CARD MUST BE TYPED

State of Kansas NOTICE OF INTENTION TO DRILL HUGOTON INFILL

CARD MUST BE SIGNED

SGA-YES

EFFECTIVE DATE . 4.27.05

Starting Date Upon approval month day year OPERATOR: License # 32864	API Number 15 - 055 - 2 1872 - 00.00 IS SECTION X REGULAR IRREGULAR SW
OPERATOR: License # 32864 Name XIO Energy, Inc. Address 210 Park Ave., Ste. 2350 City/State/Zip OkTahoma City, OK 73102 Contact Person Robin S. McCarley	
Phone (405) 319-3236 CONTRACTOR: License # 33375 Name Cheyenne Drilling LP City/State Garden City, KS Well Drilled as: New X Recompletion OWWO	Nearest producing well from same common source of supply
Projected Total Depth 3100 feet Formation Chase, Council Grove If OWWO or Recompletion: old well info as follows: Operator Well Name Comp. Date Old Total Depth	Nearest lease or unit boundary line. 1430 feet County Finney Lease Name Kansas Bh Lease Name Ramas
I certify that well will comply with K.S.A. 55-101, et seq., plus eventuall Date 4-18-05. Signature of Operator or Agent 2	y plugging hole to KCC specifications. Adam S. M. Carley Title Drilling Tech.
For KCC Use: Conductor Pipe Required NaNS This Authorization Expires 1.0.22.05	Surface Pipe Required 5 Zo feet per Alt. † 2 Approved By RSP 4 · Z2 · O.5

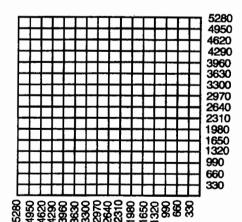
Must be filed with K.C.C. five (5) days prior to commencing well

This card void if drilling not started within six (6) months of date received by K.C.C.

APR 2 1 2006

KCC WICHITA

A Regular Section of Land 1 Mile = 5,280 Ft.



Important procedures to follow:

- 1. Notify District office before setting surface casing.
- 2. Set surface casing by circulating cement to the top.
- 3. File completion forms ACO-1 with K.C.C. within 120 days of well spud date, following instructions on ACO-1, side 1, and including copies of wireline logs.
- 4. Notify District office 48 hours prior to old well workover or re-
- 5. Submit plugging report (CP-4) to K.C.C. after plugging is completed.
- 6. If an alternate 2 completion, cement in the production pipe from below any useable water to surface within 120 days of spud date.

State Corporation Commission of Kansas Conservation Division 130 S. Market Room 2078 Wichita, Kansas 67202-1212 (316) 337-6231

KANSAS

CORPORATION COMMISSION

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

April 22, 2005

Ms. Robin McCarley XTO Energy, Inc. 210 Park Ave., Ste 2530 Oklahoma City, OK 73102

RE: Drilling Pit Application

Kansas B Lease Well No. 3I-2 SW/4 Sec. 02-25S-33W Finney County, Kansas

Dear Ms. McCarley:

District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed <u>without slots</u>, 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 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