

For KCC Use: 1214.04
 Effective Date: _____
 District #: 2
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL

OWWO

Form C-1
 September 1999
 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 October 7, 2004
 month / day / year

Spot C SW SE Sec. 23 Twp. 32-S S. R. 8 East West
660 feet feet from (S) / (N) (circle one) Line of Section
1980 feet feet from (E) / (W) (circle one) Line of Section
 Is SECTION Regular Irregular?

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

(Note: Locate well on the Section Plat on reverse side)
 County: Harper
 Lease Name: Jones Well #: 1
 Field Name: Crystal Springs

CONTRACTOR: License# 33436
 Name: Forest Energy, LLC

Is this a Prorated / Spaced Field? Yes No
 Target Information(s): Mississippian
 Nearest Lease or unit boundary: 660 feet
 Ground Surface Elevation: 1403 feet feet MSL

Well Drilled For:	Well Class:	Type Equipment:
<input type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input type="checkbox"/> Infield
<input checked="" type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input checked="" type="checkbox"/> Mud Rotary
<input checked="" type="checkbox"/> OWWO	<input type="checkbox"/> Disposal	<input type="checkbox"/> Air Rotary
<input type="checkbox"/> Seismic; # of Holes _____	<input type="checkbox"/> Wildcat	<input type="checkbox"/> Cable
<input type="checkbox"/> Other _____	<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: 150 feet
 Depth to bottom of usable water: 150 feet 180

If OWWO: old well information as follows:
 Operator: Lario Oil & Gas Co.
 Well Name: #1 Wilson
 Original Completion Date: 8/1/72 Original Total Depth: 4870 ft

Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 8 5/8" set @298 feet
 Length of Conductor Pipe required: NONE
 Projected Total Depth: 4550 feet

Directional, Deviated or Horizontal wellbore? Yes No
 If Yes, true vertical depth: RECORDED
 Bottom Hole Location: _____
 CC DKT #: SEP 27 2004

Producing Formation Target: Mississippian
 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

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: 09/23/04 Signature of Operator or Agent: Jim R. Weber Title: President

For KCC Use ONLY
 API # 15 - 077-20159-00-01
 Conductor pipe required NONE feet
 Minimum surface pipe required 298 feet per Alt. (1)
 Approved by: RJP 12.9.04
 This authorization expires: 6.9.05
 (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.

23
32
83

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

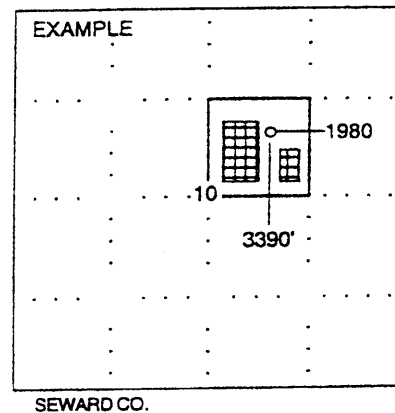
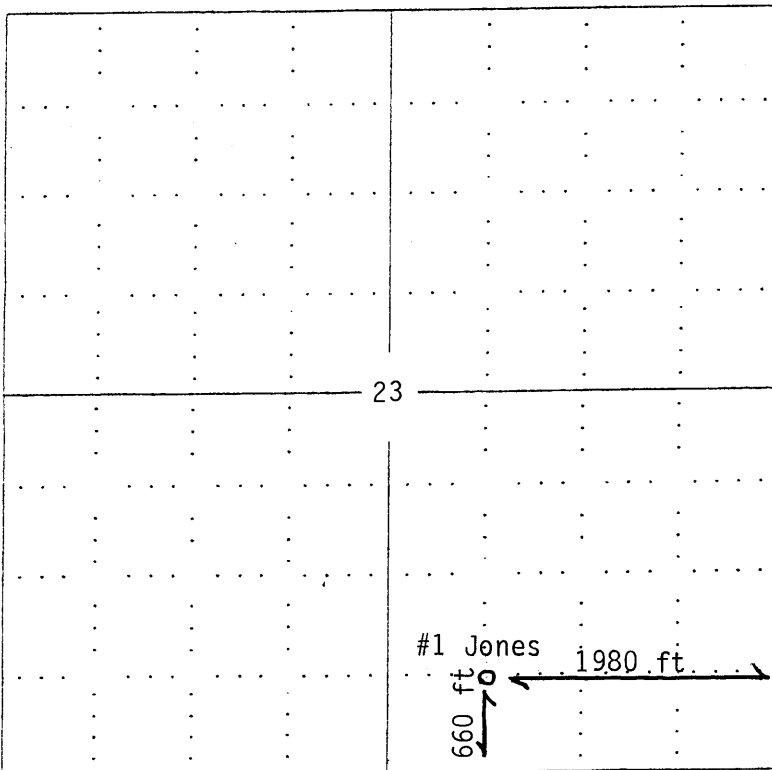
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please 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 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

December 9, 2004

Jim Weber
Coral Production Corporation
1600 Stout Street, Ste 1500
Denver CO 80202

Re: Drilling Pit Application
Jones Lease Well No. 1
SE/4 23-32S-08W
Harper County, Kansas

Dear Mr. Weber:

District staff has inspected the location and has determined that an unsealed condition will present a pollution threat to water resources.

District staff has recommended that the reserve pit be lined with bentonite and the free fluids must be removed. The fluids are to be removed from the reserve pit within 72 hours of completion of drilling operations.

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) 630-4000 when the fluids have been removed. Also, please file the enclosed Exploration and Production Waste Transfer, form CDP-5, 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,



Jonelle Rains, Supervisor
Department of Environmental Protection and Remediation

cc: Doug Louis
File