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: December 31, 2004

Operator:

Quine Operating Company

License#: 5225

Address: 6301 Waterford Blvd., Suite 400

City: Oklahoma City, OK 73118

Contact Person: Catherine Smith

Phone: (405) 840-9876

Contractor:

Murfin Drilling

License#: 30606

Well Drilled For:

Oil [V]

Enfiel [V]

Infield [V]

Mud Rotary [V]

Gas [V]

Storage [V]

Pool Ext. [V]

Air Rotary [V]

GWO [V]

Disposal [V]

Wireline [V]

Seismic [V]

Number of Holes:

If GWO: old well information as follows:

Well Name:

Original Completion Date:

Original Total Depth:

Directional, Deviated or Horizontal Wellbore?

Yes [V]

No [ ]

If Yes, true vertical depth:

Bottom Hole Location:

KCC DKT #:

Spot

E /L SE . SE . Sec. 7 Twp. 35S  S. R. 30 W

660 feet from N / V S Line of Section

330 feet from V E / W Line of Section

Is SECTION: [V] Regular

Irregular:

(Note: Locate well on the Section Plat on reverse side)

County: Meade

Lease Name: Adams Ranch

Field Name: Wilderness

Is this a Prorated / Spaced Field?

Yes [V]

No [ ]

Target Formation(s): Mississippian, Chester

Nearest Lease or Unit boundary: 330'

Ground Surface Elevation: 2484

Water well within one-quarter mile:

Yes [V]

No [ ]

Public water supply well within one mile:

Yes [V]

No [ ]

Depth to bottom of fresh water: 400'

Surface Pipe by Alternate: 1 [V]

2 [ ]

Length of Surface Pipe Planned to be set: 1500'

Length of Conductor Pipe required: N/A

Projected Total Depth: 7000'

Formation at Total Depth: Mississippian

Water Source for Drilling Operations:

Well [V]

Farm Pond [ ]

Other [ ]

DWR Permit #:

(Note: Apply for Permit with DWR [V])

Will Cores be taken?

Yes [V]

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 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 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: December 13, 2004

Signature of Operator or Agent: Catherine Smith

Title: Land Associate

Remember to:

- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form ACO-2 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 (See: authorized expiration date) please check the box below and return to the address below.

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: QUINQUE OPERATING COMPANY
Lease: Adams
Well Number: 1-7
Field: Wildcat
Number of Acres attributable to well: 640
QTR / QTR / QTR of acreage: SE - SE -

Location of Well: County: Meade
660 feet from N / S Line of Section
330 feet from E / W Line of Section
Sec. 7 Twp. 35S S, R. 30
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: (CG-7 for oil wells; CG-8 for gas wells).
December 17, 2004

Catherine Smith
Quinque Operating Company
6301 Waterford Blvd., Ste 400
Oklahoma City OK 73118

Re: Drilling Pit Application
   Adams Lease Well No. 1-7
   SE/4 07-35S-30W
   Meade County, Kansas

Dear Ms. Smith:

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.

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 Exploration and Production Waste Transfer, form CDP-5, 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,

Jonelle Rains, Supervisor
Department of Environmental Protection and Remediation

cc: Steve Durrant
    File