Notice of Intent to Drill

For KCC Use:
Effective Date: 10-2-06
District #
SGA? Yes No

Expected Spud Date: November 25, 2006

OPERATOR: License# 5144
Name: Multi Drilling Company, Inc.
Address: P.O. Box 2758
City/State/Zip: Wichita KS 67201-2758
Contact Person: Mark Shreve
Phone: 316-264-6368 Ext. 13

CONTRACTOR: License# 31548
Name: Discovery Drilling

Well Drilled For: Oil Gas OWWO QMWD Seismic: # of Holes
Well Class: Enh Rec Storage Disposal Well Ext. Wildcat Cable
Type Equipment: Mud Rotary Air Rotary cable

Spot SW NE Sec
18 Twp 18S S R 16
1975 feet from N S Line of Section
1809 feet from E W Line of Section

Is SECTION Regular Irregular?
(Note: Locate well on the Section Plat on reverse side)

County: Rush
Lease Name: Pechanec
Well #: 1-18
Field Name: Wildcat
Is this a Prorated / Spaced Field? Yes No
Target Formation(s): Pennsylvanian Sandstone/Conglomerate
Nearest Lease or unit boundary: 655'
Ground Surface Elevation: 1947.8 feet MSL
Water well within one-quarter mile: Yes No
Public water supply well within one mile: Yes No
Depth to bottom of fresh water: 120 feet
Depth to bottom of usable water: 300'
Surface Pipe by Alternate: 1 2
Length of Surface Pipe Planned to be set: 1000'
Length of Conductor Pipe required: None
Projected Total Depth: 3600'
Formation at Total Depth: Pre-Cambrian
Water Source for Drilling Operations: Well Farm Pond Other
DWR Permit #: Contractor will apply

Will Cores be taken? Yes No
(Note: Apply for Permit with DWR)

If Yes, proposed zone:

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 II COMPLETION, production pipe shall be cemented from below any usable water to surface within 120 days of spud date.

Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,691-C, which applies to the KCC District 3 area, alternate if cementing must be completed within 30 days of the spud 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: 10-25-06 Signature of Operator or Agent: __________________________ Title: President/CEO

Remember to:
- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spud 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 (CP-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:

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 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. 15 165-2/1804-0000
Operator: Mull Drilling Company, Inc.
Lease: Pecanac
Well Number: 1-18
Field: Wildcat
Number of Acres attributable to well: 40
QTR / QTR / QTR of acreage: SW - NE - SW

Location of Well: County: Rush
1975 feet from N / ✓ S Line of Section
1809 feet from E / ✓ W Line of Section
Sec. 18 Twp. 18S S. R. 16
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.

RECEIVED
SEP 22 1920
KCC WICHITA

EXAMPLE

SEWARD CO.
KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: Mull Drilling Company, Inc. License Number: 5144
Operator Address: P.O. Box 2758 Wichita KS 67201-2758
Contact Person: Mark Shreve Phone Number: (316) 264-6366

Lease Name & Well No: Pechanec #1-18
Pit Location (QQQQ):
NE - SW - NE - SW
Sec. 18 Twp. 18S R. 16
1975 Feet from North / West
1809 Feet from East / West

Is the pit located in a Sensitive Ground Water Area? Yes No
Is the bottom below ground level? Yes No
Artificial Liner? Yes No

Sealed w/native and fresh muds

Pit dimensions (all but working pits): 80 Length (feet) 80 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
1,666 feet Depth of water well 56 feet

Depth to shallowest fresh water 21 feet.
Source of information: Measured Well Owner Electric Log KDWR

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 No

Drilling, Workover and Haul-Off Pits ONLY:
Type of material utilized in drilling/workover: Fresh Mud
Number of working pits to be utilized:
Abandonment procedure: Haul offsite and backfill with original soil.

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.

9/25/06
Date
Signature of Applicant or Agent

KCC OFFICE USE ONLY

Date Received: 9/26/06 Permit Number: Permit Date: Lease Inspection: Yes No

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202
September 27, 2006

Mr. Mark Shreve
Mull Drilling Company, Inc.
PO Box 2758
Wichita, KS 67201-2758

RE: Drilling Pit Application
   Pechanecl Lease Well No. 1-18
   SW/4 Sec. 18-18S-16W
   Rush County, Kansas

Dear Mr. Shreve:

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. District staff has advised that the pits need to be kept to the south of the stake.

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
Environmental Protection and Remediation Department

cc: File