

EFFECTIVE DATE: 1-27-99
DISTRICT # 4
SGA? Yes X No

State of Kansas
NOTICE OF INTENTION TO DRILL

FORM MUST BE TYPED
FORM MUST BE SIGNED
ALL BLANKS MUST BE FILLED

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

Expected Spud Date January 29th 1999
month day year

Spot 140' N & 150' W
C E/2 NW Sec 23 Twp 2 S, Rg 42W X West

OPERATOR: License # 31120
Name: PELICAN HILL OIL & GAS, INC.
Address: 1401 North El Camino Real, Suite 207
City/State/Zip: San Clemente, CA 92672
Contact Person: Allen J. Gross
Phone: (949) 498-2101

1130 feet from XXXX North line of Section
1830 feet from XXXX West line of Section
IS SECTION X REGULAR IRREGULAR?

(NOTE: Locate well on the Section Plat on Reverse Side)

CONTRACTOR: License #: 31548
Name: Discovery Drilling, Inc.

County: Cheyenne
Lease Name: Rath Well #: 2
Field Name: Wildcat (CHERRY CREEK NIOBRARA GAS)

Is this a Prorated/Spaced Field? yes no X
Target Formation(s): Niobrara

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

Nearest lease or unit boundary: 1130'
Ground Surface Elevation: 3700' EST feet MSL

Water well within one-quarter mile: yes X no
Public water supply well within one mile: yes X no

If OWWO: old well information as follows:
Operator:
Well Name:
Comp. Date: Old Total Depth

Depth to bottom of fresh water: 300'
X Depth to bottom of usable water: 300'

Surface Pipe by Alternate: X 1 250' 350'
Length of Surface Pipe Planned to be set:

Length of Conductor pipe required: None
Projected Total Depth: 1800'

Formation at Total Depth: Niobrara
Water Source for Drilling Operations:
... well X farm pond ... other

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

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

* BEDROCK AT 300' WATER WELL @ 290'

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: Jan. 20, 1999 Signature of Operator or Agent: Thomas A. ... Title: Agent

FOR KCC USE:
API # 15- 023-203560000
Conductor pipe required NONE feet
Minimum surface pipe required 250 feet per Alt. (1) X
Approved by: JK 1-22-99
This authorization expires: 7-22-99
(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 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 207B, Wichita, Kansas 67202.

23
2
42W

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.

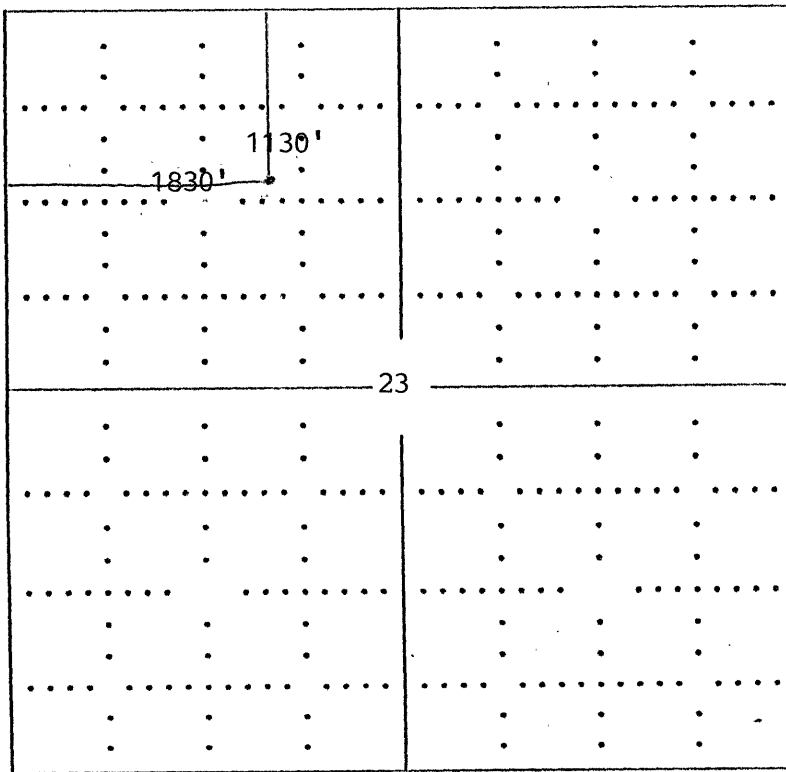
API NO. 15- _____
 OPERATOR PELICAN HILL OIL & GAS, INC. LOCATION OF WELL: COUNTY Cheyenne
 LEASE Rath 1130 feet from ~~XXXX~~ north line of section
 WELL NUMBER 2 1830 feet from ~~XXXX~~ west line of section
 FIELD Wildcat SECTION 23 TWP 2S RG 42W

NUMBER OF ACRES ATTRIBUTABLE TO WELL 160 IS SECTION X REGULAR or _____ IRREGULAR
 QTR/QTR/QTR OF ACREAGE _____ IF SECTION IS IRREGULAR, LOCATE WELL FROM NEAREST CORNER BOUNDARY.

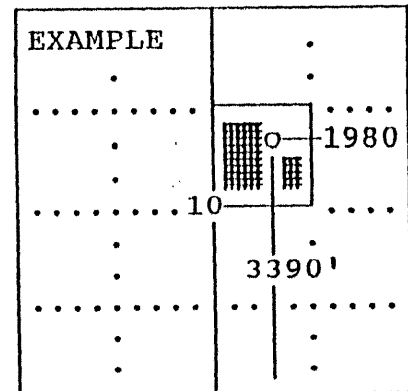
Section corner used: _____ NE _____ NW _____ SE _____ SW

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.)



Cheyenne Co.



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.