Kansas Corporation Commission
Oil & Gas Conservation Division

Notice of Intent to Drill

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

Excerpted Spud Date: August 25, 2005

Operator: Licensee: 33336
Name: IA Operating, Inc.
Address: 900 N Tyler Rd #14
City/State/Zip: Marion/IA 52302
Contact Person: Hal Porter
Phone: 319-721-0036

Contractor: Licensee: 30606
Name: Muffin Drilling Company, Inc.

Well Drilled For: Depth:
- Oil
- Gas
- Storage
- WF
- Other

Well Class: Type Equipment:
- Mod Rotary
- Air Rotary
- Cable

 outros:
- Oil well information as follows:
  - Operator:
  - Well Name:
  - Original Completion Date:
  - Original Total Depth:
  - Director: Deviated or Horizontal well?:
    - Yes
    - No
  - Bottom Hole Location:

Well KT#:

KCC DKT #:

Date: August 8, 2005

Signature of Operator or Agent:
Title: President

For KCC Use ONLY:
- NP: 15 -
- Conductor pipe required: N/A
- Minimum casing pipe required: 200
- Approved by:

This authorization expires: (This authorization invalid if drilling not started within 6 months of effective date):

Spud Date: Agent:

KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

RECEIVED
A06 8 3005
KCC WICHITA

Affidavit

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-5 et seq.

It is agreed that the following minimum requirements will be met:
1. Notify 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 minimum amount of surface pipe as specified shall be set by circulating cement to the top in all cases. Surface pipe shall be set through all uncontaminated 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 and abandonment is necessary prior to plugging.
5. The appropriate district office will be notified before well is either plugged or production casing is cemented in.
6. If an alternative II Completion, production pipe shall be cemented back to bottom only usable water to surface within 120 days of spud date. Or pursuant to Appendix "B" - Eastern Kansas surface casing order #33.661-C, which applies to the KCC District 3 area, alternate II cementing must be completed within 30 days of the said date or the well will 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: August 8, 2005

Signature of Operator or Agent:
Title: President

Memorandum:
- File Drill Permit Application (form CDP-1) with intent to Drill;
- File Completion form ACD-1 within 120 days of spud date;
- File areawide application packet according to field predrilling orders;
- Notify appropriate district office 48 hours prior to workaround or re-entry;
- Submit predrilling report (CP-4) after predrilling is complete;
- Obtain written approval before disposing of or injecting salt water;
- If this permit has expired other expiration approval please check the box below and return to the address below:

Well Not Drilled - Permit Expired

Signature of Operator or Agent:
Date:

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202
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
Operator: IA Operating, Inc.
Lease: Gottschalk
Well Number: 18-1
Field: Wildcat

| Location of Well: County: Ellis |
|-----------------|-----------------|
| 730 ft from W 18T 14S 2R 20 |
| E / S Line of Section |
| 2100 ft from W 18T 14S 2R 20 |
| E / S Line of Section |
| Sec: 18 Top |
| Is Section: Regular or Irregular |
| If Section is irregular, locate well from nearest corner boundary. |
| Section corner used: NE NW SE SW |

QTR / QTR / QTR of acreage: NW SW SE

PLAT
(Show location of the well and acreage attributable area for prorated or spaced wells.)
(Show footage 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 field a certificate of acreage attribution plat must be attached (CO-7 for oil wells; CO-8 for gas wells).
August 9, 2005

Mr. Hal Porter
IA Operating, Inc.
900 N. Tyler Rd #14
Wichita, KS 67212

RE: Drilling Pit Application
Gottschalk Lease Well No. 18-1
SE/4 Sec. 18-14S-20W
Ellis County, Kansas

Dear Mr. Porter:

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 draws.

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. 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/conservationforms.

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

Conservation Division, Kansas State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802
Voice 316.337.6200 Fax 316.337.6211 www.kcc.state.ks.us