NOTICE OF INTENT TO DRILL

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

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

For KCC Use

Effective Date: 9-6-05

SGAT  Yes  No

Expected Spud Date: September 5, 2005

OPERATOR: Licensed 23324
Name: CHESTER OPERATING, INC.
Address: P.O. Box 18496
Clyde, KS 67021-0496
Contact Person: Jim Owens
Phone: (620) 684-4800

CONTRACTOR: Licensed  No

Well Drilled For  No

Oil  No  Eni Rec  No  West  No
Gas  No  Perm  No
WYO  No  Ind  No
Non  No  Must Rely  No
Take  No  Disposal  No
Waste  No  Air Ropery  No
Other  No

Form C-1
December 2002
Form must be Typed
All blanks must be filled

For KCC Use ONLY

API # 15 - C8L - 2/6/6:00:00
Driller pipe required N/A
Monthly tubing pipe required 7200 feet per Acre O Approved by CS 9.1.05
This authorization expires 3-6-06
(This authorization void if not signed within 6 months of effective date.)

For KCC Use ONLY

API # 15 - C8L - 2/6/6:00:00
Driller pipe required N/A
Monthly tubing pipe required 7200 feet per Acre O Approved by CS 9.1.05
This authorization expires 3-6-06
(This authorization void if not signed within 6 months of effective date.)

Spud date: Aged

Mail to: KCC - Conservation Division, 130 S. Market - Room 2707, Wichita, Kansas 67202

KCC DKT: #

*Prorated Speed

Huskie Panama

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 below shall be set by circulating cement to the top; in all cases surface pipe shall be through all unconsolidated materials plus a minimum of 20 feet into the underlying formations;
4. If the well is dry hole, an agreement between the operator and the district office on plug length and placement is necessary prior to plugging;
5. The appropriate district office will be notified before well is either plugged or production casing is threatened in;
6. If an ALTERNATE II COMPLETION, production pipe shall be cemented from below any usable water by surface within 120 days of spud date.

Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC district 3 area, alternate II cementing must be completed within 30 days of the spud date or the well shall 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: 08/31/05
Signature of Operator or Agent Burt R. Bole Title: Regulatory Analyst

Mail to: KCC - Conservation Division, 130 S. Market - Room 2707, Wichita, Kansas 67202

Remember to:
- File Drill Pit Application (Form CPD-1) with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spud date;
- File acreage application plat according to field promotion orders;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CP-4) after plugging is completed;
- Obtain written approval before disposing or injecting salt water.
- If this permit has expired (See authorized expiration date) please check the box below and return to the address below.

Well Not Drilled - Permit Expired
Signature of Operator or Agent: Burt R. Bole

Date: 10-29-05

Specify:
- East 330 feet from N 1/4 Section
- West 4 feet from S 1/4 Section
- East 2100 feet from N 1/4 Section
- West 5 feet from S 1/4 Section

Is Section: Regular  Irregular

(See Location well on the Section Plot on reverse side)

County: HASHER
Lessee Name: MIL TILLER
Well Field: Subbank 2-20
Target Formation: CHESTER
Nearest Leader or Ground Surface: foot
Water well within one-quarter mile: No
Public water supply well within one mile: No
Depth to bottom of fresh water: 700
Depth to bottom of usable water: 700
Surface Pipe by Alternate: 1
Length of Surface Pipe Planned to be set: NONE
Length of Conductor Pipe required: 1
Projected Total Depth: 1800
Formation at Total Depth: MISSOURIAN
Water Source for Drilling Operations: No
Drill Permit #: 1

Will Core be taken? Yes  No
If yes, proposed zone:

Received:
KANSAS CORPORATION COMMISSION
AUG 3 2005
CONSERVATION DIVISION
WICHITA

CASE NUMBER

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: Chesapeake Operating, Inc.
License: MLP Tiller
Well Number: A 2-10
Field: Eubank
Number of Acres attributable to well: 40
QTR / QTR / QTR of acreage: SE SW

Location of Well: County: Haskell

Location from
Foot
Line of Section
Sec 10 Twp 29 S R 34

Is Section: X Regular
If Section is a Royalty or easement, in accords with parcel or easement boundary. Section corner used: NE NW SE SW

PLAT
(Show location of the well and show 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 lines.
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).
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 Provision 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 correlative 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 50 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 heretofore 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.