

CARD MUST BE TYPED

State of Kansas Replacement
NOTICE OF INTENTION TO DRILL
HUGOTON INFILL

CARD MUST BE SIGNED

SGA - YES

EFFECTIVE DATE .10/15/04 .

DIST#1

Starting Date .11 .20 .04 (Est.)
month day year

API Number 15 - 175-21950-00-00

OPERATOR: License # 7457 ✓
Name ELDER & VAUGHN, INC. 10/30/04
Address P.O. BOX 18938
City/State/Zip OKLAHOMA CITY, OK 73154
Contact Person JACK H. VAUGHN
Phone (405) 842-8877

50' s of S. CW/2 IS SECTION REGULAR X IRREGULAR
Sec 30 Twp. 33 S, Rg. 32 W
2590 Ft. from South Line of Section
3960 Ft. from East Line of Section

CONTRACTOR: License # 5382 6/30/04
Name CHEYENNE DRILLING, INC.
City/State GARDEN CITY, KS

NOTE: Attach acreage attribution plat locating both Chase (Hugoton) wells
Total number of acres attributed to unit 640.77

Well Drilled as: X New Recompletion OWWO ✓
Projected Total Depth 2800 feet
Formation CHASE (UPPER & LOWER KRIDER)

Nearest producing well from 2928'
same common source of supply 1320' feet ✓
Nearest lease or unit boundary line feet

If OWWO or Recompletion: old well info as follows:
Operator
Well Name
Comp. Date Old Total Depth

County SEWARD
Lease Name JACQUART Well # 2

I certify that well will comply with K.S.A. 55-101, et seq., plus eventually plugging hole to KCC specifications.
Date 10-12-04 Signature of Operator or Agent Title VICE PRESIDENT

Ground surface elevation 2810' feet MSL
Depth to bottom of fresh water 450 500

Depth to bottom of usable water 500 700
Surface pipe by Alternate: 1 X 2 ✓
Surface pipe planned to be set 1560

For KCC Use:

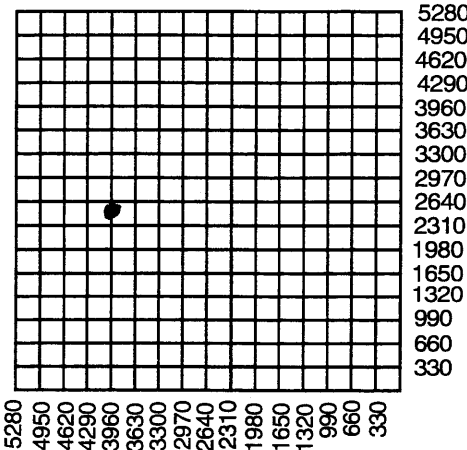
Conductor Pipe Required NONE feet; Minimum Surface Pipe Required 720 feet per Alt. 1 2
This Authorization Expires 4-26-04 Approved By RJP 10-26-04

Water Source for Drilled Operations:
DWR Permit # well farm pond X other

9/95

Must be filed with K.C.C. five (5) days prior to commencing well
This card void if drilling not started within six (6) months of date received by K.C.C.

A Regular Section of Land
1 Mile = 5,280 Ft.



Important procedures to follow:

1. Notify District office before setting surface casing.
2. Set surface casing by circulating cement to the top.
3. File completion forms ACO-1 with K.C.C. within 120 days of well spud date, following instructions on ACO-1, side 1, and including copies of wireline logs.
4. Notify District office 48 hours prior to old well workover or re-entry.
5. Submit plugging report (CP-4) to K.C.C. after plugging is completed.
6. If an alternate 2 completion, cement in the production pipe from below any useable water to surface within 120 days of spud date.

RECEIVED
OCT 14 2004
KCC WICHITA

State Corporation Commission of Kansas
Conservation Division
130 S. Market Room 2078
Wichita, Kansas 67202-1212
(316) 337-6231

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR
BRIAN J. MOLINE, CHAIR
ROBERT E. KREHBIEL, COMMISSIONER
MICHAEL C. MOFFET, COMMISSIONER

October 26, 2004

Mr. Jack H. Vaughn
Elder & Vaughn, Inc.
PO Box 18938
Oklahoma City, OK 73154

RE: Drilling Pit Application
Jacquart Lease Well No. 2
SW/4 Sec. 30-33S-32W
Seward County, Kansas

Dear Mr. Vaughn:

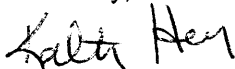
District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as the Hutchinson Salt 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. **District staff has advised that the pits need to be kept to the south or east of the stake away from the draw.**

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