

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

JAN 30 2003

NOTICE OF INTENT TO DRILL

Must be approved by KCC five (5) days prior to commencing well CONSERVATION DIVISION
WICHITA, KS

For KCC Use:
Effective Date: 2.9-03
District #: 4
SGA? Yes No

Expected Spud Date February 1, 2003
month day year

OPERATOR: License# 31609
Name: Priority Oil & Gas LLC
Address: PO Box 27798
City/State/Zip: Denver, CO 80227-0798
Contact Person: Robbie Gries
Phone: 303-296-3435

CONTRACTOR: License# 8273
Name: Excell Drilling Co.

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

Spot East
SE SE NE Sec. 36 Twp. 4 S. R. 42 West
2535 feet from S / N (circle one) Line of Section
355 feet from E / W (circle one) Line of Section
Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)
County: Cheyenne
Lease Name: O'Brien Well #: 4-36
Field Name: Cherry Creek

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

Nearest Lease or unit boundary: 355' fel
Ground Surface Elevation: 3540 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: 150'

Surface Pipe by Alternate: X 1 2
Length of Surface Pipe Planned to be set: 300'

Length of Conductor Pipe required: none
Projected Total Depth: 1800'

Formation at Total Depth: Niobrara
Water Source for Drilling Operations:

Well Farm Pond Other _____
DWR Permit #: _____

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

If Yes, proposed zone: _____

AFFIDAVIT

640 ACRE BASE LEASE

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: 1-28-03 Signature of Operator or Agent: [Signature] Title: Office Manager

For KCC Use ONLY
API # 15 - 023-20483-00-00
Conductor pipe required NONE feet
Minimum surface pipe required 200 feet per Alt. 1
Approved by: RSP 2.4.03
This authorization expires: 8.4.03
(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.

36
4
425

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

JAN 30 2003

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

CONSERVATION DIVISION
WICHITA, KS

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: Priority Oil & Gas LLC
Lease: O'Brien
Well Number: 4-36
Field: Cherry Creek

Location of Well: County: Cheyenne
2535 feet from S (N) (circle one) Line of Section
355 feet from (E) / W (circle one) Line of Section
Sec. 36 Twp. 4 S. R. 42 East West

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

Is Section Regular or _____ Irregular

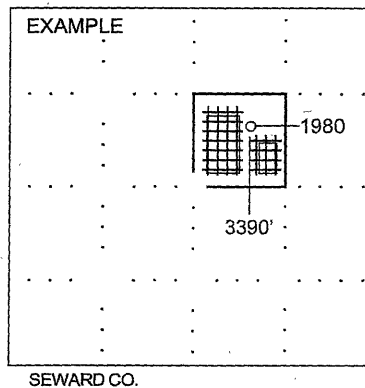
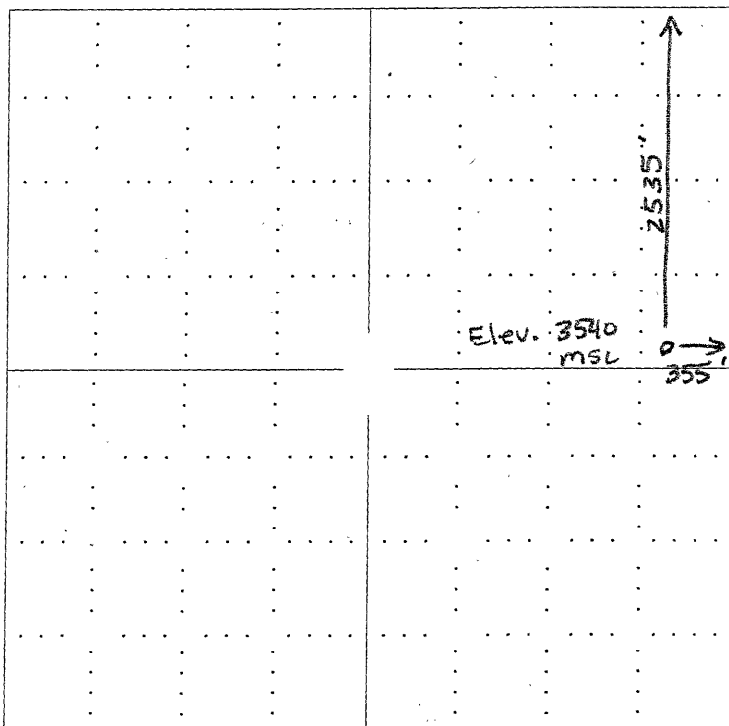
If Section is Irregular, locate well from nearest corner boundary.

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.)



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).

DECLARATION OF CONSOLIDATION
OF GAS LEASEHOLD ESTATES

BOOK 522 PAGE 310

THIS INSTRUMENT made and executed effective the first day of November, 1977, by Kansas-Nebraska Natural Gas Company, Inc., a Kansas corporation,

WITNESSETH:

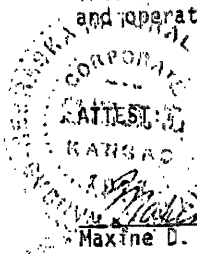
That,

WHEREAS, it is the desire of Kansas-Nebraska Natural Gas Company, Inc., to provide for the prevention of waste, conservation and greatest ultimate recovery of gas in the development and operation of sand, strata and formations hereinafter described for the production of gas under and pursuant to the terms and provisions of the oil and gas leases described in Exhibit "A" hereto annexed and made a part hereof, and to that end to unitize and consolidate said oil and gas leases into a consolidated gas leasehold estate insofar as they cover the natural gas production from the premises hereinafter described.

NOW, THEREFORE, in consideration of the premises, Kansas-Nebraska Natural Gas Company, Inc., pursuant to the right, power and authority conferred upon it as lessor, by assignment, in the oil and gas leases described in Exhibit "A" does hereby pool, consolidate and unitize said leases insofar as they cover the gas and gas rights only in all formations, sands and strata in and under the following described lands situated in Cheyenne County, Kansas, to-wit:

All of Section 1, Township 5 South, Range 42 West

into a consolidated gas leasehold estate and unitized area for the development and operation of same for the production of gas.



EXECUTED effective the day and year first above written.

KANSAS-NEBRASKA NATURAL GAS COMPANY, INC.

Maxine D. Denton, Asst. Secretary

Robert E. Johnson, Vice President

STATE OF COLORADO }
COUNTY OF JEFFERSON } SS

Be it remembered, that on this first day of November, 1977, before me, a Notary Public in and for said county, personally appeared Robert E. Johnson, Vice President of Kansas-Nebraska Natural Gas Company, Inc., a Kansas corporation, who is personally known to me and known to me to be the Vice President of said corporation, and the same person who executed the foregoing instrument, and he duly acknowledged the execution of the same for and on behalf of and as the act and deed of said corporation.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year above written.



Lynda A. Evans - Notary Public

Holzwarth 1-1

RECEIVED
KANSAS CORPORATION COMMISSION

FEB 03 2003

CONSERVATION DIVISION
WICHITA, KS