NOTICE OF INTENT TO DRILL

KCC WICHITA

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

Expected Spud Date: October 20, 2005

OPERATOR: Chief Oil Co., Inc.

Address: PO Box 124

City/State/Zip: Kansas, 67070

Contact Person: R. Mozi

Phone: 282-825-4358

CONTRACTOR: L. 5922

Val Energy, Inc.

Well Drilled For:

- Oil
- Gas
- Other

Well Class:

- EIC
- Storage
- Other

Type of Equipment:

- Mud Rotary
- Air Rotary
- Cable

If so, enter completion method:

- Directional
- Horizontal wellbore

Driller's Name:

- Yes
- No

If yes, enter vertical depth:

- Yes
- No

Extensional Driller's Name:

- Yes
- No

KCC DKT:

- Yes
- No

AFFIDAVIT

The undersigned affirms that the drilling, completion, and eventual plugging of this well will comply with K.S.A. 55 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 in 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 set through all unconsolidated materiel 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 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 cemented in;
6. If an ALTERNATE II COMPLETION, production pipe shall be cemented from below any usable water to surface within 120 days of spud date;

Of pursuant to Appendix "E", Eastern Kansas surface casing order 835, which applies to the KCC District 3 area, alternate II cementing shall 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: 09-26-05

Signature of Operator or Agent: __________________________

Title: President

For KCC ONLY

API No: 0O.O2.04.2.3.00

Conductor pipe: "4.0" feet

Minimum surface pipe: "23" feet

Approved by: "007, 014.2.3.00" feet

This authorization expires: 1-3-06

(December 2002)

Spud date: 10-3-05

Mail to: KCC - Conservation Division, 130 S. Merkert - Room 208, Wichita, Kansas 67202
September 28, 2005

Mr. Ron Moli
Chief Oil Co., Inc.
PO Box 124
Kiowa, KS 67070

RE: Drilling Permit Application
Newton Lease Well No. SWD
SE/4 Sec. 13-33S-11W
Barber County, Kansas

Dear Mr. Moli:

District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed \textbf{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 practical after drilling operations have ceased. The pits should be located outside of the 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 (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: \url{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,

Kathy Haynes

Environmental Protection and Remediation Department

cc: S Durrant

\textit{Innovation Division, Finney State Office Building, 130 S. Market, Room 207B, Wichita, KS 67202-3802}

Voice 316.337.6200  Fax 316.337.6111  \url{www.kcc.state.ks.us}