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AUG 11 2005

Form C-1

December 2002

Form must be Typed

Form must be Signed

All blanks must be Filled

For KCC Use: Effective Date: 8-16-05 District # SGA?  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 month day year

Spot 100' S & 10' E of C SW SE Sec. 5 Twp. 17 S. R. 24 560 feet from N / S Line of Section 1970 feet from E / W Line of Section Is SECTION Regular Irregular?

OPERATOR: License# 30742 Name: Palomino Petroleum, Inc. Address: 4924 SE 84th St. City/State/Zip: Newton, Kansas 67114-8827 Contact Person: Klee R. Watchous Phone: (316) 799-1000

County: Ness Lease Name: Jarvis Well #: 1 Field Name: None (Wildcat)

CONTRACTOR: License# 33350 Name: Southwind Drilling, Inc.

Is this a Prorated / Spaced Field? Target Formation(s): Cherokee Sand Nearest Lease or unit boundary: 560 Ground Surface Elevation: 2454 feet MSL

- Well Drilled For: Oil, Gas, OWWO, Seismic, Other Well Class: Enh Rec, Storage, Disposal, Other Well Type Equipment: Mud Rotary, Air Rotary, Cable

Water well within one-quarter mile: Public water supply well within one mile: Depth to bottom of fresh water: 180 Depth to bottom of usable water: 1100

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

Surface Pipe by Alternate: 1 2 Length of Surface Pipe Planned to be set: 200+ Length of Conductor Pipe required: None Projected Total Depth: 4500 Formation at Total Depth: Mississippian

Directional, Deviated or Horizontal wellbore? If Yes, true vertical depth: Bottom Hole Location: KCC DKT #:

Water Source for Drilling Operations: Well Farm Pond Other DWR Permit #: Will Cores be taken? 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.

I hereby certify that the statements made herein are true and to the best of my knowledge and belief. Date: August 10, 2005 Signature of Operator or Agent: Klee R. Watchous Title: President

For KCC Use ONLY API # 15 - 135-24388-0000 Conductor pipe required NONE feet Minimum surface pipe required 200 feet per Alt. Approved by RJR 8-11-05 This authorization expires: 2-11-06 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

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**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: Palomino Petroleum, Inc.  
Lease: Jarvis  
Well Number: 1  
Field: \_\_\_\_\_  
Number of Acres attributable to well: \_\_\_\_\_  
QTR / QTR / QTR of acreage: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

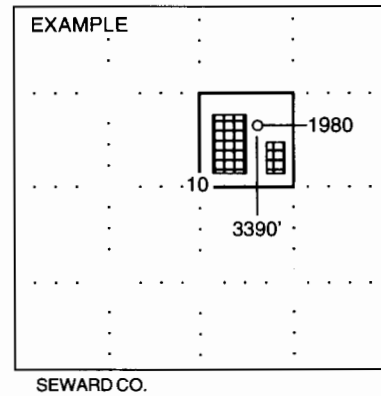
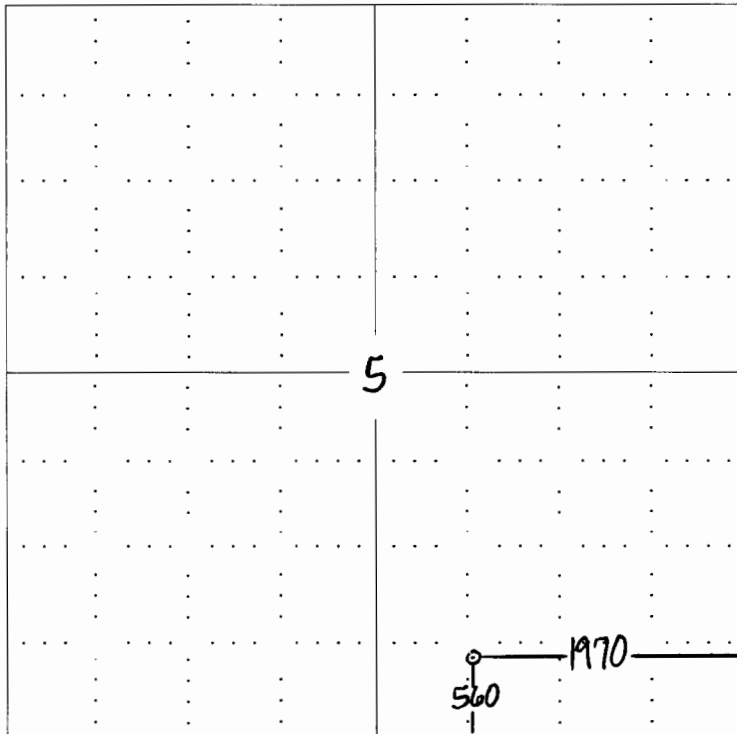
Location of Well: County: Ness  
560 \_\_\_\_\_ feet from  N /  S Line of Section  
1970 \_\_\_\_\_ feet from  E /  W Line of Section  
Sec. 5 Twp. 17 S. R. 24  East  West

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.**

**NESS CO.**

**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).