

For KCC Use: 8-7-04
Effective Date: _____
District #: _____
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

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

NOTICE OF INTENT TO DRILL

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

Expected Spud Date September 15, 2004
month day year

Spot East West
Ap SW SW4 - SW4 - NE4 Sec. 3 Twp. 18 S. R. 40
2440 feet from N / S Line of Section
2440 feet from E / W Line of Section
Is SECTION Regular Irregular?

OPERATOR: License# 03926
Name: Monarch Petroleum Corporation
Address: 309 West 7th Street, Suite 702
City/State/Zip: Fort Worth, TX 76102
Contact Person: W. Kenneth Hall
Phone: 817-877-3883

(Note: Locate well on the Section Plat on reverse side)
County: Greeley
Lease Name: Nix Well #: 2-3
Field Name: Byerly

CONTRACTOR: License# 33375
Name: Cheyenne Drilling LP

Is this a Prorated / Spaced Field? Yes No
Target Formation(s): Towanda/Et. Riley
Nearest Lease or unit boundary: 2440'
Ground Surface Elevation: +3600' feet MSL

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

Water well within one-quarter mile: Yes No
Public water supply well within one mile: Yes No
Depth to bottom of fresh water: 200' *SW/4, Sec. 3
Depth to bottom of usable water: 1600' 1650'

If OWWO: old well information as follows:
Operator: _____
Well Name: _____
Original Completion Date: _____ Original Total Depth: _____

Surface Pipe by Alternate: 1 2
Length of Surface Pipe Planned to be set: 300'
Length of Conductor Pipe required: NONE
Projected Total Depth: 3,000'
Formation at Total Depth: Chase Group (Florence)

Directional, Deviated or Horizontal wellbore? Yes No

If Yes, true vertical depth: _____

Bottom Hole Location: _____

KCC DKT #: _____

Water Source for Drilling Operations:
 Well Farm Pond Other Haul

DWR Permit #: _____

(Note: Apply for Permit with DWR)

Will Cores be taken? Yes No

If Yes, proposed zone: _____

* Unitized section - info received

AFFIDAVIT

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JUL 29 2004

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:

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: July 27, 2004 Signature of Operator or Agent: W. Kenneth Hall Title: President

For KCC Use ONLY
API # 15 - 071-20800-0000
Conductor pipe required NONE feet
Minimum surface pipe required 2.20 feet per Alt. * (2)
Approved by: RJP 8-2-04
This authorization expires: 2-2-05
(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.
- 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

W
100
403

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a prorated or spaced field

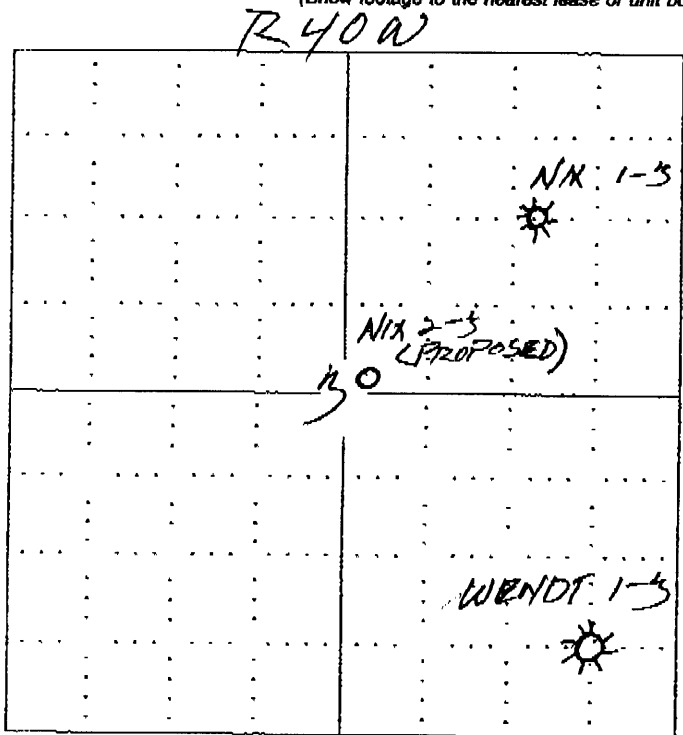
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please 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: MONARCH PETROL CORP
 Lease: NIX
 Well Number: 2-3
 Field: BYERLEY
 Number of Acres attributable to well: N/A
 QTR / QTR / QTR of acreage: _____

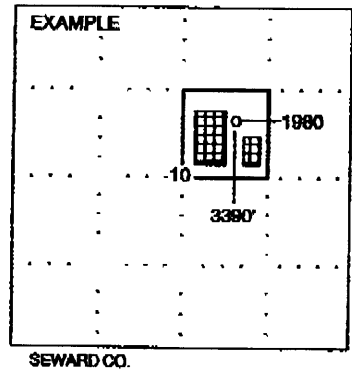
Location of Well: County: GREBLEY
2440 feet from N S Line of Section
2440 feet from E W Line of Section
 Sec. 3 Twp. 18S S. R. 40 East West
 Is Section: Regular or Irregular
 If Section is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

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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 CONSERVATION DIVISION
 WICHITA, KS



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

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