NOTE OF INTENT TO DRILL

KANSAS CORPORATION COMMISSION
Oil & Gas Conservation Division

NOTICE OF INTENT TO DRILL

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

For KCC Use Only
API # 15: 185-23348-00-00
Conductor pipe required: AME
Minimum surface pipe required: 320 feet per Acre

Approved by: DW 2-8-06

This authorization expires: (This authorization and if drilling not started within 6 months of approval date)

Spud date: Agent

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

Survey

March 15, 2006

KCC WICHITA

RECEIVED
MAR 6 2006

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-ss, 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 circulatings cement to the top, in all cases surface plot shall be at least.
4. If the well is dry hole, an agreement between the operator and the district office on plugging length and placement is necessary prior to plugging;
5. The appropriate district office will be notified prior to well is either plugged or production casing is cemented in;
6. If an ALTERATE II COMPLETION, production pipe shall be cemented below the any usable water to surface within 120 days of spud date.
7. Pursuant to Appendix BF - Eastern Kansas Surface casing order #132, 02/1/20, which applies to the KCC District 3 area, attempt to cementing must be completed within 30 days of the spud date or the well shall be plugged.

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

Date: February 28, 2005
Signature of Operator or Agent:

Remember to:
- File Drilling Application (form CO-1) with lessee to 2ts.
- File Completion Form ACD-1 within 120 days of spud date.
- File aerial photo standpoint according to field protection 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.
- If this permit has expired (see authorizing expiration date) please check the box below and return to the永恒 below.

Well Not Drilled - Permit Expired

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 relation 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: ____________
______________________________
______________________________
Sec. ____________
Twp. ____________
R. ____________

Line of Section: N / S / 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 acreage attributable for prorated or spaced wells.)
(Show footage to the nearest l00' 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 described 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. (CG-7 for oil wells; CG-8 for gas wells.)

EXAMPLE
S E N W

1880' FEL

300'

10 acre spacing unit.
(Well located in center of unit)

O2640'FNL & 1300' FEL

SENAB CO.
March 7, 2006

Mr. Jim Weber
Coral Production Corporation
1600 Stout Street, Ste 1500
Denver, CO 80202

Re: Drilling Pit Application
McGinity Lease Well No. 5
NE/4 Sec. 36-21S-14W
Stafford County, Kansas

Dear Mr. Weber:

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
File

Conservation Division, Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802
Voice 316.357.6200 Fax 316.357.6235 www.kcc.state.ks.us