

For KCC Use: 12-25-04
 Effective Date: 12-25-04
 District #: 3
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION

RECEIVED
 KANSAS CORPORATION COMMISSION
 December 2002
DEC 20 2004
 Form must be Typed
 Form must be Signed
 All blanks must be Filled
 WICHITA, KS

NOTICE OF INTENT TO DRILL
 Must be approved by KCC five (5) days prior to commencing work

Expected Spud Date January 13, 2005
 month day year

OPERATOR: License# 33239
 Name: River Gas Chanute, LLC
 Address: 509 Energy Center Blvd Suite 804
 City/State/Zip: Northport, AL 35473
 Contact Person: Mike Farrens/Gary Cox
 Phone: 205-752-3339

CONTRACTOR: License# 32980
 Name: Pense Brothers Drilling Co., Inc.

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"/> Pool Ext.
<input type="checkbox"/> OWWO	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat
<input type="checkbox"/> Seismic; # of Holes	<input type="checkbox"/> Other	<input type="checkbox"/> Mud Rotary
<input type="checkbox"/> Other		<input checked="" type="checkbox"/> Air Rotary
		<input type="checkbox"/> Cable

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 AP 120' W F45N
 S/2 SW1/4 SW/4 Sec. 8 Twp. 26 S. R. 20
 East
 West
375 feet from N / S Line of Section
1200 feet from E / W Line of Section
 Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)
 County: Allen
 Lease Name: Ludlum Well #: D1-8
 Field Name: Cherokee Basin Coal Area
 Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Cherokee Coal
 Nearest Lease or unit boundary: _____
 Ground Surface Elevation: 990 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: 100
 Depth to bottom of usable water: 200
 Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 20' +
 Length of Conductor Pipe required: None
 Projected Total Depth: 1150
 Formation at Total Depth: Cherokee Coal
 Water Source for Drilling Operations:
 Well Farm Pond Other Neosho Water District - Tap
 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 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: 12/16/04 Signature of Operator or Agent: David M. Chambers Title: Manager

For KCC Use ONLY
 API # 15 - 001-29178-0000
 Conductor pipe required NONE feet
 Minimum surface pipe required 20 feet per Alt. 2
 Approved: RJP 12-20-04
 This authorization expires: 0-20-05
 (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: _____

8 26 205

DEC 20 2004

CONSERVATION DIVISION
WICHITA, KS

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: River Gas Chanute, LLC
 Lease: Ludlum
 Well Number: D1-8
 Field: Cherokee Basin Coal Area
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: S/2 - SW/4 - SW/4

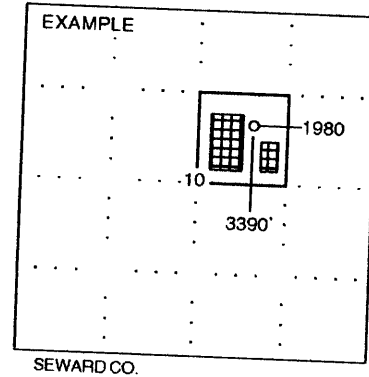
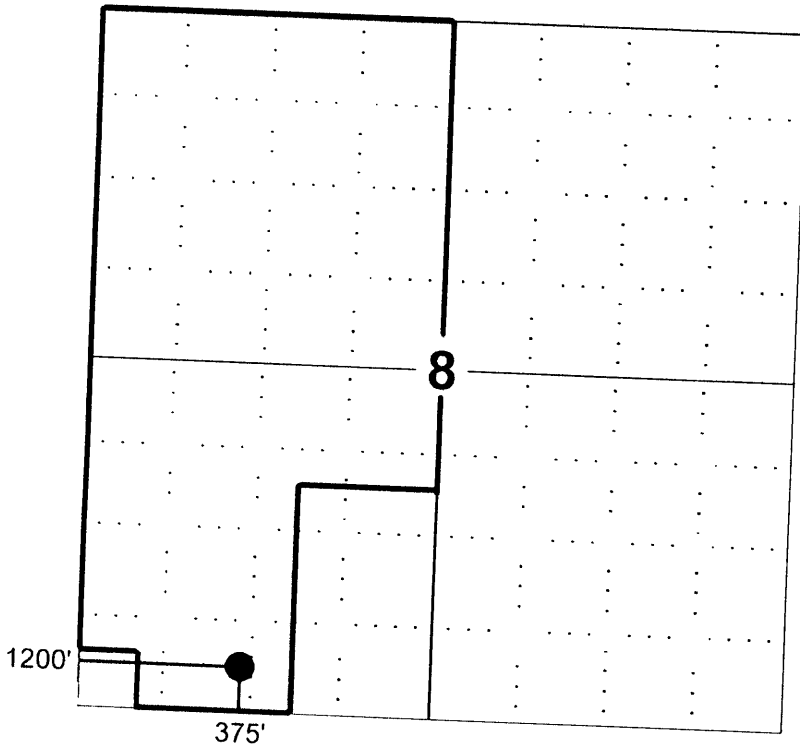
Location of Well: County: Allen
375 feet from N / S Line of Section
1200 feet from E / W Line of Section
 Sec. 8 Twp. 26 S. R. 20 East West

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.)



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).