KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL

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

For KCC Use:

Form #1

December 2000

Form must be Typed
All blocks must be filled

DATED: 10/17/05

KCC WICHITA

RECEIVED
OCT 11 2005

Motor No.

Signature of Operator or Agent:

Title:

Mail to:

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

SPOT DATE: OCTOBER 24, 2005

Expected Spot Date:

month day year

OPERATOR: Licensed: 7076
Name: BLACK DIAMOND OIL, INC.
Address: P.O. BOX 941
City/State/Zip: HAYS, KS 67601
Contact Person: KENNETH VERHEG
Phone: 786-952-5591

CONTRACTOR: Licensed: 35757
Name: W. W. DRILLING

Well Drilled For: Oil
Well Class: Mat Rotary
Type: Metal Ext.

Gas
String Ext.
Air Rotary

Oil Field: Yes
OIl

Gas Storage

Well No.: #

Drill or Inject

No

OWMD
Dispensing

Yes

Drill or Inject

No

Well No.: #

Other:

well information as follows:

Operator:

Wet Name:

Original Completion Date:

Original Total Depth:

Directional, Deviated or Horizontal well?

Yes

No

If Yes, true vertical depth:

Bottom Hole Location:

KCC DKT #:

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-6 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 surfacce pipe as specified below shall be set by circulating cement to the top; in all cases surface pipe shall be set through all unconsolidated 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 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. (In pursuant to Appendix “A” - Eastern Kansas surface casing order #193-389-13-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:

Signature of Operator or Agent:

Title:

API # 15 - 163.231/85-XXX

Conductor pipe required: NO

Maximum surface pipe required: 200 feet per Alt.

Spud date:

Approved:

This authorization expires: 4/12/05

(This authorization void if drilling is started within 5 months of approval date.)

Reminder:

- File Drill Plan application (Form CD-3) with Intent to Drill
- File Completion Form ACD-1 within 120 days of third date;
- File acreage assignment plat according to fair proportion 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.

Wait Real Drilling - Permit Expired

Signature of Operator or Agent:

Date:

Mail to:

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

17 7 20
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plot of acreage attributable to 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: BLACK DIAMOND OIL, INC.
Lease: Le Roy UNIT
Well Number: 1-17-20
Field: ENSAGE EXT

Number of Acres attributable to well: __________
GTR / GTR / GTR of acreage: NW, NE, SW

Location of Well: County: ROCKS
160° feet from N / 5 Line of Section
1760° feet from E / 5 Line of Section
Sec. 17, Twp. 7, S. R. 30

In Section: [_] Regular or [ ] Irregular
If Section is Irregular, locate well from nearest corner boundary.
Section corner used: NE, NW, SE, SW

If the well is located in a prorated or spaced field, please show location of the well and shade 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 line.
4. If proposed location is located within a prorated or spaced field a certification of acreage attribution plat must be attached (CD-7 for oil wells; CG-8 for gas wells).