KANSAS CORPORATION COMMISSION
OIL & GAS CONDRILL DIVISION
NOTECE OF INTENT TO DRILL

For KCC use:
Effective Date: Date:

SGAT: Yes No

Expected Spud Date: 10/13/2005

OPERATOR License #: 5135
Name: John O. Farmer, Inc.
Address: P.O. Box 252, Kansas 67655.
Contact Person: John Farmer IV
Phone: 785-483-3144

CONTRACTOR License #: 31548
Name: Discovery Drilling

Well Drilled For: [ ] Oil [ ] Em. Rec. [ ] Intltd. [ ] Muti Rotary [ ] Mud Rotary
[ ] Gas [ ] Storage [ ] Point Ext. [ ] Av. Rotary [ ] Air Rotary
[ ] Water [ ] Disposal [ ] Wildcat [ ] Cable

If CWRO: old well information as follows:

Well Name:
Original Completion Date: [ ] No
Original Total Depth: [ ] No
Directional, Deviated or Horizontal wellbore: [ ] Yes
True vertical depth: [ ] No
Benton Hole Location: [ ] No
KCC DKT #: [ ] No

9/18/2005 Signature of Operator or Agent: Rich. Vice President

For KCC use ONLY
API #: 5159.
Conductor pipe required: [ ] Yes [ ] No
Threasholder: [ ] Yes [ ] No

API 15:
[ ] 167.23315.00.00

Spud date: 9/18/2005
Agent: [ ] Yes [ ] No

THREEHOLD:
[ ] 5/18/05

API 15:
[ ] 167.23315.00.00

Threasholder expires: 5/18/05

(Two authorization only if drilling not started within 90 days of effective date)

Mail to: KCC - Conservation Division, 130 S. Muscat - Room 2078, Wichita, Kansas 67202

KCC WICHITA

| RECEIVED SEP 12 2005 |
| East 1080 | 90 N 70 W N 2 SE 1500 |
| 590 | feet from N E 1/4 S W 1/4, line of Section 1 |

Is SECTION ? [ ] Register [ ] Irregular?

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

County: Russell
Lease Name: Taylor B
Field Name: [ ] Yes [ ] No
Is this a Puddled / Spaced Field?
Target Formation: [ ] Yes [ ] No
KGC
Preferred Lease or Unit boundary: [ ] Yes [ ] No
Target Field: [ ] Yes [ ] No
Gross Surface Elevation: 1716
Surface Pipe by Alternative: [ ] Yes [ ] No
Water well within one-quarter mile: [ ] Yes [ ] No
Water supply well within one mile: [ ] Yes [ ] No
Depth to bottom of fresh water: 130
Depth to bottom of usable water: 375
Length of Surface Pipe Planned to be set: 400
Length of Conductor Pipe required: [ ] Yes [ ] No
Projected Total Depth: 3300
Formation at Total Depth: Articulate
Water Source for Drilling Operations: [ ] Yes [ ] No
DWR Permit #: [ ] Yes [ ] No

Note: Apply for Permit with DWR
Wells Cored to be taken?: [ ] Yes [ ] 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 derrick rig;
3. The minimum amount of surface pipe as specified below shall be set by placing 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 this well is a 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 water to surface within 120 days of spud date. 

Or Pursuant to Appendix "B", Eastern Kansas surface casing only #130.891-C, which attires 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 to the best of my knowledge and belief.

Date: 9/18/2005
Signature of Operator or Agent: John O. Farmer IV, Vice President

Remember to:

• File Drilling Application (Form CDP-1) with KCC to Drill;
• File Completion Form ADD-1 within 120 days of spud date or spud date, whichever is earlier;
• File a separate application for each well drilled on this permit; and
• Submit plugging report (CP-8 after plugging is complete);
• Obtain written approval before disposing or injecting salt water.

If this permit has expired (law authorized expiration date) please check the box below and return to the address below.

• Well Not Drilled - Permit Expired

Signature or Operator of Agent:

Date:
In all cases plot the intended well on the plat below.\n
Plot of acreage attributable to a well in a prorated or spaced field.\n
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: \nOperator: John O. Farmer, Inc. \nLease: Taylor B \nWell Number: \nField: Wildcat

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

Location of Well: County: Russell
1080 feet from S / N \n590 feet from E / W \nSec. 20 \nTwp. 12 S. R. 15

Line of Section: \nEast / West
is Section: \nRegular / 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.

1080 ft.

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 in 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. (CO-7 for oil wells; CG-8 for gas wells.)
September 13, 2005

Mr. John Farmer IV
John O. Farmer, Inc.
PO Box 352
Russell, KS 67665

RE: Drilling Pit Application
Taylor B Lease Well No. 1
SE/4 Sec. 23-12S-14W
Russell County, Kansas

Dear Mr. Farmer:

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. Please keep all pits away from any draws.

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 (785) 625-0550 when the fluids have been removed. Please file form CDP-5, Exploration and Production Waste Transfer, within 30 days of fluid removal. Conservation division forms are available through our office and on the KCC web site: www.kcc.state.ks.us/conservation/forms.

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: H Deines

Kansas Division, Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802
Voice 316.337.6290 Fax 316.337.6211 www.kcc.state.ks.us