

For KCC Use:
Effective Date:
District #
SGA? Yes No

9-20-04
4

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

APCO's # 190' 2nd

Expected Spud Date September 28, 2004
month day year

Spot East
SE - NE - SW Sec. 19 Twp. 8 S. R. 26 West
1590 feet from N / S Line of Section
2120 feet from E / W Line of Section
Is SECTION Regular Irregular?

OPERATOR: License# 33335 12/30/04
Name: IA Operating, Inc.
Address: 900 N Tyler Rd #14
City/State/Zip: Wichita KS 67212
Contact Person: Hal Porter
Phone: 316-721-0036

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

County: Sheridan
Lease Name: Kathleen Well #: 19-1
Field Name: Overlook

CONTRACTOR: License# 30606 12/30/04
Name: Murfin Drilling Company, Inc.

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

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
 Other

Nearest Lease or unit boundary: 1590
Ground Surface Elevation: 1704 ~~1704~~ 2600 feet 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: 150 200
Depth to bottom of usable water: 1340

Surface Pipe by Alternate: 1 2
Length of Surface Pipe Planned to be set: 200 250' MIN

Length of Conductor Pipe required: None
Projected Total Depth: 3600

Formation at Total Depth: unknown
Water Source for Drilling Operations:
 Well Farm Pond Other X

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

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

Directional, Deviated or Horizontal wellbore? Yes No
If Yes, true vertical depth:
Bottom Hole Location:
KCC DKT #:

Yes, proposed zone:

Replaces Intent filed earlier on same location and expired.
Old intent API# 15-179-21112

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: September 14, 2004 Signature of Operator or Agent: Hal Porter Title: President

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KCC WICHITA

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API # 15 - 179-21121-00-00
Conductor pipe required NONE feet
Minimum surface pipe required 250 feet per Alt. (2)
Approved by: RJP 9.15.04
This authorization expires: 3-15-05
(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:

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

19 8 26W

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

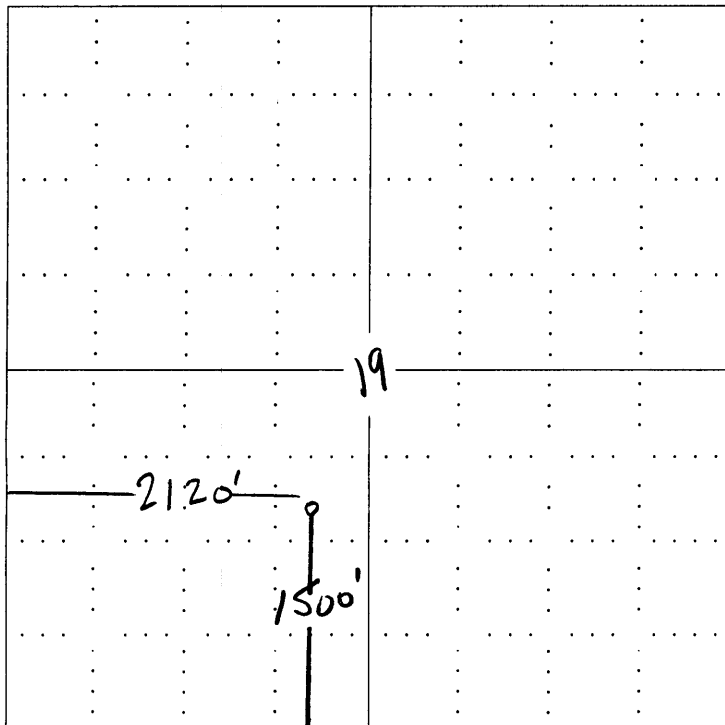
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please 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: IA Operating, Inc.
 Lease: Kathleen
 Well Number: 19-1
 Field: Overlook
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: SE - NE - SW

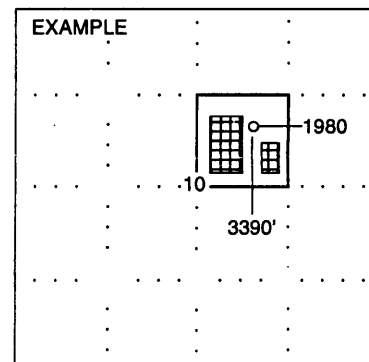
Location of Well: County: Sheridan
 1590 feet from N / S Line of Section
 2120 feet from E / W Line of Section
 Sec. 19 Twp. 8 S. R. 26 East West
 Is Section: Regular or Irregular
 If Section is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

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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SEWARD CO.

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 15, 2004

Mr. Hal Porter
IA Operating, Inc.
900 N. Tyler Rd #14
Wichita, KS 67212

RE: Drilling Pit Application
Kathleen Lease Well No. 19-1
SW/4 Sec. 19-08S-26W
Sheridan County, Kansas

Dear Mr. Porter:

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. **Please call the district office at (785) 625-0550 after the pits have been dug. District staff has determined that the free fluids must be removed.** The fluids are to be removed from the reserve pit as soon as practical after drilling operations have ceased.

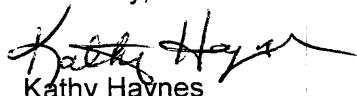
If production casing is set all completion fluids shall be removed on a daily basis.

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,



Kathy Haynes
Environmental Protection and Remediation Department

cc: H Deines