

* GAS STORAGE AREA - BLOWOUT PREVENTOR REQUIRED *

EFFECTIVE DATE: 5-12-98

State of Kansas

FORM MUST BE TYPED

DISTRICT # 3

NOTICE OF INTENTION TO DRILL

FORM MUST BE SIGNED

SEA7...Yes...X No

Must be approved by the K.C.C. five (5) days prior to commencing well.

Expected Spud Date MAY 7 1998

Spot NW.- NW.- NW. Sec .17. Twp .10. S, Rg .20. X East West

OPERATOR: License # 03133 Name: KLM EXPLORATION CO. INC. Address: 600 E LAKE P.O. BOX 151 City/State/Zip: MCLOUTH, KS 66054 Contact Person: TORREY HEAD Phone: 913-796-6783

5217 feet from South/North line of Section 4909 feet from East/West line of Section IS SECTION XX REGULAR IRREGULAR?

CONTRACTOR: License #: 05786 Name: MCGOWN DRILLING

(NOTE: Locate well on the Section Plat on Reverse Side) County: JEFFERSON Lease Name: WAGNER Well #: 09H Field Name: MCLOUTH STORAGE FIELD Is this a Prorated/Spaced Field? yes XX no Target Formation(s): MCLOUTH SANDSTONE Nearest lease or unit boundary: 220 FEET 371 Ground Surface Elevation: 1082 feet MSL Water well within one-quarter mile: yes XX no Public water supply well within one mile: XX yes X no Depth to bottom of fresh water: 75 FEET Depth to bottom of usable water: 275 FEET Surface Pipe by Alternate: 1 XX 2 Length of Surface Pipe Planned to be set: 100 FEET Length of Conductor pipe required: NONE Projected Total Depth: 1550 FEET Formation at Total Depth: MISSISSIPPI Water Source for Drilling Operations: well XX farm pond other

Well Drilled For: Well Class: Type Equipment: XX Oil ... Enh Rec .XX Infield XX Mud Rotary ... Gas ... Storage ... Pool Ext. ... Air Rotary ... OMO ... Disposal ... Wildcat ... Cable ... Seismic; ... # of Holes ... Other If OMO: old well information as follows: Operator: Well Name: Comp. Date: Old Total Depth

Directional, Deviated or Horizontal wellbore? yes XX no If yes, true vertical depth: Bottom Hole Location:

Will Cores Be Taken? yes XX no If yes, proposed zone:

Dkt 195,087-C (C-27,346)

AFFIDAVIT

* LEASE COVERS 60 ACRES IN THE SW/4 OF SECTION 8.

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-101, 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 TO SURFACE WITHIN 120 DAYS OF SPUD DATE. 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: MAY 4 1998 Signature of Operator or Agent: Title: CONSULTING GEOLOGIST

(LARRY D. ALEX)

FOR KCC USE: API # 15- 087-205770000 Conductor pipe required NONE feet Minimum surface pipe required 40 feet per Alt. X(2) Approved by: 5-7-98 This authorization expires: 11-7-98 (This authorization void if drilling not started within 6 months of effective date.) Spud date: Agent:

KANSAS CORPORATION COMMISSION

MAY 5 1998

CONSERVATION DIVISION WICHITA, KS

REMEMBER TO:

- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form ACO-1 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.

FOR KCC USE:

FORM C-1 7/91

FORM MUST BE TYPED

FORM MUST BE SIGNED

ALL BLANKS MUST BE FILLED

EFFECTIVE DATE: _____

State of Kansas

DISTRICT # _____

NOTICE OF INTENTION TO DRILL

SEA? Yes No

Must be approved by the K.C.C. five (5) days prior to commencing well.

Expected Spud Date . MAY 1 1998
month day year

Spot NW - NW - NW Sec. 17. Twp 10. S, Rg 20. X East
West

OPERATOR: License # 03133
Name: KLM EXPLORATION CO. INC.
Address: 600 E LAKE PO BOX 151
City/State/Zip: MCLOUTH KS 66054
Contact Person: TORREY HEAD
Phone: (913) 796-6763

5217 feet from South / North line of Section
4909 feet from East / West line of Section
IS SECTION XX REGULAR IRREGULAR?

(NOTE: Locate well on the Section Plat on Reverse Side)
County: JEFFERSON
Lease Name: WAGNER Well #: 9H
Field Name: MCLOUTH STORAGE FIELD
Is this a Prorated/Spaced Field? yes XX no
Target Formation(s): MCLOUTH SANDSTONE
Nearest lease or unit boundary: 230 FEET
Ground Surface Elevation: 1082 feet MSL
Water well within one-quarter mile: yes XX no
Public water supply well within one mile: XX yes no
Depth to bottom of fresh water: 75 FEET
Depth to bottom of usable water: 275 FEET
Surface Pipe by Alternate: 1 XX 2
Length of Surface Pipe Planned to be set: 100 FEET
Length of Conductor pipe required: NONE
Projected Total Depth: 1550 FEET
Formation at Total Depth: TOP OF MISSISSIPPI
Water Source for Drilling Operations:
... well XX farm pond ... other

