

For KCC Use:

523.04

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL

Form C-1
December 2002
Form must be Typed
Form must be Signed
All blanks must be Filled

Effective Date: 4

District # 4

SGA? [X] Yes [] No

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

Expected Spud Date 5-18-2004
month day year

Spot S/2 N/2 S/2 Sec. 10 Twp. 20 S. R. 11 East West

OPERATOR: License# 32778 2/28/05

3630 feet from N/S Line of Section
2490 feet from E/W Line of Section

Name: CAT Energy, LLC

Is SECTION Regular [X] Irregular?

Address: PO Box 507

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

City/State/Zip: Galva, KS 67443-0507

County: Barton

Contact Person: Delmar Nightingale

Lease Name: D. Panning Well #: 3

Phone: 620/654-3262

Field Name: Chase-Silica

CONTRACTOR: License# 5929 6/30/04

Is this a Prorated / Spaced Field? [] Yes [X] No

Name: DUKE Drilling Co., Inc.

Target Formation(s): Arbuckle

- Well Drilled For: Oil, Gas, OWWO, Seismic, Other
Well Class: Enh Rec, Storage, Disposal, # of Holes, Other
Type Equipment: Infield, Pool Ext, Wildcat, Other
Mud Rotary, Air Rotary, Cable

* Nearest Lease or unit boundary: 990'

Ground Surface Elevation: 1785 GL +/- feet MSL

Water well within one-quarter mile: [X] Yes [] No

Public water supply well within one mile: [] Yes [X] No

Depth to bottom of fresh water: 180'

Depth to bottom of usable water: 230'

Surface Pipe by Alternate: [X] 1 [] 2

Length of Surface Pipe Planned to be set: 300' +

Length of Conductor Pipe required: None Required

Projected Total Depth: 3500'

Formation at Total Depth: Arbuckle

Water Source for Drilling Operations: [] Well [] Farm Pond Other [X]

DWR Permit #: (Note: Apply for Permit with DWR [])

Will Cores be taken? [] Yes [X] 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 [X] No

If Yes, true vertical depth:

Bottom Hole Location:

KCC DKT #:

RECEIVED KANSAS CORPORATION COMMISSION

MAY 11 2004

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:

* Unit description rec'd

- 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. Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,891-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 to the best of my knowledge and belief.

Date: 5-11-2004 Signature of Operator or Agent: J.M. Hadix Title: Well-Site Geo

For KCC Use ONLY
API # 15 - 009-24793-00-00
Conductor pipe required NONE feet
Minimum surface pipe required 250 feet per Alt. 1
Approved by: RJP 5-18-04
This authorization expires: 11-18-04
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 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.
- If this permit has expired (See: authorized expiration date) please check the box below and return to the address below.

[] Well Not Drilled - Permit Expired

Signature of Operator or Agent:

Date:

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

10 20 1/2

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 - 009-
 Operator: CAT Energy, LLC
 Lease: D. Panning
 Well Number: #3
 Field: Chase-Silica
 Number of Acres attributable to well: N/A
 QTR / QTR of acreage: N/A

Location of Well: County: Barton
3630' feet from N / S Line of Section
2490' feet from E / W Line of Section
 Sec. 10 Twp. 20 S. R. 11 East West

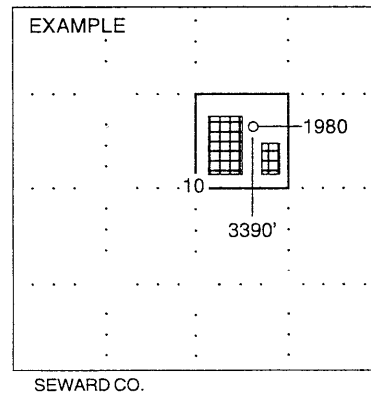
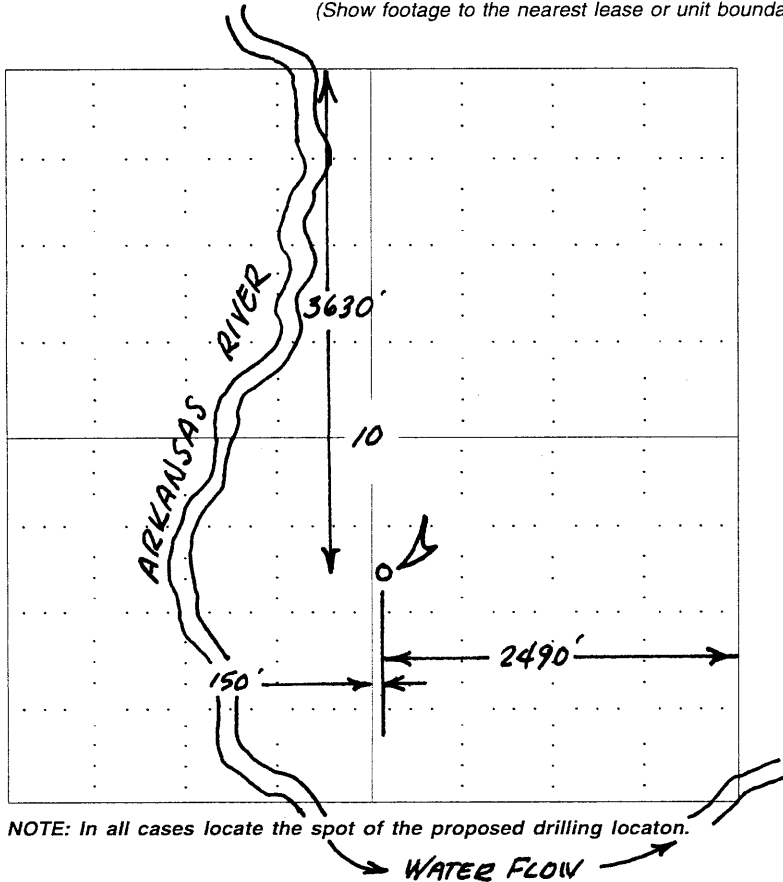
Is Section: Regular or Irregular

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.)*



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

May 12, 2004

Mr. Delmar Nightingale
CAT Energy, LLC
PO Box 507
Galva, KS 67443-0507

RE: Drilling Pit Application
D. Panning Lease Well No. 3
SE/4 Sec. 10-20S-11W
Barton County, Kansas

Dear Mr. Nightingale:

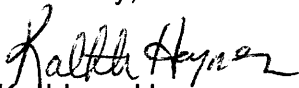
District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, if sand is encountered during the construction of the reserve pit or working pits, please call the District Office at (785) 625-0550. The free fluids must be removed from the reserve pit 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 (785) 625-0550 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: H Deines