NOTICE OF INTENT TO DRILL

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

FORM 01

September 1997

Page must be Typed
All signatures must be legible

Must be addressed by KCC (due 15 days prior to commencing well)

Effective Date

SDAT

Signed

NOTICE OF INTENT TO DRILL

Operator License No. 32639

Operator Company: Coral Production Corp.

Address: 1500 Stout St., Suite 1500

Denver, Colorado 80201

Contact Person: Jim Weber

Phone: (303) 625-3573

License No. 31548

Discovery Drilling

WEL Driller:

Well Class:

Well Depth:

Location:

Sect.

Town:

Range:

County:

City:

 Township:

N:\

2

1500

1

21 A R L

West

East

S

N

M

Smack

Midway

Willow

Cable

Yes

No

Yes

No

Yes

No

Yes

No

Yes

No

Sparrow

Mccart

Wall # 3

Yes

No

Arbolegen

200 ft

250 ft

Surface Pipe by Acreage: 350 ft

Length of Surface Pipe Planned to be Set: 350 ft

None

3800 ft

Proposed Tub Depth:

Producing Formation Target:

Water Source for Setting Operations:

CWR Permit #:

Will Cores be Run:

Yes

No

If proposed core:

Affidavit

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 50-341, et. seq.

It is agreed that the following minimum requirements will be met:

1. Notify the appropriate district office prior to starting of well:

2. A copy of the approved notice of intent to drill shall be posted at each drilling rig:

3. The minimum amount of surface pipe is specified below shall be set by circulating cement to the top, in all cases surface pipe shall be set through all uncompensated materials plus a minimum of 50 feet into the underlying formation.

4. If the well is dry hole, an agreement between the operator and the district office shall be signed to prevent drilling operations.

5. The appropriate district office shall be notified before well is filled, plugged or production testing is completed.

6. If an "ABORT IV COMPLETION," production work shall be continued from below any stable water to surface within 120 days of liquid data.

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.

Dated: July 22, 2005

Signature of Operator or Agent:

For KCC Use ONLY

A# 15: 185 - 2332 A300

Conductor pipe required: 14

Minimum surface pipe required: 500 feet at least 200 feet below well.

This authorization expires: 12/9/06

(From permit application and operator's signature.)

Spud date: 2/22/06

Agent:

Mail to: KCC - Conservation Division, 130 S. Market - Room 207B, Wichita, Kansas 67202
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plan 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 form. If the intended well is in a prorated or spaced field, compare 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:
Lease:
Well Number:
Field:
Number of Acres attributable to well:

Location of Well: County:

Sec.
Third
Line of Section

S. R.

East
West

Is Section Regular or Irregular?

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

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.)

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 filed a certificate of acreage attribution plat must be attached (CP) for oil wells; CG-6 for gas wells.
July 29, 2005

Mr. Jim Weber
Coral Production Corporation
1600 Stout St. Ste 1500
Denver, CO 80202

RE: Drilling Pit Application
McIntyre Lease Well No. 3
SE4 Sec. 36-21S-14W
Stafford County, Kansas

Dear Mr. Weber:

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.

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 (620) 225-8888 when the fluids have been removed. Please file form CDP-5, Exploration and Production Waste Transfer, within 30 days of fluid removal. Conservation division forms are available through our office and on the KCC web site: www.kcc.state.ks.us/conservation/forms.

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: S Durrant

Conservation Division, Finney State Office Building, 120 S. Market, Room 2075, Wichita, KS 67202-3802
Voice 316.337.6200 Fax 316.337.6211 www.kcc.state.ks.us