

For KCC Use: 4-7-04
Effective Date:

District # 1

SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL
Must be approved by KCC five (5) days prior to commencing well

Form C-1
September 1999
Form must be Typed
Form must be Signed
All blanks must be Filled

Expected Spud Date: April 8th 2004
month day year

Spot East West
AP 5/2 SE SW NW Sec. 12 Twp. 33 S. R. 12

OPERATOR: License #: 6484

2,510 feet from 1 (circle one) Line of Section

Name: Anderson Energy, Inc.

950 feet from 5 (circle one) Line of Section

Address: 221 S. Broadway

Is SECTION Regular Irregular?
(Note: Locate well on the Section Plat on reverse side)

City/State/Zip: Wichita, KS 67202

Contact Person: Thornton E. Anderson

County: Barber

Phone: 316-263-1006

Lease Name: Prothe Well #: 1-12

CONTRACTOR: License #: 5142

Field Name: Rhodes

Name: Sterling Drilling Company

Is this a Prorated/Spaced Field? Yes No

Well Drilled For: Well Class: Type Equipment:

Target Formation(s): Elgin Sand

- | | | | |
|--|-----------------------------------|---|--|
| <input type="checkbox"/> Oil | <input type="checkbox"/> Enh Rec | <input checked="" type="checkbox"/> Infield | <input checked="" type="checkbox"/> Mud Rotary |
| <input checked="" type="checkbox"/> Gas | <input type="checkbox"/> Storage | <input type="checkbox"/> Pool Ext. | <input type="checkbox"/> Air Rotary |
| <input type="checkbox"/> OWWO | <input type="checkbox"/> Disposal | <input type="checkbox"/> Wildcat | <input type="checkbox"/> Cable |
| <input type="checkbox"/> Seismic: _____ # of Holes | <input type="checkbox"/> Other | | |
| <input type="checkbox"/> Other | | | |

Nearest Lease or unit boundary: 370' (Unit Att)

Ground Surface Elevation: 1,422' feet MSL

Water well within one-quarter mile: Yes No

Public water supply well within one mile: Yes No

Depth to bottom of fresh water: 150'

Depth to bottom of usable water: 180'

Surface Pipe by Alternate: X 1 2

Length of Surface Pipe Planned to be set: 300'

Length of Conductor Pipe required: NONE

Projected Total Depth: 3,800'

Formation at Total Depth: Lansing

Water Source for Drilling Operations:

Well Farm Pond Other Creek

DWR Permit #: SDC Applied For

Note: Apply for Permit with DWR

Will Cores be taken? Yes No

If Yes, proposed zone: _____

If OWWO: old well information as follows:

Operator: _____

Well Name: _____

Original Completion Date: _____ Original Total Depth: _____

Directional, Deviated or Horizontal wellbore? Yes No

If Yes, true vertical depth: _____

Bottom Hole Location: _____

KCC DKT#: _____

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APR 02 2004

CONSERVATION DIVISION
WICHITA, KS

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 underlying formation.
4. If the 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 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: 04/01/04 Signature of Operator or Agent: Thornton E. Anderson Title: President

For KCC Use ONLY
API # 15 - 007-22818-00-00

Conductor pipe required NONE feet

Minimum surface pipe required 200 feet per Alt. 1

Approved by: RJP 4-2-04

This authorization expires: 10-3-04
(This authorization void if drilling not started within 6 months of effective date.)

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.

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

12
33
12w

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: Anderson Energy, Inc.
 Lease: Prothe
 Well Number: #1-12
 Field: Rhodes
 Number of Acres attributable to well: 160
 QTR / QTR / QTR of acreage: _____ - _____ - _____

Location of Well: County: Barber
 _____ feet from S (N) (circle one) Line of Section
 _____ feet from E (W) (circle one) Line of Section
 Sec. 12 Twp. 33 S. R. 12 East West

Is Section _____ Regular or Irregular

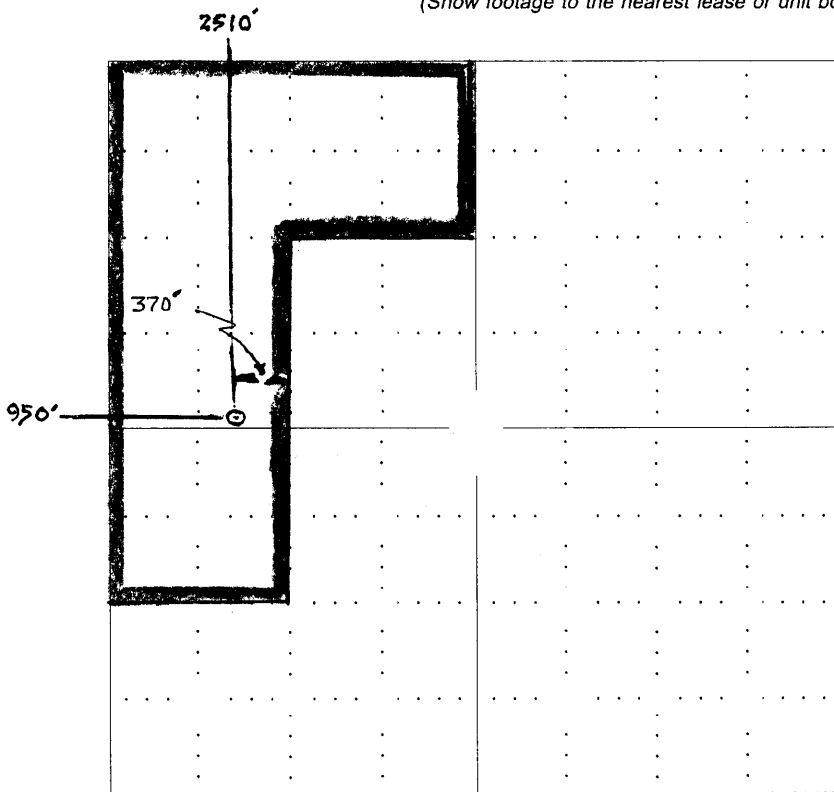
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: ___ NE NW ___ SE ___ SW

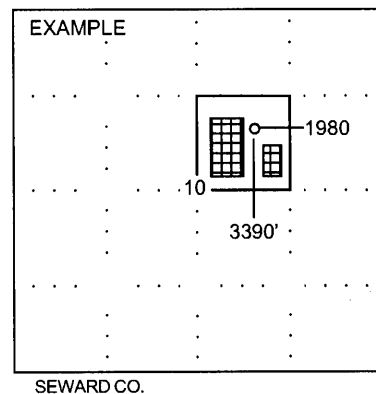
PLAT

(Show location of the well and shade attributable acreage for prorated or spaced wells.)

(Show footage to the nearest lease or unit boundary line.)



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 WICHITA, KS



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

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: (C0-7 for oil wells; CG-8 for gas wells).

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR
BRIAN J. MOLINE, CHAIR
JOHN WINE, COMMISSIONER
ROBERT E. KREHBIEL, COMMISSIONER

April 2, 2004

Mr. Thornton Anderson
Anderson Energy, Inc.
221 So. Broadway Ste 302
Wichita, KS 67202

RE: Drilling Pit Application
Prothe Lease Well No. 1-12
NW/4 Sec. 12-33S-12W
Barber County, Kansas

Dear Mr. Anderson:

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.

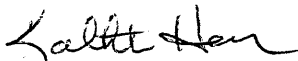
If production casing is set all completion fluids shall be removed on a daily basis.

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,



Kathleen Haynes
Environmental Protection and Remediation Department

cc: S Durrant