CONTRACTOR: License #: 05786
Name: MCGOWN DRILLING

Well Drilled For: Well Class: Type Equipment:
XX Oil ... Enh Rec XX Infield XX Mud Rotary
... Gas ... Storage ... Pool Ext. ... Air Rotary
... OWMO ... Disposal ... Wildcat ... Cable
... Seismic; ... # of Holes ... Other
If OWMO: old well information as follows:
Operator:
Well Name:
Comp. Date: Old Total Depth

Directional, Deviated or Horizontal wellbore? XX yes no
If yes, true vertical depth: 1523 FEET
Bottom Hole Location: NORTHEAST 1,000 FEET

Will Cores Be Taken? yes no
If yes, proposed zone: UNKNOWN AT THIS TIME

HORIZONTAL WELLBORE APPLICATION
DOCKET NO. 195,097-C (C28,346) AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-101, 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 TO SURFACE WITHIN 120 DAYS OF SPUD DATE. 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: MAY 1 1998. Signature of Operator or Agent: Torrey Head Title: GENERAL MANAGER
(TORREY HEAD)

FOR KCC USE:
API # 15-
Conductor pipe required _____ feet
Minimum surface pipe required _____ feet per Alt. 1 2
Approved by: _____
This authorization expires: _____
(This authorization void if drilling not started within 6 months of effective date.)
Spud date: _____ Agent: _____

- REMEMBER TO:
- File Drill Pit Application (form CDP-1) with Intent to Drill;
 - File Completion Form ACO-1 within 120 days of spud date;
 - File acreage attribution plat according to field prorotation 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.

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

PLAT OF ACREAGE ATTRIBUTABLE TO A WELL IN A PRORATED OR SPACED FIELD

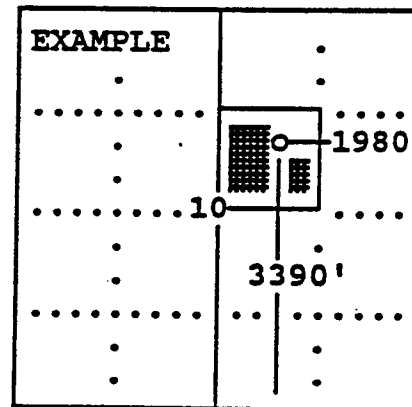
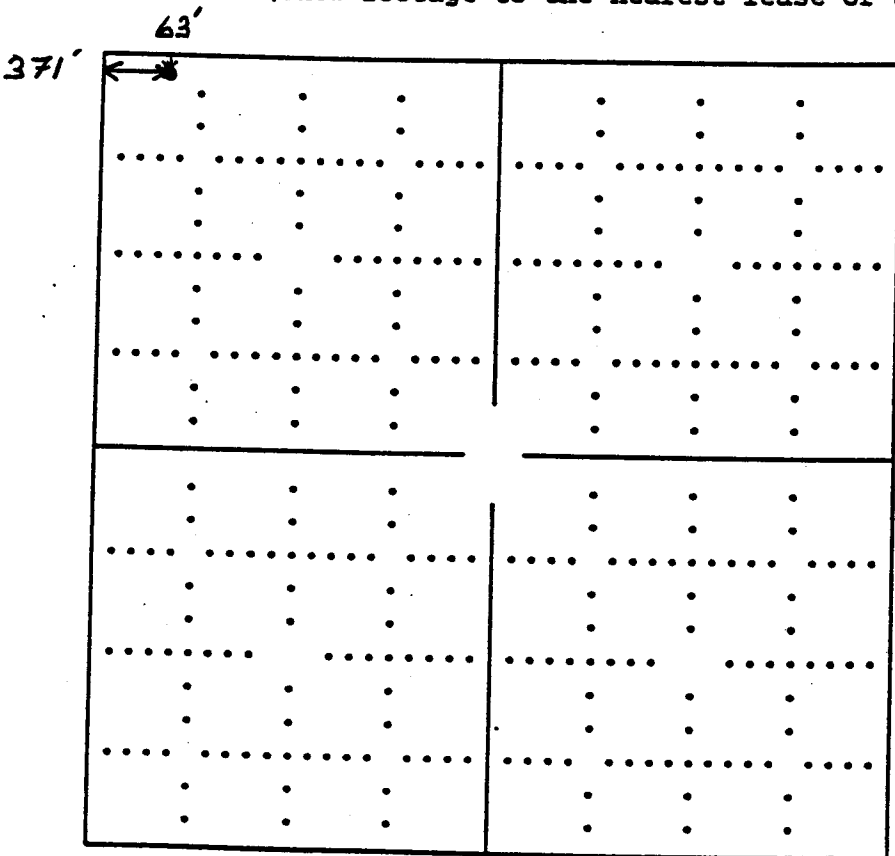
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please show all the wells 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 KLM EXPLORATION CO., INC. LOCATION OF WELL: COUNTY JEFFERSON
 LEASE WAGNER 5217 feet from south/north line of section
 WELL NUMBER 9H 4909 feet from east/west line of section
 FIELD MCLOUTH STORAGE FIELD SECTION 17 TWP 10 RG 20

NUMBER OF ACRES ATTRIBUTABLE TO WELL 20 IS SECTION XX REGULAR or _____ IRREGULAR
 QTR/QTR/QTR OF ACREAGE NW - NW - NW **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.)



SEWARD 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; and
- 3) the distance to the nearest lease or unit boundary line.