

OWWO

For KCC Use: Effective Date: 9-19-04 District # 2 SGA? Yes No

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

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

Expected Spud Date 9-07-04 month day year

AP. N/2-SE-SW-SE

AP Spot C SW SE Sec. 21 Twp. 27 S. R. 7 East West

OPERATOR: License# 33214 Name: Ronald D. Blubaugh Address: PO Box 66 City/State/Zip: Tonkawa OK 74653-0066 Contact Person: Ronald D. Blubaugh Phone: 580-628-2284

585 feet from N / S Line of Section 1955 feet from E / W Line of Section

Is SECTION Regular Irregular?

CONTRACTOR: License# 5892 Name: Berentz Drilling Company, Inc.

(Note: Locate well on the Section Plat on reverse side) County: Kingman Lease Name: Schwartz Well #: 1 Field Name: Wildcat

Is this a Prorated / Spaced Field? Yes No Target Formation(s): Mississippi

Nearest Lease or unit boundary: 585 Ground Surface Elevation: 1596 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: 120' Depth to bottom of usable water: 180'

Surface Pipe by Alternate: 1 2 Length of Surface Pipe ~~Planned to be set:~~ 232' set 234' set

Length of Conductor Pipe required: None Projected Total Depth: 4000'

Formation at Total Depth: Mississippi

Water Source for Drilling Operations: Well Farm Pond Other Hauled

DWR Permit #: _____ (Note: Apply for Permit with DWR) Will Cores be taken? Yes No

If Yes, proposed zone: _____

Per OPER contract

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

If OWWO: old well information as follows: Operator: Barnett Oil, Inc. Well Name: #1 O'Neal Original Completion Date: 8-16-76 Original Total Depth: 4269

Directional, Deviated or Horizontal well? Yes No

If Yes, true vertical depth: KANSAS CORPORATION COMMISSION

Bottom Hole Location: _____ KCC DKT #: SEP 01 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 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: 9-01-04 Signature of Operator or Agent: [Signature] Title: Agent

For KCC Use ONLY API # 15 - 095-20507-00-01 Conductor pipe required NONE feet Minimum surface pipe required 234 feet per Alt 1 X Approved by: DPW 9-14-04 This authorization expires: 3-14-05 (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

21 27 110

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: Ronald D. Blubaugh
 Lease: Schwartz
 Well Number: 1
 Field: Wildcat

Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: C - SW - SE

Location of Well: County: Kingman
585 feet from N / S Line of Section
1955 feet from E / W Line of Section
 Sec. 21 Twp. 27 S. R. 7 East West

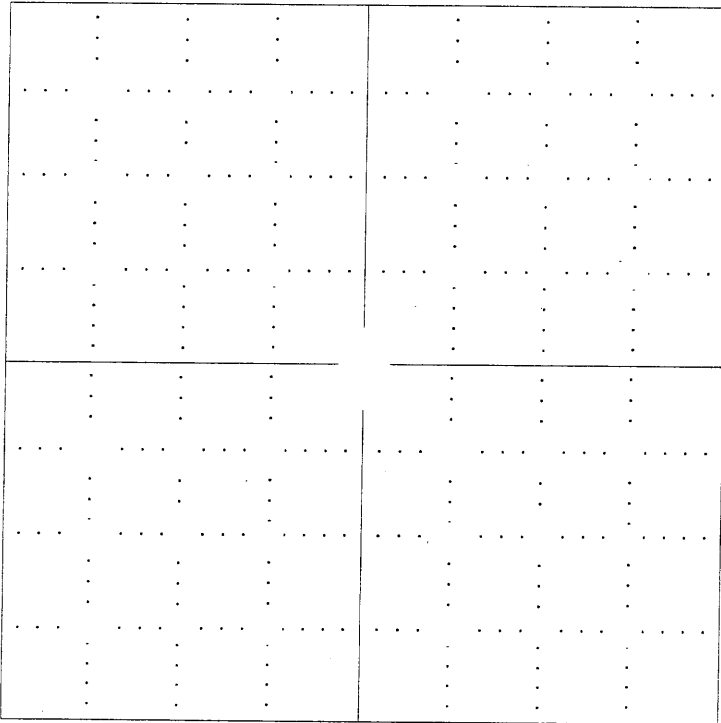
Is Section: Regular or Irregular

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

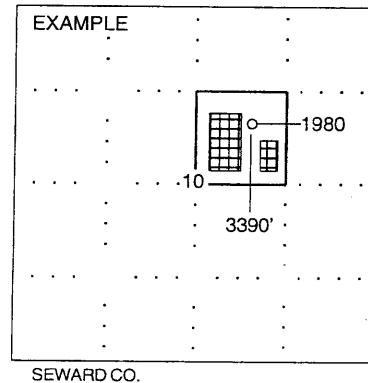
Section corner used: NE NW SE SW

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.)*



RECEIVED
 KANSAS CORPORATION COMMISSION
 SEP 01 2004
 CONSERVATION DIVISION
 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: (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

September 13, 2004

Mr. Ronald D. Blubaugh
Ronald D. Blubaugh
PO Box 66
Tonkawa, OK 74653-0066

Re: Drilling Pit Application
Schwartz Well No. 1
SE/4 Sec. 21-27S-07W
Kingman County, Kansas

Dear Mr. Blubaugh:

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 **all pits must be lined with bentonite**. 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 within 72 hours after drilling operations have ceased.

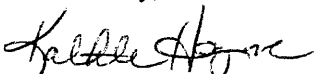
If production casing is set all completion fluids shall be removed on a daily basis.

The fluids should be taken to an authorized disposal well. Please call the District Office at (316) 337-6231 when the fluids have been removed. Also, please file the enclosed CDP-5, 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.

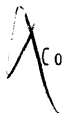
If you have any questions or concerns please feel free to contact the undersigned at the above address.

Sincerely,



Kathleen Haynes
Environmental Protection and Remediation Department

cc: Doug Louis



Conservation Division, Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802

Voice 316.337.6200 Fax 316.337.6211 www.kcc.state.ks.us