

RECEIVED

JUL 29 2005

Form C-1

September 1999

Form must be Typed

Form must be Signed

All blanks must be Filled

For KCC Use: Effective Date: 8-7-05 District # SGA? [X] Yes [ ] No

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL

Must be approved by KCC five (5) days prior to commencing well

KCC WICHITA

Expected Spud Date August 25, 2005

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

CONTRACTOR: License# 31548 Name: Discovery Drilling

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

OWWO: old well information as follows: Operator: Well Name: Original Completion Date: Original Total Depth:

Directional, Deviated or Horizontal wellbore? [ ] Yes [X] No Yes, true vertical depth: Bottom Hole Location: CC DKT #:

\*Unit in B. Att.

Spot NE - SW - SW Sec. 25 Twp. 21 S. R. 14 1135 feet from S / N (circle one) Line of Section 975 feet from E / W (circle one) Line of Section Is SECTION [X] Regular [ ] Irregular?

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

Lease Name: John Well #: 1 Field Name: Wildcat

Is this a Prorated / Spaced Field? [ ] Yes [X] No Target Information(s): Lansing/Arbuckle

Nearest Lease or unit boundary: 330 feet

Ground Surface Elevation: 1925 feet MSL

Water well within one-quarter mile: [ ] Yes [X] No

Public water supply well within one mile: [ ] Yes [X] No

Depth to bottom of fresh water: 200 ft

Depth to bottom of usable water: 930 ft @ 300

Surface Pipe by Alternate: [X] 1 [ ] 2

Length of Surface Pipe Planned to be set: 350 feet

Length of Conductor Pipe required: None

Projected Total Depth: 3800 feet

Producing Formation Target: Lansing/Arbuckle

Water Source for Drilling Operations:

Well [X] Farm Pond [ ] Other [ ]

DWR Permit #: (Note: Apply for Permit with DWR [X])

Will Cores be taken? [ ] Yes [X] 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: July 27, 2005 Signature of Operator or Agent: [Signature] Title: President

For KCC Use ONLY

API # 15 - 185 - 23327-00-00

Conductor pipe required None feet

Minimum surface pipe required 320 feet per Alt. 1

Approved by: RJP 8-7-05

This authorization expires: 2-2-06

(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.

25 21 14

**IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW**

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

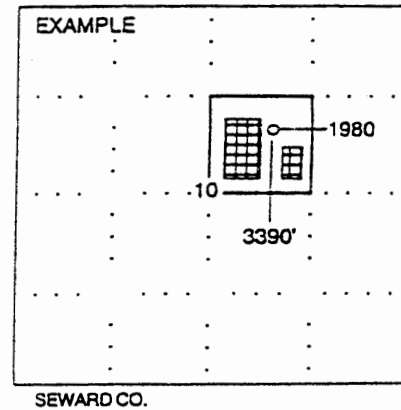
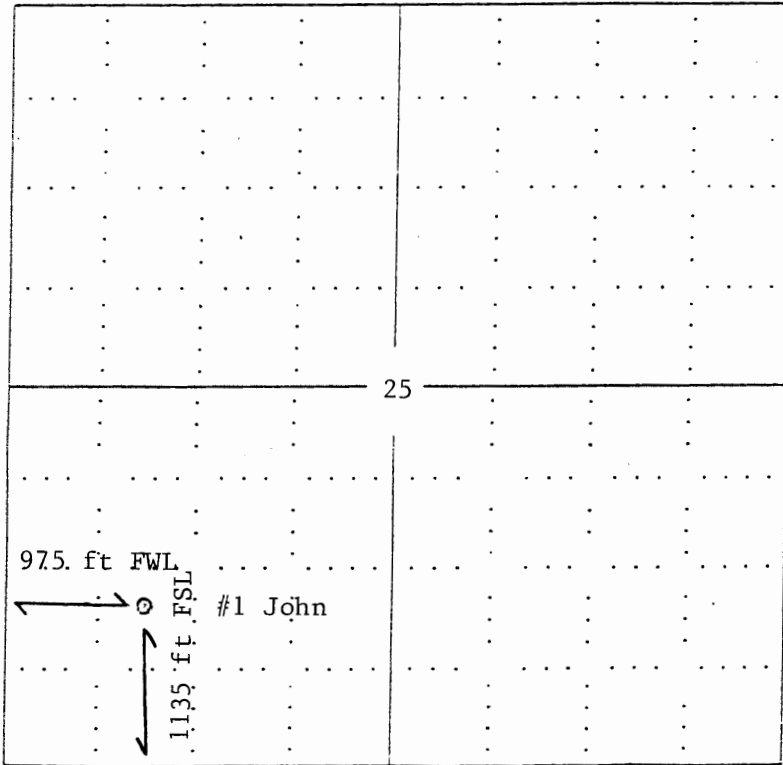
*If the intended well is in a prorated or spaced field, please fully complete this side of the form.* If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply.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

August 2, 2005

Mr. Jim Weber  
Coral Production Corporation  
1600 Stout St., Ste 1500  
Denver, CO 80202

RE: Drilling Pit Application  
John Lease Well No. 1  
SW/4 Sec. 25-21S-14W  
Stafford County, Kansas

Dear Mr. Weber:

District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, 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 the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred. The fluids should be removed again 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. Please file form CDP-5, Exploration and Production Waste Transfer, within 30 days of fluid removal. Conservation division forms are available through our office and on the KCC web site: [www.kcc.state.ks.us/conservation/forms](http://www.kcc.state.ks.us/conservation/forms).

**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