STATE OF KANSAS
NOTICE OF INTENTION TO DRILL
(see rules on reverse side)

Starting Date   March 10, 1986
month   day   year

OPERATOR: License #   5278
PETX Petroleum Corporation
Name
1616 Glenarm Pl.  #1700
Address
Denver, CO  80202
City/State/Zip
Robert E. Johnson
Contact Person
Phone   (303) 629-1098

CONTRACTOR: License #   6033
Muffin Drilling Co.
Name
Wichita, KS
City/State

API Number 15- 065-22,294-00-00

SE SE NE   Sec. 32  Twp. 7  S, Rg. 21
2970
East
Ft. from South Line of Section

330
West
Ft. from East Line of Section
(Note: Locate well on Section Plat on reverse side)

Nearest lease or unit boundary line   330  feet

County   Graham
Lease Name   Stephen
Well #   1
Ground surface elevation   2104  feet MSL

Domestic well within 330 feet:   yes  X  no
Municipal well within one mile:   yes  X  no

Surface pipe by Alternate:   1  2  X

Depth to bottom of fresh water   150
Depth to bottom of usable water   850
Surface pipe planned to be set   250
Projected Total Depth   3710  feet

Formation   Granite Wash

I certify that well will comply with K.S.A. 55-101, et seq., plus eventually plugging hole to KCC specifications.

cementing will be done immediately upon setting production casing.

Date   1/6/86
Signature of Operator or Agent   Robert E. Johnson
Title   President

For KCC Use:
Conductor Pipe Required   200  feet; Minimum Surface Pipe Required   feet per Alt.
This Authorization Expires   7-8-86
Approved By   1-8-86
Must be filed with the K.C.C. five (5) days prior to commencing well
This card void if drilling not started within six (6) months of date received by K.C.C.

Important procedures to follow:

1. Notify District office before setting surface casing.

2. Set surface casing by circulating cement to the top.

3. File completion forms ACO-1 with K.C.C. within 90 days of well completion, following instructions on ACO-1, side 1, and including copies of wireline logs.

4. Notify District office 48 hours prior to old well workover or re-entry.

5. Prior to filing Intent, prepare a proposed plugging plan in case well is D & A, then obtain approval of plan when calling district office prior to setting surface pipe.

6. Submit plugging report (CP-4) to K.C.C. after plugging is completed.

7. Obtain an approved injection docket number before disposing of salt water.

8. Notify K.C.C. within 10 days when injection commences or terminates.

9. If an alternate 2 completion, cement in the production pipe from below any usable water to surface within 120 days of spud date.

State Corporation Commission of Kansas
Conservation Division
200 Colorado Derby Building
Wichita, Kansas 67202
(316) 263-3238