

RECEIVED

Form C-1

December 2002

Form must be Typed

Form must be Signed

Blanks must be Filled

KCC WICHITA

For KCC Use: 8-16-05
Effective Date:
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

Expected Spud Date August 15 2005
month day year

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

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

Well Drilled For: Oil, Gas, OWWO, Seismic, Other
Well Class: Enh Rec, Storage, Disposal, Wildcat, Pool Ext, Infield, Other
Type Equipment: Mud Rotary, Air Rotary, 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 #:
\* Unit information attached

Spot 20' N & 90' E of
SE NE SW Sec. 34 Twp. 16 S. R. 25
1670 feet from N / S Line of Section
2400 feet from E / W Line of Section
Is SECTION Regular Irregular?

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

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

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Mississippian

Nearest Lease or unit boundary: 1670 (unit)

Ground Surface Elevation: 2516 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: 180

Depth to bottom of usable water: 1100

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

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: August 10, 2005 Signature of Operator or Agent: Klee R. Watchous Title: President

For KCC Use ONLY
API # 15 - 135-243890000
Conductor pipe required None feet
Minimum surface pipe required 200 feet per Alt. + 2
Approved by: RJP 8-11-05
This authorization expires: 2-11-06
(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.
- 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

34 16 25W

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

AUG 11 2005

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

KCC WICHITA

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: Webster
Well Number: 1
Field: None (Wildcat)

Location of Well: County: Ness
1670 feet from N / S Line of Section
2400 feet from E / W Line of Section
Sec. 34 Twp. 16 S. R. 25 East West

Number of Acres attributable to well:
QTR / QTR / QTR of acreage: SE - NE - SW

Is Section: Regular or Irregular

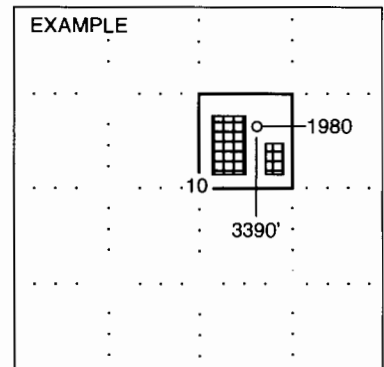
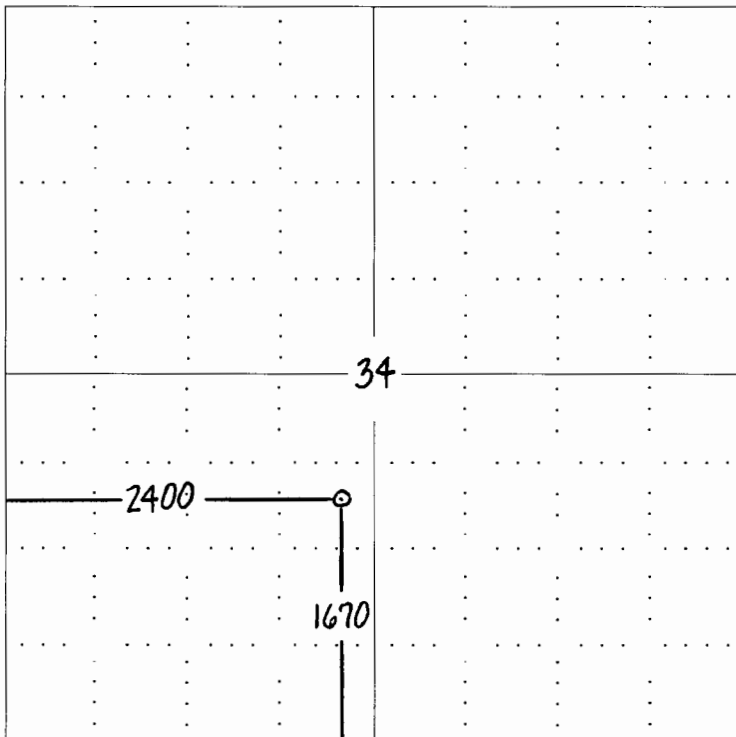
If Section is Irregular, locate well from nearest corner boundary.

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: (C0-7 for oil wells; CG-8 for gas wells).