

For KCC Use: 11-24-04
 Effective Date: 4
 District #: 4
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION

OWWO NOV 22 2004

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# 5363
 Name: BEREXCO, INC.
 Address: P. O. Box 20380
 City/State/Zip: Wichita, KS 67208
 Contact Person: Dana Wreath
 Phone: (316) 265-3311

CONTRACTOR: License# 30606
 Name: Murfin Drilling CO., Inc.

Spot C - SW - SE Sec. 7 Twp. 1 S. R. 34
 East
 West
660 feet from N / S Line of Section
1,980 feet from E / W Line of Section
 Is SECTION Regular Irregular?

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

County: Rawlins
 Lease Name: Lillian Well #: 2
 Field Name: Cahoj NW

Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Cedar Hills
 Nearest Lease or unit boundary: 660'
 Ground Surface Elevation: 3,116 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: 220' 200
 Depth to bottom of usable water: 228' 200

Well Drilled For: Oil Gas QWO Seismic; # of Holes Other
 Enh Rec Storage Disposal
 Well Class: Infield Pool Ext. Wildcat Other
 Type Equipment: Mud Rotap Air Rotary Cable

If OWWO: old well information as follows:
 Operator: Argosy Petroleum Co.
 Well Name: Sramek #2
 Original Completion Date: 10/13/1970 Original Total Depth: 4,300'

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

Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 268'
 Length of Conductor Pipe required: None
 Projected Total Depth: 2,600'
 Formation at Total Depth: Salt Plain
 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 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: November 18, 2004 Signature of Operator or Agent: Forest Buxton Title: Engineer Technician

RECEIVED
 JAN 25 2005
 KCC WICHITA

For KCC Use ONLY
 API # 15 - 153-20089-00-01
 Conductor pipe required NONE feet
 Minimum surface pipe required 268 feet per Alt 1
 Approved by: RJP 11-19-2004
 This authorization expires: 5.19.2005
 (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: Forest Buxton
 Date: JANUARY 24, 2005

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

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