Form C-1
December 2002

KANSAS CORPORATION COMMISSION
Oil & Gas Conservation Division

NOTICE OF INTENT TO DRILL

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

For KCC Use:

Effective Date: 12/14/05
District # 136
SGA/ Yes No

Operated By:

Name: GXY USA Inc.
Address: P.O. Box 1938

City/State/Zip: Liberal, KS 67906
Contact Person: Vicki Gardner
Phone: 620-234-6426

Contractor: License # 33275
Name: Cleaver-Drilling, LP

Well Dilled For:

Well Class:        Type Equipment:
Oil              Oilfield Mud Rotary
Gas              No Rotary
CWO              Seismic: Yes
Wells: # of Wells: Other

Received:

DEC 8, 2005

KCCWICHITA

Directional, Caved or Horizontal well? No
Yes
If Yes, true vertical depth

Bottom Hole Location: KCC DKT #

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-101, et. seq.

If Yes, Proposed 2004:

AFFIDAVIT

Signature of Operator or Agent:

Title: Capital Project

Mail to: KCC - Conservation Division, 130 S. Market - Room 2076, 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 ½ mile of the boundaries of the proposed acreage attribution unit for oil wells.

APN No. 15 -

Operator: CODY USA Inc.

Lease: Doolittle A

Well Number: 4

Field: Parents

Location of Well: County: Kearny

Coordinates: 1200

Distance from NE 1/2 Section Line: 1200

Distance from SW 1/4 Section Line: 4

Section: 36

Township: 23

Range: 36

East: 4

West: 4

Is Section Regular or Irregular

Number of Acreage attributable to well: 540

<CTR / CTR / CTR of section: NE 2 SW SW

IP Section is irregular, locate well from nearest corner boundary

Section corner used:

NE NW SW SW

PLAT

(Show location of the well and acreage 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.

Kearny County

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 sections 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 (CO-7 for oil wells; CG-8 for gas wells).
NOTICE TO OPERATORS DRILLING IN THE PANOMA-COUNCIL GROVE GAS POOL SPACED AREA

The enclosed intent is located within the Panoma-Council Grove gas pool space area. In May 1978, Panoma-Council Grove Proration Order (as amended), Docket No. 60,024-C (C-7058) under FINDINGS OF FACT AND LAW on page 31, the following language is stated that:

“The Commission finds that in order to prevent waste and protect correlative rights, the following stated rules pertaining to wells already completed, in the process of being drilled or for future wells to be drilled in the Panoma Council Grove Gas Pool Spaced area, and for wells producing from the Council Grove Formation outside of the Panoma Council Grove Gas Pool Spaced area within the Hugoton Gas Field, should be adopted:

1. "No dual completions between the Chase (Hugoton) and Council Grove Formations will be permitted for future wells drilled."

2. "Casing shall not be set above the top of the Council Grove Formation for a Council Grove producing well."

3. "The production casing of all new Council Grove wells should be cemented with a calculated volume of cement sufficient to encase the casing from the bottom of the casing to a point 500 feet above the Chase Formation."

4. "The casing shall be encased in cement in the interval between the base of the Council Grove and the top of the Chase Formation on all wells, irrespective of depth, completed below the Council Grove Formation, if they are located within the space area."

5. "The cement coverage herebefore required shall be confirmed by the running of a recognized survey, such as a temperature survey or cement bond log."

A copy of this survey and the cement ticket(s) showing that all cement work has been completed, must be filed with the ACO-1 Completion Report within 120 days from the wells “spud date.”

Failure to comply with these provisions may cause the well to be shut-in until compliance has been achieved.

If you have any questions, please feel free to contact the Conservation Division’s Production Department at (316) 357-6200.

Conservation Division, Finney State Office Building, 130 E. Market, Room 207B, Wichita, KS 67202
Voice 316.357.6200 Fax 316.357.6211 www.kicp.org/kics