

For KCC Use: 12.8.04
 Effective Date: _____
 District # _____
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION

Gas Storage Area
 Blowout Preventer Required
 Form C-1
 December 2002
 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 December 10 2004
 month day year

OPERATOR: License# 3880
 Name: KC Resources, Inc
 Address: P.O. Box 6749
 City/State/Zip: Snowmass Village, CO
 Contact Person: Terrell Rowe
 Phone: (620) 770-2479

CONTRACTOR: License# _____
 Name: _____

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 _____

If OWWO: old well information as follows:
 Operator: Skelly Oil Co. (Operator is now KC Resources)
 Well Name: Krehbiel "A" No. 7
 Original Completion Date: 9/41 Original Total Depth: 3480

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

Spot East
CS/2 N/2 NE/4 Sec. 25 Twp. 27 S. R. 11 West
4290 feet from N / S Line of Section
1320 feet from E / W Line of Section
 Is SECTION Regular Irregular?

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

County: Pratt
 Lease Name: Cunningham "B" Unit Well #: 14
 Field Name: Cunningham

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Lansing Kansas City

Nearest Lease or unit boundary: Miles "A"

Ground Surface Elevation: 1700 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: 70 150

Depth to bottom of usable water: 180'

Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be set: 400' already set in well in 1941

Length of Conductor Pipe required: NONE

Projected Total Depth: 3750'

Formation at Total Depth: Lansing Kansas City

Water Source for Drilling Operations:

Well Farm Pond Other Hauled

DWR Permit #: _____

(Note: Apply for Permit with DWR)

Will Cores be taken? Yes No

If Yes, proposed zone: _____

Gas Storage Area
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AFFIDAVIT

B.O.P REQUIRED

**NOTIFY KCC DISTRICT #1
 72 HOURS BEFORE SPUD.**

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: 11/30/04 Signature of Operator or Agent: Terrell Rowe Title: Operations Manager

For KCC Use ONLY
 API # 15 - 151-10097.00-01
 Conductor pipe required NONE feet
 Minimum surface pipe required 400 feet per Alt. 1
 Approved by: RSP 12.3.04
 This authorization expires: 6-3-05
 (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: _____

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

RECEIVED
 DEC 03 2004
 KCC WICHITA

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 - 151-90153
 Operator: KC Resources, Inc
 Lease: Cunningham "B" Unit
 Well Number: 14
 Field: Cunningham

Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: CS/2 - N/2 - NE/4

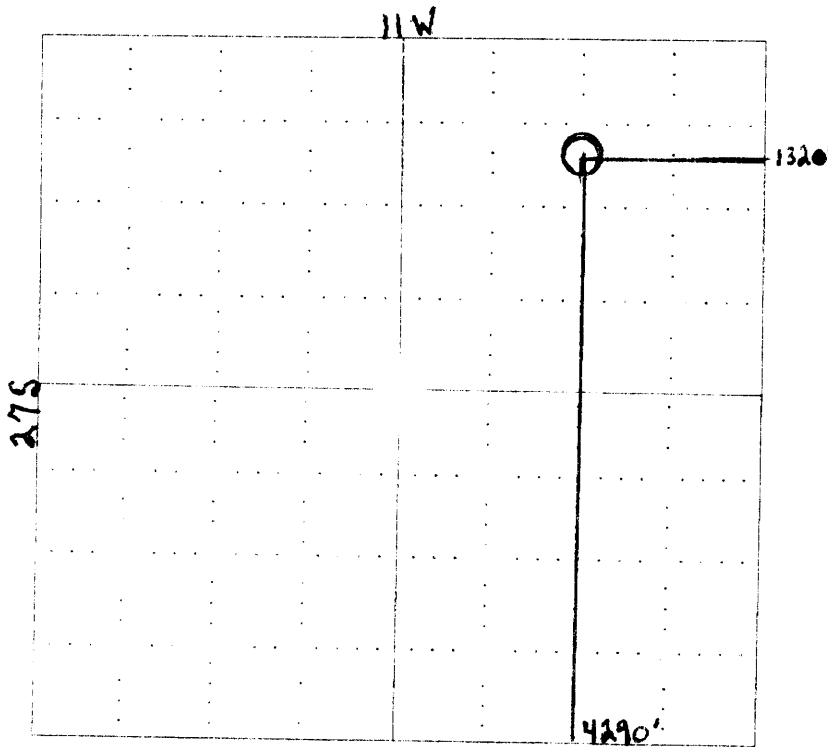
Location of Well: County: Pratt
4290 feet from N / S Line of Section
1320 feet from E / W Line of Section
 Sec. 25 Twp. 27 S. R. 11 East West

Is Section: Regular or Irregular

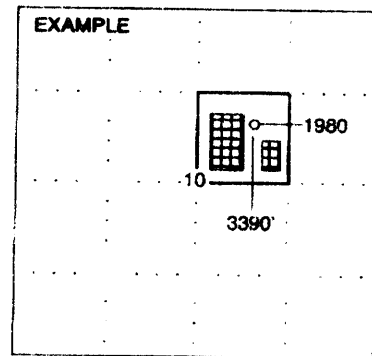
If Section is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

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.)*



The subject well is a deepening within unitized formations of the Cunningham "B" Unit that covers lands in the SW/4 of Sec. 19, the W/2 of Sec. 30, the NW/4 of Sec. 31 of T27S, R10W in Kingman County, Kansas. And the S/2, SE/4 of Sec. 24, all of Sec. 25 and the N/2 of Sec. 36 of T27S, R11W in Pratt County, Kansas.



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).

RECEIVED
 DEC 03 2004
 KCC WICHITA

KANSAS

CORPORATION COMMISSION

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

December 3, 2004

Mr. Terrell Rowe
KC Resources, Inc.
PO Box 6749
Snowmass Village, CO 81615

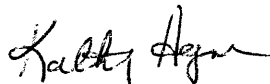
RE: Drilling Pit Application
Cunningham B Unit Lease Well No. 14
NE/4 Sec. 25-27S-11W
Pratt County, Kansas

Dear Mr. Rowe:

This office has been informed that steel pits are to be used at this location. Please inform the Commission in writing as to which disposal well you will utilize to dispose of the contents in the steel pits and the amount of fluid which will be disposed.

Should a haul-off pit be necessary, please complete the enclosed CDP-1. This location will have to be inspected prior to approval of the haul-off pit application.

Sincerely,



Kathy Haynes
Environmental Protection and Remediation Department

cc: S Durrant