KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL

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

Form O-1

Date: 05/30/95
Form must be typewritten
All blanks must be filled

For KCC Use:

Line 12

Grade: X

DGAT: None

SIGNATURE

June 27, 2005

Operator:

License#: 5819

Name: INDUSTRIAL OIL PROPERTIES, INC.

Address: 200 E First St. Suite 413

City/State/Zip: Wichita, Kansas 67202

Contact Person: Robert L. Williams

Phone: 316/262-6977

For KCC Use Only

Signature of Operator or Agent:

Date: June 20, 2005

Submit: 200 South Kansas Ave. Department 3

Wichita, Kansas 67202

Mail to: KCC - Conservation Division, 130 S. Market - Room 2072, Wichita, Kansas 67202

For KCC Use Only:

API #: 21978-0000

Conductor pipe required: 7,000 feet

Min. min. surface pipe required: 300 feet

Approved by: 1-12-05

This authorization expires: 1-12-05

(The authorization will be denied if not installed within 30 months of effective date.)

File Drill Permit Application, Form C-1, within 30 days of drilling.

File Completion Form AG-1 within 120 days of spud date.

Fileull application, including fee, within 15 days of receipt of approval.

Submit oil production report, Form PG-4, after well is completed.

Obtain written approval before disposing or handling salt water.

If the permit has expired (See authorized expiration date) please check the box below and return to the address below.

Drill Not Drilled - Permit Expired

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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:

Operation:

Lease:

Well Number:

Field:

Location of Well:

County:

<table>
<thead>
<tr>
<th>feet from N</th>
<th>feet from E</th>
</tr>
</thead>
<tbody>
<tr>
<td>S Line of Section</td>
<td>W Line of Section</td>
</tr>
</tbody>
</table>

Sec. | Twp. | R. |
|-----|-----|----|

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 location to the nearest lease or unit boundary line.)

EXEMPLARY

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

Kingman County

In plotting the proposed location of the well, you must show:

1. The manner in which you are using the prorated plats by identifying section lines, i.e., section, 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).
July 7, 2005

Mr. Robert L. Williams
Imperial Oil Properties, Inc.
200 E. First St. Ste 413
Wichita, KS 67202

Re: Drilling Pk Application
    Sowers Lease Well No. 20-1
    SW/4 Sec. 20-29S-06W
    Kingman County, Kansas

Dear Mr. Williams:

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 all pits must be lined with bentonite. 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 within 72 hours after drilling operations have ceased.

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 (316) 630-4600 when the fluids have been removed. Also, please file the enclosed CDP-5, 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,

Kathy Haynes
Environmental Protection and Remediation Department

cc: Doug Louis