NOTICE OF INTENT TO DRILL

KANSAS CORPORATION COMMISSION
Oil & Gas Conservation Division

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

For KCC Use:
Effective Date: 5-3-05
District:
SGA1: [ ] Yes [ ] No

Expected Spud Date: April 30, 2005

OPERATOR: Licenese: 30742
Name: Paterno Petroleum, Inc.
Address: 4924 SE 84th St.
City/State/Zip: Ponca City, OK 74601
Contact Person: Brayton W. Paterno
Phone: (405) 799-1000

CONTRACTOR: Licensed: 32701
Name: C & G Drilling, Inc.

ONWD

KCC WICHITA

[ ] Yes [ ] No

Well Drilled For:
[ ] Oil [ ] Gas [ ] E & M [ ] Mud Rotary
[ ] Oil [ ] Gas [ ] Air Rotary [ ] Cable
[ ] Oil [ ] Gas [ ] Surf: 1 2 [ ] Other

Well No.: 130 A

If ONWD: old well information as follows:
Operator: C & G Drilling, Inc.
Well Name: E & M-15
Original Completion Date: 11/2/88
Original Total Depth: 3108

Directional, Deviated or Horizontal wellbore? [ ] Yes [ ] No

If Yes, true vertical depth:

Bottom Hole Location:

KCC DKT #:

If Yes, proposed use:

AFFIDAVIT

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

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 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 Aquifer casing order #103-691-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 correct to the best of my knowledge.

Date: April 25, 2005

Signature of Operator or Agent:

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67207
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: Palomino Petroleum, Inc.
Lease: Butenitz
Well Number: 2
Field: Amelly West

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

Location of Well: County: Harvey

1625 feet from N / S Line of Section
985 feet from E / W Line of Section
Sec. 10  Twp. 24S  R. 2

Is Section: Regular or Irregular
If Section is Irregular, locate well from nearest corner boundary.
Section corner used:

NOTE: In all cases locate the spot of the proposed drilling location.

RECEIVED
APR 26 2005
KCC WICHITA

EXAMPLE

NOTE: In all cases locate the spot of the proposed drilling location.

HARVEY Co.,

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 (CD-7 for oil wells; CG-8 for gas wells).
NOTICE TO OPERATORS FILING INTENT TO DRILL FOR DISPOSAL OR ENHANCED RECOVERY INJECTION WELLS, (CLASS II INJECTION WELL)

The attached approved Notice of Intent to Drill indicates the proposed well is to be used for injection. An approved "Intent to Drill" does not approve injection authority as a Class II Injection Well in Kansas.

Before any well is used for injection purposes, the operator must file an application for injection authority in accordance with K.A.R. 82-3-401 and provide notice in accordance with K.A.R. 82-3-402. The Conservation Division must issue a written permit granting the application before commencement of injection.

The Conservation Division requirements and restrictions associated with Class II Injection are identified in K.A.R. 82-3-400 et seq of our regulations. Associated regulations governing drilling, completion and injection applications may be found in K.A.R. 82-3-135, Table I, Table II, in the Cedar Hills Sandstone Moratorium, (Docket #156,397-C), and the Eastern Kansas Surface Casing Order, (Docket #133,891-C).

If you have questions regarding the approval of injection authority, an injection application may be filed as a "Design Approval" before actual drilling and completion of the well occurs. If you have any questions or concerns regarding Class II injection wells or regulations, call the Underground Injection Control Department at 316-337-6200.

Failure to obtain commission approval before beginning injection is punishable by a penalty, shut-in of the well or both.