Kansas Corporation Commission
Oil & Gas Conservation Division

NOTICE OF INTENT TO DRILL

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

Expected Spud Date: 08 01 2004

OPERATOR: License #: 4594
Name: Horseshoe Operating, Inc.
Address: 500 W. Texas, Suite 1190
Midland, TX 79701

Contact Person: S. L. Burns
Phone: 432 863 1448

CONTRACT: Name: RECEIVED
Well Drilled For:

- Oil
- Gas
- Storage
- GMO
- Storage
- Wildcat
- Cable

Spot: C : NW Sec. 16 Twp. 17 S. R. 40 East

Ground Surface Elevation: 3625.9 feet MSL
Water well within one-quarter mile:
- Yes
- No

Nearest Lease or unit boundary: 1250
Public water supply well within one mile: 
- Yes
- No

Depth to bottom of fresh water:
- 240

Depth to bottom of usable water:
- 1680

Formation at Total Depth: Winfield/Fort Riley

Water Source for Drilling Operations:
- WELL
- FARM POND
- OTHER

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

Will Cores be taken? 
- Yes 
- No

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 ALTERTATE 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 #133,891-C, which applies to the KCC District 3 area, alternate II 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: 7-17-04 Signature of Operator or Agent: Title: Vice President

For KCC Use Only
API #: 071-20791.0399
Conductor pipe required: 240 feet per Alt. #
Approved by: KSP7-12-04
This authorization expires: 1-12-04
(If this authorization void if drilling not started within 6 months of effective date.)

Remember to:
- File Drill Site 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 proclamation 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 of injecting salt water.
- If this permit has expired (See: 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 - ________________________________
Operator: Horseshoe Operating, Inc.
Lease: Barr
Well Number: 2-16
Field: Bradshaw

Number of Acres attributable to well: _______________
OFR / QTR / QTR of acreage: _______________

Location of Well: County: Greeley
1250 feet from ✓ N ✓ S Line of Section
1320 feet from ✓ E ✓ W Line of Section
Sec. 16 Twp. 17 S. R. 40

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.)

RECEIVED
JUL 09 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: (CG-7 for oil wells; CG-8 for gas wells).