

For KCC Use: 10-31-04
 Effective Date: 10-31-04
 District # 1
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION

Form C-1
 September 1999
 Form must be Typed
 Form must be Signed
 All blanks must be Filled

NOTICE OF INTENT TO DRILL

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

Expected Spud Date January 1, 2005
 month day year

Spot East West
SE SE SW NE Sec. 36 Twp. 21 S. R. 14
2480 feet from S / **(N)** (circle one) Line of Section
1500 feet from **(E)** / W (circle one) Line of Section
 Is SECTION Regular Irregular?

License# 32639
 OPERATOR: License#
 Name: Coral Production Corporation
 Address: 1600 Stout Street, Suite 1500
 City/State/Zip: Denver, Colorado 80202
 Contact Person: Jim Weber 5/30/05
 Phone: (303) 623-3573

(Note: Locate well on the Section Plat on reverse side)
 County: Stafford
 Lease Name: McGinty Well #: 3
 Field Name: McGinty

CONTRACTOR: License# 31548
 Name: Discovery Drilling 10/30/05

Is this a Prorated / Spaced Field? Yes No
 Target Information(s): Lansing/Arbuckle
 Nearest Lease or unit boundary: 160 feet 330+un.
 Ground Surface Elevation: 1919 feet MSL

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

Water well within one-quarter mile: Yes No
 Public water supply well within one mile: Yes No
 Depth to bottom of fresh water: 200 feet
 Depth to bottom of usable water: 280 feet

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

Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 350 feet
 Length of Conductor Pipe required: None
 Projected Total Depth: 3800 feet
 Producing Formation Target: Arbuckle

Directional, Deviated or Horizontal wellbore? Yes No
 If Yes, true vertical depth: RECEIVED
 Bottom Hole Location: _____
 CC DKT #: OCT 21 2004

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: _____

** Unitizing Information ATTACHED*
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 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: October 18, 2004 Signature of Operator or Agent: Jim R. Weber Title: President

For KCC Use ONLY
 API # 15 - 185-23283-00-00
 Conductor pipe required NONE feet
 Minimum surface pipe required 300 feet per Alt. **(1)**
 Approved by: RJPI0-26.04
 This authorization expires: 4-26-05
 (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.

36 21 140

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: _____
 Lease: _____
 Well Number: _____
 Field: _____
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: _____ - _____ - _____

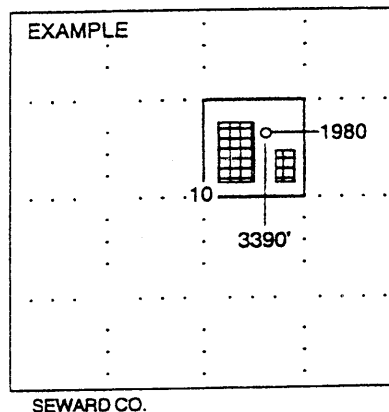
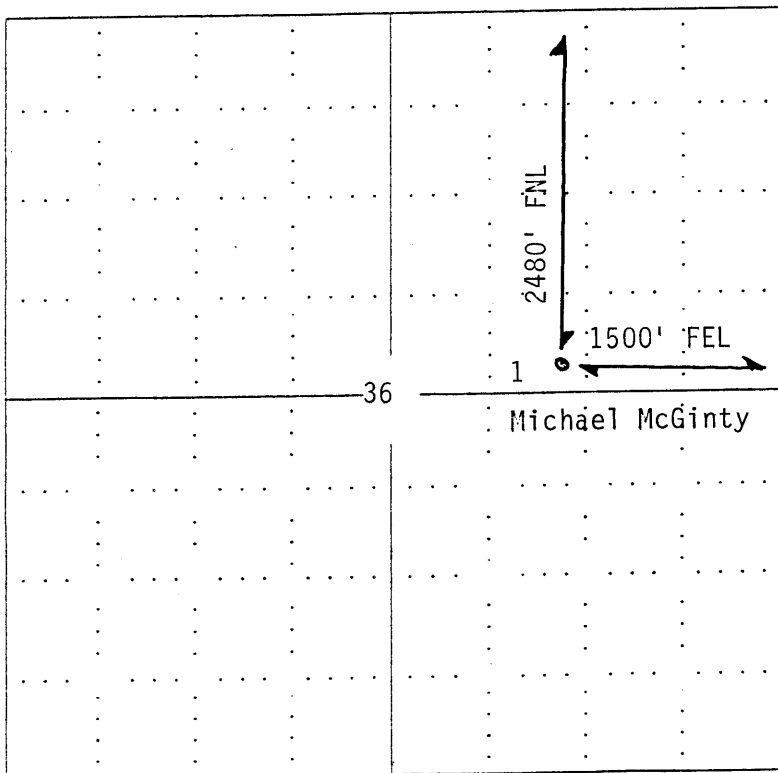
Location of Well: County: _____
 _____ feet from S / N (circle one) Line of Section
 _____ feet from E / W (circle one) Line of Section
 Sec. _____ Twp. _____ S. R. _____ East West

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.)*



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).

KANSAS

CORPORATION COMMISSION

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

October 26, 2004

Mr. Jim Weber
Coral Production Corporation
1600 Stout St Ste 1500
Denver, CO 80202

RE: Drilling Pit Application
McGinty Lease Well No. 3
NE/4 Sec. 36-21S-14W
Stafford County, Kansas

Dear Mr. Weber:

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