**NOTICE OF INTENT TO DRILL**

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

For KCC Use:
- Effective Date: 3-29-05
- District #: 3
- SDAT #: Yes

Expected Spud Date: April 1, 2005

<table>
<thead>
<tr>
<th>OPERATOR:</th>
<th>License #: 5822</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name: VAL Energy Inc.</td>
<td></td>
</tr>
<tr>
<td>Address: 116</td>
<td></td>
</tr>
<tr>
<td>City/State/Zip: Wichita, KS 67201</td>
<td></td>
</tr>
<tr>
<td>Phone: 316-203-9606</td>
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</table>

<table>
<thead>
<tr>
<th>CONTRACTOR:</th>
<th>License #:</th>
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<tr>
<td>Name: VAL Energy Inc.</td>
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<tr>
<td>Phone:</td>
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</table>

Well Drilled For: Gas

Well Class: Field Test Well

Type Equipment: Mud Rotary

<table>
<thead>
<tr>
<th>Depth</th>
<th>ft.</th>
<th>N</th>
<th>S</th>
<th>W</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>510</td>
<td>800</td>
<td>6</td>
<td>33</td>
<td>5</td>
<td>22</td>
</tr>
</tbody>
</table>

Spot: NE 510 SW 800 SE 6 SE 33

Line of Section: Yes

Principal (First) Field Name: Clark

Lease Name: Baker

Is this a Pledged / Spared Field? Yes

Target Formation(s): Arbuckle

Nearest Lease or Unit boundary: 510

Ground Surface Elevation: 100'

Water well within one-quarter mile: Yes

Public water supply well within one mile: Yes

Depth to bottom of fresh water: 180'

Depth to bottom of usable water: 180'

Surface Pipe by Alternate: 21

Length of Surface Pipe Planned to be set: 750

Length of Conductor Pipe required: 60

Projected Total Depth: 5820

Formation at Total Depth: Arbuckle

Source for Drilling Operator(s): Water for Drilling Operator(s): Yes

Well Cores to be taken? Yes

If Yes, proposed time: Date

<table>
<thead>
<tr>
<th>DWI Permit #:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note: Apply for Permit with DWI</td>
</tr>
</tbody>
</table>

**AFFIDAVIT**

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et seq.

I hereby certify that the statements made herein are true and to the best of my knowledge and belief.

Date: 3-29-05

Signature of Operator or Agent: Robert W. Johnson

Title: President

Mail to: KCC - Conservation Division, 130 S. Market - Room 2079, 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: 025-212184-0000
Operator: Value Energy Inc.
Lease: Baker
Well Number: 1-6
Field:

Number of Acres attributable to well: NE, SW, SESE

GTR / GTR / GTR of acreage:

Location of Well:

County: Clerk

Section: Block

Line of Section: E

Line d Section: E

East:

Section used: NE

If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE

Example:

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 seven 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; C0-8 for gas wells).
March 24, 2005

Mr. K. Todd Allam  
Val Energy, Inc.  
Box 116  
Wichita, KS  67201

RE: Drilling Pit Application  
Baker Lease Well No. 1-6  
SE/4 Sec. 06-33S-22W  
Clark County, Kansas

Dear Mr. Allam:

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 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