.”

Failure to comply with these provisions may cause the well to be shut-in until compliance has been achieved.

If you have any questions, please feel free to contact the Conservation Division’s Production Department at (316) 337-6200.