NOTICE OF INTENT TO DRILL

Must be approved by KCC 10 (5) days prior to commencing well

For KCC #:

Effective Date:

David K

Dated:

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KANSAS CORPORATION COMMISSION
Oil & Gas Conservation Division

operator:

License:

P.O. Box 4358

City/State/Zip:

McBride, TX 77717-4358

Phone:

981-546-1946

CONTRACTOR:

License:

35345

Name:

Pioneer Drilling, Inc.

Well Drilled For:

Well Class:

Type Equipment:

Oil

 Void:

Gas

 Star:

Water

 Surface:

Klickitat

Mud Rotary

Pool Ext.

Air Rotary

Downspout

Water

Cashe

If OWWI: old well information as follows:

Well Name:

Original Completion Date:

Original Total Depth:

Directional, Deviated or Horizontal well:

If true, vertical depth:

KCC Drk #:

SEPT 2 2005

KANSAS CORPORATION COMMISSION

WILSON, 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 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 right as specified below shall be set by cementing cement to the top; in all cases surface pipe shall be set through 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 plugging depth and placement is necessary prior to plugging;
5. The appropriate district officer will be notified before the well is begun or production is commenced;
6. If an alternate completion, production pipe shall be cemented from below any usable water to surface within 120 days of spud date.

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:

Mail to:

KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67207

Remember to:

- File Drilling Application (Form COP-1) within 5 days of spud date;
- File Completion Form COP-1 within 15 days of spud date;
- File appropriate application form covering field production order;
- Refrain from drilling or producing until approval is granted;
- Submit plugging report (COP-4) after plugging is completed;
- Obtain written approval before disposing or discharging well waste.

If this permit has expired, submit an application for a new permit. Check the box below to return to the address below.

Well Drilled - Permit Expired

Date:

Signature of Operator or Agent:

Date:

Mail to:

KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67207
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 spaced area. In May 1978, Panoma-Council Grove Perforation 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 hereinfore 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) 337-6390.