

For KCC Use:

Effective Date: 8-21-04

District # _____

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 August 18 2004
Month day year

OPERATOR: License #: 30931

Name: Daystar Petroleum, Inc.

Address: 1321 W 93rd St. N

City/State/Zip: Valley Center, Kansas 67147

Contact Person Charles Schmidt

Phone: 316-755-3492

CONTRACTOR: License # 5822

Name: VAL Energy, Inc.

Well Drilled For:	Well Class:	Type Equipment:
<input type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input type="checkbox"/> Infield
<input checked="" type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Pool Ext.
<input type="checkbox"/> OWWO	<input type="checkbox"/> Disposal	<input checked="" type="checkbox"/> Wildcat
<input type="checkbox"/> Seismic;	# of Holes _____	<input type="checkbox"/> Other _____
<input type="checkbox"/> Other _____		

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 #: _____

RECEIVED

AUG 09 2004

KCC WICHITA

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 the 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 cement in;
6. If and 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: 8/16/04 Signature of Operator or Agent: Charles J. Schmidt Title: President

For KCC Use ONLY:

API: # 15- 033-21406 0000

Conductor pipe required NONE feet

Minimum surface pipe required 200 feet per Alt. 1

Approved by: ASP 8-16-04

This authorization expires: 2-16-05

(This authorization void if drilling not started within 6 month 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 2078, Wichita, Kansas 67202.

16
34
193

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: Daystar Petroleum, Inc.
 Lease: Ransom
 Well Number: 16-1
 Field: _____

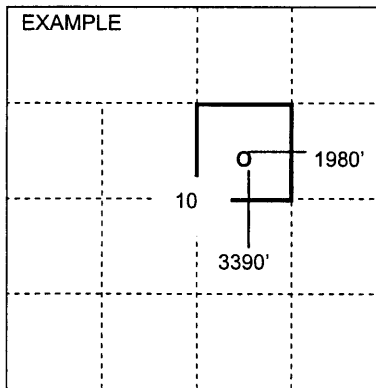
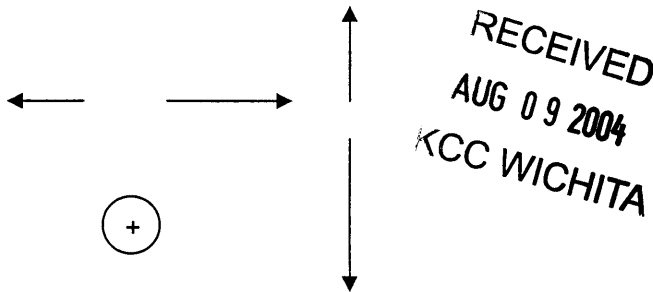
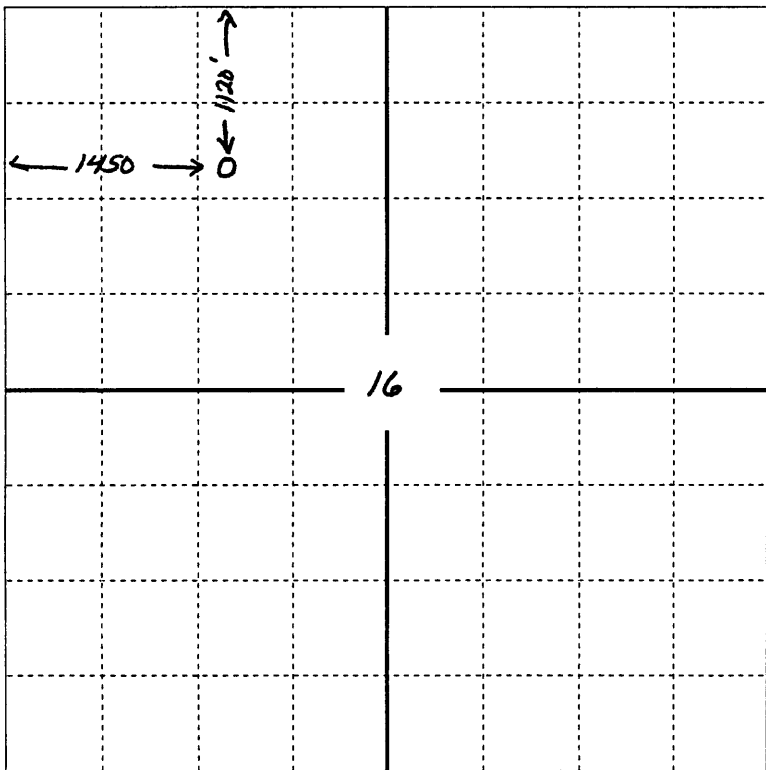
Location of Well: County Comanche
 1120' _____ Feet from S / N Line of section
 1450' _____ Feet from E / W Line of section
 Sec: 16 Twp: 34 S. R 19 East West

Number of Acres Attributable to Well _____
 QTR/QTR/QTR OF ACREAGE _____ - _____ - NW

Is Section X 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.)*



SEWARD CO.

NOTE: In all cases located 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 with 8 surrounding section, 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.
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).

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

ROBERT E. KREHBIEL, COMMISSIONER

MICHAEL C. MOFFET, COMMISSIONER

August 16, 2004

Mr. Charles Schmidt
Daystar Petroleum, Inc.
1321 W 93rd St. N.
Valley Center, KS 67147

RE: Drilling Pit Application
Ransom Lease Well No. 16-1
NW/4 Sec. 16-34S-19W
Comanche County, Kansas

Dear Mr. Schmidt:

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.

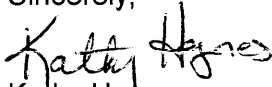
If production casing is set all completion fluids shall be removed on a daily basis.

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,



Kathy Haynes

Environmental Protection and Remediation Department

cc: S Durrant