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 KCC Use:
Effective Date: 1-24-04
District #: Y SGA? Yes No

KCC WICHITA

Expected Spud Date: 07-28-04

OPERATOR: License#: 30420
Name: V.V.I. Natural Resources Inc.
Address: 30-38 48th St.
City/State/Zip: Astoria, New York 11103
Contact Person: Jason Dinges
Phone: 786-625-8360

CONTRACTOR: License#: 33323
Name: Petromark

Well Drilled For:
Oil X
Gas X
OWD Storage
Seismic
Disposal

Well Class:
X Enh Rec X Infield
X Pool Ext. X Mud Rotary
X Wildcat X Air Rotary

Type Equipment:
X Cable

If OWDO: 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 #:

Spot:
CSW NE Sec. 4, Twp. 23, R. 17 East
3300 feet from 9 1/4 mile line of Section
1980 feet from 7 mile line of Section

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

County: Pawnee
Lease Name: Alexander
Well #: 4
Field Name: Garfield

Is this a Prorated/Spaced Field?
X Yes No

Target Formation(s):

Nearest Lease or unit boundary:

Ground Surface Elevation:

Water well within one-quarter mile:

Public water supply well within one mile:

Depth to bottom of fresh water:

Depth to bottom of usable water:

Surface Pipe by Alternate:

Length of Surface Pipe Planned to be set:

Length of Conductor Pipe required:

Projected Total Depth:

Formation at Total Depth:

Water Source for Drilling Operations:

Well Farm Pond Other

DWR Permit #:
(Note: Apply for Permit with DWR)

Will Cores be taken?
Yes X No
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. 55-101, 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. 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: 07-14-04 Signature of Operator or Agent: --- Title: ---

Mail 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 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.
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:
Operator: V.J.I. Natural Resources Inc.
Lease: Alexander
Well Number: 4
Field: Garfield
Number of Acres attributable to well: 
QTR / QTR / QTR of acreage: 

Location of Well: County: Pawnee
3300 feet from S / N (circle one) Line of Section
1980 feet from E / W (circle one) Line of Section
Sec. 4 Twp. 23 S. R. 17
East X West

Is Section___X___ 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.)

RECEIVED
JUL 16 2004
KCC WICHITA

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).
July 19, 2004

Mr. Jason Dinges
V.J.I. Natural Resources, Inc.
30-38 48th St.
Astoria, New York 11103

RE: Drilling Pit Application
   Alexander Lease Well No. 4
   NE/4 Sec. 04-23S-17W
   Pawnee County, Kansas

Dear Mr. Dinges:

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 lined with bentonite. 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 on a daily basis.

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. Also please file the enclosed CDP-5 form, Surface Pond Waste Transfer, within 30 days of fluid removal.

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: S Durrant