KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL
Must be approved by KCC five (5) days prior to commencing well

For "CC Use: 4-9-00
Effective Date: 3
District #: 3
SGA: Yes No

Expected Spud Date: 3/27/06

OPERATOR: License#: 33583
Name: Admiral Bay (USA) Inc.
Address: 14550 E Easter Ave, Ste. 1000
City/State/Zip: Centennial, CO 80112
Contact Person: Steven Tedesco
Phone: 303.671-7242

CONTRACTOR: License#: 5786
Name: McGowan Drilling

Well Drilled For: Oil Gas Storage
Well Class: Enr Rec Inled Wildcat
Type Equipment: Mud Rotary Air Rotary Cable

If OWWO: old well information as follows:
Operator:
Well Name:
Original Completion Date: Original Total Depth:

Directional, Deviated or Horizontal wellbore? Yes No
If Yes, true vertical depth:
Bottom Hole Location:

KCC DKT #: 1970' FNL 840 FWL
IS: 1980' FNL 785 FWL

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 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 I COMPLETION, production pipe shall be cemented from below any usable water to surface within 120 days of spudd date.
Or pursuant to Appendix "B" - Eastern Kansas surface casing order #135,589-C, which applies to the KCC District 3 area, alternate II cementing must be completed within 30 days of the spudd date or the well shall be plugged. 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: 3/22/06
Signature of Operator or Agent: Title: Land Manager

For KCC Use ONLY
API # 15 - 006-29.838-0000
Conductor pipe required None feet
Minimum surface pipe required 20 feet per Acreage
Approved by:
This authorization expires: 10-4-00
(This authorization void if drilling not started within 6 months of effective date.)
Spud date:
Agent:

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

Remember to:
- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spudd 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 (CF-4) after plugging is completed;
- Obtain written approval before disposing or injecting salt water.
- If this permit has expired (Sec: authorized expiration date) please check the box below and return to the address below.

Well Not Drilled - Permit Expired
Signature of Operator or Agent:
Date: 25 20 17E
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.

APL No. 15 - 001-29383-0000
Operator: Admiral Bay (USA) Inc.
Lease: Markham
Well Number: 5-25
Field: Humboldt-Chanute

Number of Aces attributable to well: 40
QTR / QTR / QTR of acreage: SW NW

Location of Well: County: Allen
1980 feet from N / S Line of Section
785 feet from E / W Line of Section
Sec. 25, Twp. 26S S. R. 17 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: (C0-7 for oil wells; CG-8 for gas wells).
Operator Name: Admiral Bay (USA) Inc.  License Number: 33533

Operator Address: 14550 E Easter Ave., Ste. 100

Contact Person: Janet Johnson  Phone Number: (303) 350 1255

Lease Name & Well No.: Markham 5-25

Type of Pit:
- [ ] Emergency Pit
- [ ] Burn Pit
- [ ] Drilling Pit
- [X] Settling Pit
- [ ] Workover Pit
- [ ] Haul-Off Pit

Pit is:
- [X] Proposed
- [ ] Existing

If Existing, date constructed:

Pit capacity:

(If WP Supply API No. or Year Drilled)

Pit Location (QQQQ):

Sec. 25  Twp. 26S  R. 17  [X] East  [ ] West

1980  Feet from  [X] North / [ ] South Line of Section

785  Feet from [ ] East / [X] West Line of Section

Allen  County

Is the pit located in a Sensitive Ground Water Area?  [ ] Yes  [X] No

Chloride concentration: ____________________ mg/l

(For Emergency Pits and Settling Pits only)

Is the bottom below ground level?  [X] Yes  [ ] No

Artificial Liner?  [ ] Yes  [X] No

How is the pit lined if a plastic liner is not used?

Pit dimensions (all but working pits): 20  Length (feet)  20  Width (feet)  N/A: Steel pits

Depth from ground level to deepest point: 5  (feet)

If the pit is lined give a brief description of the liner material, thickness and installation procedure.

Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.

Distance to nearest water well within one-mile of pit

N/A feet  Depth of water well ____________________ feet

Emergency, Settling and Burn Pits ONLY:

Producing Formation:

Number of producing wells on lease:

Barrels of fluid produced daily:

Does the slope from the tank battery allow all spilled fluids to flow into the pit?  [ ] Yes  [X] No

Depth to shallowest fresh water ____________________ feet.

Source of information:

measured  well owner  electric log  KDWR

Drilling, Workover and Haul-Off Pits ONLY:

Type of material utilized in drilling/workover: Fresh Water & Native mud

Number of working pits to be utilized: 2

Abandonment procedure: Evaporation and back fill

Drill pits must be closed within 365 days of spud date.

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

3/22/06  Date

Signature of Applicant or Agent

KCC OFFICE USE ONLY

Date Received: 4/3/06  Permit Number:  Permit Date: 4/3/06  Lease Inspection:  [X] Yes  [ ] No

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