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

For KCC Use

Effective Date: 9-4-05

District # 1

SOA? Yes No

Must be approved by KCC five (5) days prior to commencement of drilling

Expected Spud Date: 09/05/05

OPERATOR: License # 5447

Name: GXY USA, Inc.
Address: P.O. Box 2204
City/State/Zip: Liberal, KS 67906
Contact Person: Vicki Carter
Phone: 620-622-4522
CONTRACTOR: License # 0008

Name: Myrtle Drilling Co., Inc.

Well Drilled For: Residential

Type Equipment:

Oil
Gas
Sour Gas
Wellbore Disposal
Wellbore Other

Well Class: Full Productive

No rotary

Is this a Proposed "Formation Field"?

Yes No

Target Formation(s):

St. Louis: 660

Shaded Line on map: Yes No

County: Sedgewick

Lease Name: State Acres A

Sailes

Is the drill a "Drilled" well?

Yes No

Target Location or Unit Boundary: 660

Ground Surface Elevation: 2972

feet Mi

Water well within one-half mile: Yes No

Public water supply well within one mile:

Yes No

Depth to bottom of liquid water: 6600

Depth to bottom of usable water: 6400

Surface Pipe by Alternate:

Well

Formation at Top Depth: Saint Louis

Water Source for Drilling Operations:

Well

Drill Farm Pond

Other

DVR Return #

Is this a Proposed "Sensitive Field"? Yes No

Length of Surface Pipe Proposed to be Spudded: 0

Projected Total Depth: 6600

Formation at Top Drift: St. Louis

Water Source for Drilling Operations:

Well

Drill Farm Pond

Other

DVR Return #

Expiration Date: 25 months from effective date: 3-4-2006

Expiration date: 6 months from approval date: 3-28-2006

KC

EXPIRATION DATE: 3-4-06

W. SALLY CHESTER GAS POOL

SPOFLEED - CHESTERS & SPOFLEED

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-101, et seq.

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

1. Notify the appropriate district office prior to commencing to drill.

2. A copy of the approved notice of intent to drill shall be provided to each existing log by certified mail.

3. The minimum amount of surface pipe as specified below shall be established by testing cement to the top. If all annular surface pipe shall be set through all unconsolidated materials plus a minimum 20 ft. bare to the underskin 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.

6. If an ALTERNATE II COMPLETION, the pump机组 shall be cemented from bottom usable water to or within 120 days of spud date. Or pursuant to Appendix "A", Eastern Kansas Surface restricts offer $139,890.00 which applies to the KCC District 7 area. Any 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 certificates made herein are true and to the best of my knowledge and belief.

Date: 09/05/05

Signature of operator or Agent:

Mail to: KCC – Conservation Division, 130 S. Market - Room 207E, Wichita, Kansas 67202