API # 15 - 003-24219-00-00

Well Operator: Meritage KCM Exploration, LLC

KCC License #: 33138

Address: 1050 17th Street Suite 975

City: Denver

State: Colorado

Zip Code: 80265

Contact Phone: (303) 534 - 9513

Lease: Kueser

Well #: 27-34

Sec. 27

Twp. 19

S. R. 19

County: Anderson

Spot Location / QQQQ

Footage: 1080' SW - SE

Footage: 1920' NE - SE

Feet (in exact footage) From North / South (from nearest outside section corner) Line of Section (Not Lease Line)

Feet (in exact footage) From East / West (from nearest outside section corner) Line of Section (Not Lease Line)

Check One: [ ] Oil Well  [ ] Gas Well  [ ] D&A  [ ] Cathodic  [ ] Water Supply Well

[ ] SWD Docket #  [ ] EnHR Docket #

Conductor Casing Size: Set at: [ ] 8 5/8" 32#

Cemented with: Sacks

Surface Casing Size: 8 5/8" 32#

Set at: 20'

Cemented with: 4 Sacks

Production Casing Size: 5 5/8" 17#

Set at: 1165'

Cemented with: 165 Sacks

List (ALL) Perforations and Bridgeplug Sets:

648.5'-652.5', 825'-829.5', 838'-843.5', 867'-869', 880.5'-883', 1020'-1022', 1058'.

1060.5', 1089.5'-1093', 1095.5'-1098.5', 1101'-1103.5'

Elevation: 981'

T.D.: 1172'

PBTD: 1159'

Anhydrite Depth: (Stone Corral Formation)

Condition of Well: Good

Casing Leak

Junk in Hole

Proposed Method of Plugging (attach a separate page if additional space is needed):

Circulate 60/40 Class A/Pozimix cement with 0.5 sacks cotton seed hulls from PBTD to 500'; circulate 60/40 Class A/Pozimix cement from 700' to 4' below ground level; cut casing and weld steel plate 4' below ground level; grade surface level.

Is Well Log attached to this application as required? [ ] Yes  [ ] No

Is ACO-1 filed? [ ] Yes  [ ] No

If not explain why:

Plugging of this Well will be done in accordance with K.S.A. 55-101 et seq. and the Rules and Regulations of the State Corporation Commission.

List Name of Company Representative authorized to be in charge of plugging operations:

Larry Bryant

Phone: (970) 301 - 1411

Address: 115 North Oak

City/State: Garnett, Kansas

Plugging Contractor: Consolidated Oil Well Services, Inc.

KCC License #: 31440

Address: 1322 South Grant Chanute, Kansas 66720

Phone: (620) 431 - 9210

Proposed Date and Hour of Plugging (if known?):

Payment of the Plugging Fee (K.A.R. 82-3-118) will be guaranteed by Operator or Agent

Date: 3/28/06

Authorized Operator / Agent: 

(Signature)

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202
NOTICE OF RECEIPT OF WELL PLUGGING APPLICATION (CP-1)

Meritage KCM Exploration, LLC
Independence Plaza
1050 17th Street - Suite 975
Denver, CO 80265

April 12, 2006

Re: KUESER #27-34
API 15-003-24219-00-00
N2SWSE 27-19S-19E, 830 FSL 1673 FEL
ANDERSON COUNTY, KANSAS

Dear Operator:

This letter is to notify you that the Conservation Division is in receipt of your plugging proposal, form CP-1, for the above-captioned well.

Your CP-1 has been reviewed by the Conservation Division central office for completeness and to verify license numbers. The plugging proposal will now be forwarded to the district office listed below for review of your proposed method of plugging.

Please contact the district office for approval of your proposed plugging method at least five (5) days before plugging the well, pursuant to K.A.R. 82-3-113 (b). If a workover pit will be used during the plugging of the well it must be permitted. A CDP-1 form must be filed and approved prior to the use of the pit.

The Conservation Division's review of form CP-1, either in the central or district office, does not include an inquiry into well ownership or the filing operator's legal right to plug the well.

This notice in no way constitutes authorization to plug the above-captioned well by persons not having legal rights of ownership or interest in the well. This notice is void after ninety (90) days from the above date.

Sincerely

[Signature]

David P. Williams
Production Supervisor

District: #3
1500 W. 7th
Chanute, KS 67220
(620) 432-2300