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

RECEIVED
OCT 1, 2005
KCC WICHITA

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

For KCC Use

Effective Date: 10-17-05

Owner #: 3406

SOA #: Yes

Expected Spud Date: October 30, 2005

OPERATOR: Licensee: Phillips Resources, Inc.
Name: P. B. Lunde
Address: 2530 NW Willow Road
City/State/Zip: Medicine Lodge, KS 67104
Contact Person: Robert W. Padgett
Phone: (620) 866-3431

CONTRACTOR: Licensee: Phillips Resources, Inc.
Name: Robert W. Padgett

Well Drilled For: Oil
Well Class: Barrow
Type Equipment: Multi Rotary

If OFF: old well information as follows:

Operator:
Name: Phillips Resources, Inc.
Original Completion Date: October 1964
Original Total Depth: 1245 feet
Directional, Deviated or Horizontal wellbore? Yes
If Yes, true vertical depth: 1245 feet
Bottom Hole Location: Kansas City, KS

AFFIDAVIT

The undersigned hereby 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 applicable 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 cementing cement to the top, in all cases surface pipe shall be set in all unconsolidated materials plus a minimum of 20 feet below 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; and
5. The applicable district office will be notified before well is ever plugged or production is resumed.
6. If an ALTERATION COMPLETION, production pipe shall be cemented from below any usable water to surface within 120 days of spud date.

Or pursuant to Appendix "B" - Eastern Kansas surface wetting order #138,691-C, which applies to the KCC District 3 area: alteration 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: 10-10-05
Signature of Operator or Agent:

Remember to:
- File Dill Drift Application (Form DCF1) with Intent to Drill
- File Completion Form ACC-1 within 150 days of spud date
- File questionnaire to get the necessary information
- Notify appropriate district office 24 hours prior to workover or re-entry
- Submit plugging retrofit (COP4) after plugging is completed
- Obtain written approval before disposing of injecting salt water
- If this permit has expired (See amendments-expiration dates) please check the box below and return to the address below.

Mail to: KCC - Conservation Division, 130 N. Market - Room 207B, Wichita, Kansas 67202

For KCC Use Only

API #: 12-13

Conductor pipe required: None
Minimum surface pipe required: feet per Alt. = 0
Approved by: 05/08/05
The authorization was filed if drilling not started within 6 months of approval date.

Spud date: 01/22/06
Agent:
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a proximate or spaced field

If the intended well is in a proximate or spaced field, please fully complete this side of the form. If the intended well is in a proximate 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: Prairie Resources, Inc.
Operator: Prairie Resources, Inc.
Lease: Parkard
Well Number: 1-22
Field: Nurse

Number of Acres attributable to well: 40
QTR / QTR / QTR of acreage: NE, NE, SE

Location of Well: County: Barber
2145 / 2145
Sec 22 / 22
Twp 31 / 31
R 4 / 4
S E

Location from N / S Line of Section
410 / 410

Location from E / W Line of Section

Is Section: ✔ Regular or □ Irregular

If Section is Irregular, locate well from nearest corner boundary.
Section corner used: □ NE □ NW □ SE □ SW

PLAT
(Show location of the well and shade attributable acreage for proximate 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 mainnet 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 proximate or spaced field a certificate of acreage attribution plat must be attached (CG-7 for oil wells; CG-8 for gas wells).
October 12, 2005

Mr. Robert W. Packard
Prairie Resources, Inc.
2530 NW Willow Rd.
Medicine Lodge, KS  67104

RE: Drilling Pit Application
Packard Lease Well No. 1-22
SE/4 Sec. 22-31S-13W
Barber County, Kansas

Dear Mr. Packard:

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.

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: 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 Hynes
Environmental Protection and Remediation Department

cc: S Durrant

Conservation Division, Firey State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3842
Voice 316.337.6200  Fax 316.337.6211  www.kcc.state.ks.us