NOTICE OF INTENT TO DRILL

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

Expected Spud Date: Nov 22, 2000

OPERATOR: License# 30282
Name: Lobo Production, Inc.
Address: 6715 Road 22
City/State/Zip: Goodland, KS 67735
Contact Person: John Sanders
Phone: 785-899-5684

CONTRACTOR: License# 32746
Name: Schaal Drilling

Well Drilled For: gas
Well Class: Storage
Type Equipment: Mud Rotary

Spot: 70' S 20' E Sec. 32, Twp. 7S, R. 39

Is SECTION Regular ______ Irregular ______

(Note: Locate well on the Section Plat on reverse side)

County: Sherman
Lease Name: Sheriffs, Well #: 4-32
Field Name: Goodland Gas Field

If this a Prorated / Spaced Field? ______ Yes ______ No

Target Information(s): Niobrara

Nearest Lease or unit boundary: 500' ______ feet MSL

Ground Surface Elevation: 3644.7

Water well within one-quarter mile: ______ Yes ______ No

Public water supply well within one mile: ______ Yes ______ No

Depth to bottom of fresh water: 250'

Depth to bottom of usable water: 300'

Surface Pipe by Alternate: 1/2

Length of Surface Pipe Planned to be set: 350'

Length of Conductor Pipe required: none

Projected Total Depth: 1200'

Producing Formation Target: 1000-1100'

Water Source for Drilling Operations:

Well: ______ Farm Pond ______ Other City Water ______

DWR Permit #: ______

(Yes): ______ Will Cores be taken?
(No): ______

Directional, Deviated or Horizontal wellbore? ______ 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. 55-101, 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 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 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: 11/17/00

Signature of Operator or Agent: ______

Title: ______

For KCC Use ONLY

API # 15 - 181-20312-0000
Conductor pipe required: None
Minimum surface pipe required: 350 feet per Alt. (1) %
Approved by: 11-30-2000
This authorization expires: 5-30-2001
(With this authorization void if drilling not started within 6 months of effective date.)
Spud date: ______

Remember to:
- File Drill Pit Application (form CDP-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 2078, Wichita, Kansas 67202
IN ALL CASES PLOT THE INTENDED 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 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: ________________________________
Lease: ________________________________
Well Number: ________________________________
Field: ________________________________

Number of Acres attributable to well: ________________________________
QTR / QTR / QTR of acreage: ________________________________

Location of Well: County: ________________________________
feet from S / N (circle one) Line of Section
feet from E / W (circle one) Line of Section
Sec. _______ Twp. _______ S. R. _______ [ ] East [ ] West

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.)

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 certificate of acreage attribution plat must be attached: (CO-7 for oil wells; CG-8 for gas wells).