

Within

Cunningham Gas Storage Field

OWWO

For KCC Use:

10-1-05

Effective Date:

District #

SGA? Yes No

KANSAS CORPORATION COMMISSION

OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL

Gas Storage Area

Blowout Preventer Required

Form C-1

December 2002

Form must be Typed

Form must be Signed

All blanks must be Filled

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

Expected Spud Date 9/29/05

month day year

OPERATOR: License# 3880

Name: KC Resources Inc.

Address: PO Box 6749

City/State/Zip: Snowmass Village CO 81615

Contact Person: Jack Luthi

Phone: 620-770-2375

CONTRACTOR: License# 5893

Name: Pratt Well Service, Inc.

| Well Drilled For: | Well Class: | Type Equipment: |
|---|-----------------------------------|---|
| <input checked="" type="checkbox"/> Oil | <input type="checkbox"/> Enh Rec | <input checked="" type="checkbox"/> Infield |
| <input checked="" type="checkbox"/> Gas | <input type="checkbox"/> Storage | <input type="checkbox"/> Pool Ext. |
| <input type="checkbox"/> OWWO | <input type="checkbox"/> Disposal | <input type="checkbox"/> Wildcat |
| <input type="checkbox"/> Seismic; | # of Holes | <input type="checkbox"/> Other |
| <input type="checkbox"/> Other | | |

If OWWO: old well information as follows:

Operator: Skelly Oil Co (operator now KC Resources)

Well Name: East Maxedon #2

Original Completion Date: 1936 Original Total Depth: 3453'

Directional, Deviated or Horizontal wellbore? Yes No

If Yes, true vertical depth: RECEIVED

Bottom Hole Location: KANSAS CORPORATION COMMISSION

KCC DKT #:

SEP 20 2005

CONSERVATION DIVISION

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: 9-22-05

Signature of Operator or Agent:

Joseph L. McPherson Title: Operations Manager CPOG

For KCC Use ONLY

API # 15 - 151-10105-00-02

Conductor pipe required **NONE** feetMinimum surface pipe required **314'** feet per Alt. 1

Approved by: RJP 9-26-05

This authorization expires: 3-26-05

(This authorization void if drilling not started within 6 months of approval 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

Gas Storage Area -
Blowout Preventer Required

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 - 151-90143

Operator: KC Resources Inc.

Lease: Cunningham "B" Unit

Well Number: 32

Field: Cunningham

Number of Acres attributable to well:

QTR / QTR / QTR of acreage: NW4 - SE4

Location of Well: County: Pratt

1980 feet from N / S Line of Section
 2310 feet from E / W Line of Section
 Sec. 25 Twp. 27 S. R. 11 East West

Is Section: Regular or Irregular

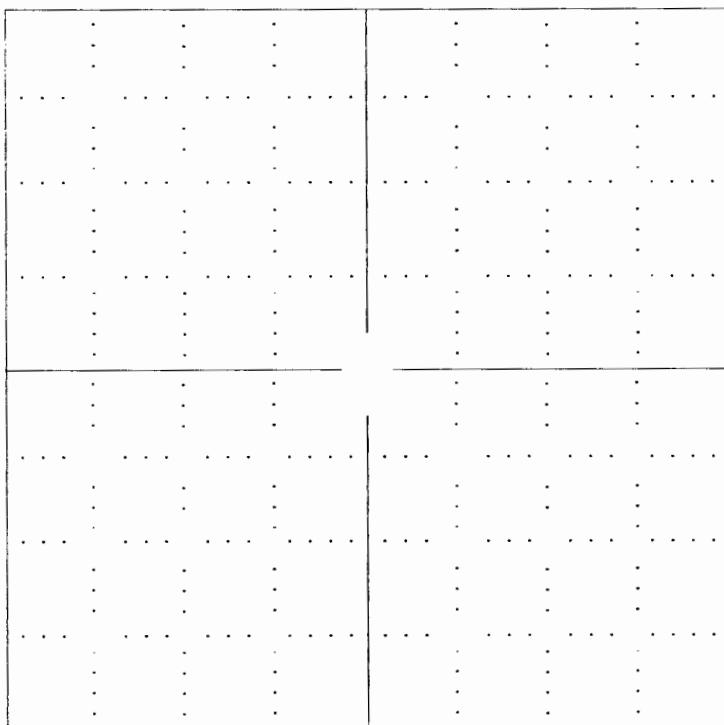
If Section Is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

PLAT

(Show location of the well and shade attributable acreage for prorated or spaced wells.)

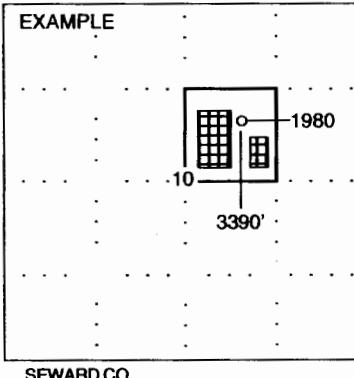
(Show footage to the nearest lease or unit boundary line.)



RECORDED
KANSAS CORPORATION COMMISSION

SEP 20 2005

CONSERVATION DIVISION
WICHITA KS



NOTE: In all cases locate the spot of the proposed drilling location.

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).

KANSAS

CORPORATION COMMISSION

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MICHAEL C. MOFFET, COMMISSIONER

September 23, 2005

Mr. Jack Luthi
KC Resources, Inc.
PO Box 6749
Snowmass Village, CO 81615

Re: Drilling Pit Application
Cunningham B Unit Lease Well No. 32
SE/4 Sec. 25-27S-11W
Pratt County, Kansas

Dear Mr. Luthi:

This office has been informed that steel pits are to be used at the above referenced location. If a haul-off pit is necessary please file form CDP-1, Application for Surface Pit. This location will have to be inspected prior to approval of the haul-off pit application.

If fluids are taken to an authorized disposal well, please call the District Office at (620) 225-8888. 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.

Sincerely,



Kathy Haynes

Environmental Protection and Remediation Department

Cc: S Durrant