KANSAS CORPORATION
OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL
WICHITA, KS

March 2, 2006

OPERATOR: A G V Corp.
Address: Attica, KS 67009
Contact Person: Larry G. Mans
Phone: 620-254-7222

CONTRACTOR: Val Energy, Inc.

Well Drilled For: Oil
Well Class: Production
Type Equipment: MOD Rotary

If DWVD: old well information as follows:
Operator:
Well Name:
Original Completion Date: Original Total Depth: Yes
Directional, Deviated or Horizontal: No
If Yes, true vertical depth:
Bottom Hole Location:

KCC DKT #: 68015

RECEIVED
KANSAS CORPORATION COMMISSION
FEB 2 1 2006

CONSERVATION DIVISION
WICHITA, 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.

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 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 water 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.

I hereby certify that the statements made herein are true and to the best of my knowledge and belief.

Signature of Operator or Agent:  By: D. R. M. L.
"Signature of Operator or Agent:"
Date: FEB 2 1 2006

AFFIDAVIT

For KCC Use ONLY

APR 15 - 22886-00-00

Conductor pipe required: NO
Minimum surface pipe required: 200' per Act 1

Approved by: 22-7-2006

This authorization expires: 22-7-2006
(This authorization not to drill not earlier than 5 months of effective date)

Spud date: 2006

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

Plot 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 Acre attributable to well: ___________________________
QTR / QTR / QTR of acreage: ___________________________

Location of Well: County: ___________________________
_________________________ from N / S Line of Section
_________________________ from E / W Line of Section
Sec. ___ Twp. ___ R _______ E / W

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 north / north and east / west.
3. The distance of 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: (CD-7 for oil wells; CD-8 for gas wells.)
February 22, 2006

Mr. Larry G. Mans
AGV Corp.
123 N. Main
Attica, KS 67009

Re: Drilling Pit Application
Spicer Lease Well No. A2
SE1/4 Sec. 20-33S-10W
Barber County, Kansas

Dear Mr. Mans:

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 from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

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 (August 2004), 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 Haynes
Department of Environmental Protection and Remediation

cc: Steve Durrant

KANSAS CORPORATION COMMISSION

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Conservation Division, Kansas State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802
Voice 316-337-6200 Fax 316-337-2028 www.kcc.state.ks.us