### Form C-1 June 2002

**Notice of Intent to Drill**

**Kansas Corporation Commission**

**Oil & Gas Conservation Division**

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

### Applicant Information

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>O.K.Y. Inc.</td>
</tr>
<tr>
<td>City/State/Zip</td>
<td>Liberal, KS 67905</td>
</tr>
<tr>
<td>Contact Person</td>
<td>Vic Carder</td>
</tr>
<tr>
<td>Phone</td>
<td>(620) 786-2410</td>
</tr>
<tr>
<td>Contractor</td>
<td>License #: 33273</td>
</tr>
</tbody>
</table>

### Well Drilled For

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Well Class</td>
<td>Field Development</td>
</tr>
<tr>
<td>Type Equipment</td>
<td>Other</td>
</tr>
</tbody>
</table>

### Operation Information

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Well No</td>
<td>N/A</td>
</tr>
<tr>
<td>Original Completion Date</td>
<td>Original Total Depth</td>
</tr>
<tr>
<td>Questioned, Deviated or Horizontal well?</td>
<td>Yes</td>
</tr>
<tr>
<td>True Vertical Depth</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### KCC DKT #

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
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<tbody>
<tr>
<td>Date</td>
<td>05-15-06</td>
</tr>
</tbody>
</table>

### Affidavit

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-51-1 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 maximum amount of surface pipe as specified below must be set by circulating cement to the top. In all cases, surface pipe shall be set through all consolidated materials plus a minimum of 25 ft. per the underlying formation.
4. A location map showing the proposed well pad and 1 mile radius shall be submitted to the appropriate district office prior to drilling.
5. The appropriate district office will be notified in advance if the well is either plugged or production casing is removed in.
6. If an alternative completion procedure is used, the well shall be completed and the required form filed within 120 days of spuding in.

The above statements are true and correct to the best of my knowledge and belief.

**Signature of Operator or Agent:**

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**Mail to:** KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202
If the intended well is in a farmed or spaced field, please only complete this side of the form. If the intended well is in a prorated or spaced field, please fill out the form 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 ½ mile of the boundaries of the proposed acreage attribution unit for oil wells.

**Provide:**
- Operator: QTX Oil Inc.
- Lessors: Garden City Oil
- Well Name: 321
- Field: Passma

**Location:**
- County: Finney
- Location: Garden City 0
- Section: 32
- Township: 27
- Range: R 34

**Acres:**
- Number of Acres attributable to well: 640

**Section:**
- Regular or irregular: Regular

**Plot:**
- Show location of the well and shade attributable acreage for prorated or spaced wells.
- Show proximity to the nearest lease or unit boundary line.

**Note:** In all cases locates the spot of the proposed drilling location.

**Finney County**

In plotting the proposed location of the well, you must show:
1. The number in which you are using the depicted plat by identifying section lines, i.e. 1 section, 3 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the sections south / north and east / west.
3. The distance to the nearest lease or unit boundary line.
4. If proposed location is located within a farmed or spaced field a certificate of acreage attribution plat must be attached (CO-7 for oil wells; CO-8 for gas wells).
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 space area. In May 1978, Panoma-Council Grove Proration Order (as amended), Docket No. 60.024-C (C-7056) 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 500 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 hereafter 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 NCO-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) 237-6200.