FOR KCC USE:

EFFECTIVE DATE: 8-19-98

STATE OF KANSAS
NOTICE OF INTENTION TO DRILL

Must be approved by the K.C.C. five (5) days prior to commencing well.

Spud Date: ________________

Expected Spud Date: ____________

month day year

OPERATOR: License #: 30730
Name: Horizontal Development & Production, Inc.
Address: 4017 Buena Vista #117
City: Dallas, Texas Zip: 75204
Contact Person: Mike Sternberg
Phone: 214-528-3933

CONTRACTOR: License #: 94311
Name: Vonfeldt Drilling, Inc.

Well Drilled For: ____________

Well Class: ____________

Oil ... Enr Rec ... Infield ... Mud Rotary

Gas ... Storage ... Pool Ext. ... Air Rotary

WAO ... Disposal ... Wildcat ... Cable

Seismic; ... # of Holes ... Other

Other: ____________

If WAO: old well information as follows:

Operator: ____________

Well Name: ____________

Comp. Date: ____________

Old Total Depth: ____________

Directional, Deviated or Horizontal wellbore? ... yes X no

If yes, true vertical depth: ____________

Bottom Hole Location: ____________

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 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 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 I completion, production pipe shall be cemented from below any usable water to surface within 120 days of spud date. 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: 8-10-98

Signature of Operator or Agents: ____________________________

Title: ____________________________

Agent: ____________________________

FOR KCC USE:

API # 15- ____________

Conductor pipe required: NO

Minimum surface pipe required: 200 feet per Alt. X(2)

Approved by: ____________

This authorization expires: 2-14-99

(REMEMBER TO:
- File Drill Pit Application (form CPD-1) with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spud date;
- File acreage attribution plat according to field proration 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.

Mail to: KCC - Conservation Division, 130 S. Market - Room 207B, Wichita, Kansas 67202.)
IN ALL CASES PLOT THE INTENTED WELL ON THE PLAT BELOW

PLAT OF ACREAGE ATTRIBUTABLE TO A 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 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.

<table>
<thead>
<tr>
<th>API NO.</th>
<th>LOCATION OF WELL: COUNTY</th>
<th>FEET FROM SOUTH/NORTH LINE OF SECTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATOR</td>
<td>LOCATION OF WELL: COUNTY</td>
<td>FEET FROM EAST/WEST LINE OF SECTION</td>
</tr>
<tr>
<td>LEASE</td>
<td>SECTION TWP RG</td>
<td></td>
</tr>
<tr>
<td>WELL NUMBER</td>
<td>SECTION TWP RG</td>
<td></td>
</tr>
<tr>
<td>FIELD</td>
<td>SECTION TWP RG</td>
<td></td>
</tr>
</tbody>
</table>

NUMBER OF ACRES ATTRIBUTABLE TO WELL

QTR/QTR/QTR OF ACREAGE

IF SECTION IS REGULAR

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 prorated or spaced wells.)

(Show footage to the nearest lease or unit boundary line.)

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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; and
3) the distance to the nearest lease or unit boundary line.