

For KCC Use: 10-26-05
Effective Date: 10-26-05
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

Form C-1
December 2002
Form must be Typed
Form must be Signed
All blanks must be Filled

Expected Spud Date October 24 2005
month day year

Spot NW NE Sec. 34 Twp. 33 S. R. 16
660' feet from N / S Line of Section
1980' feet from E / W Line of Section

OPERATOR: License# 31021
Name: Castelli Exploration, Inc.
Address: 6908 N.W. 112th St.
City/State/Zip: Oklahoma City, OK 73162
Contact Person: Tisha Braun
Phone: 405-722-5511 Ext. 100

RECEIVED
KANSAS CORPORATION COMMISSION

OCT 20 2005

CONSERVATION DIVISION
WICHITA, KS

CONTRACTOR: License# 5929
Name: Duke Drilling Co., Inc.

County: Comanche
Lease Name: Merrill Ranch Well #: 1-34
Field Name: Ham

Is this a Prorated / Spaced Field? Yes No
Target Formation(s): Mississippian

Nearest Lease or unit boundary: 660'
Ground Surface Elevation: 1659' 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: 100'
Depth to bottom of usable water: 180'

Surface Pipe by Alternate: 1 2 ALT-1
Length of Surface Pipe Planned to be set: 250'

Length of Conductor Pipe required: NONE
Projected Total Depth: 4950'

Formation at Total Depth: Mississippi Dolomite

Water Source for Drilling Operations:
 Well Farm Pond Other Indian Creek

DWR Permit #: (Note: Apply for Permit with DWR)
Will Cores be taken? Yes No

If Yes, proposed zone:

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

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 #:

Look for lost circulation zones
above 1200'

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: 10/17/05 Signature of Operator or Agent: Tisha L. Braun Title: Business/operations manager

For KCC Use ONLY
API # 15 - 033-21452 00-00
Conductor pipe required NONE feet
Minimum surface pipe required 200 feet per Alt. 1
Approved by: JSP 20-21-05
This authorization expires: 4-21-06
(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.

Well Not Drilled - Permit Expired

Signature of Operator or Agent: Date:

34 33 16E

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OCT 20 2005

CONSERVATION DIVISION
WICHITA, KS

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: Castelli Exploration, Inc.
Lease: Merrill Ranch
Well Number: 1-34
Field: Ham
Number of Acres attributable to well: _____
QTR / QTR / QTR of acreage: NW - NE -

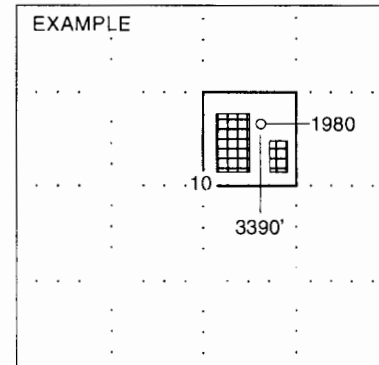
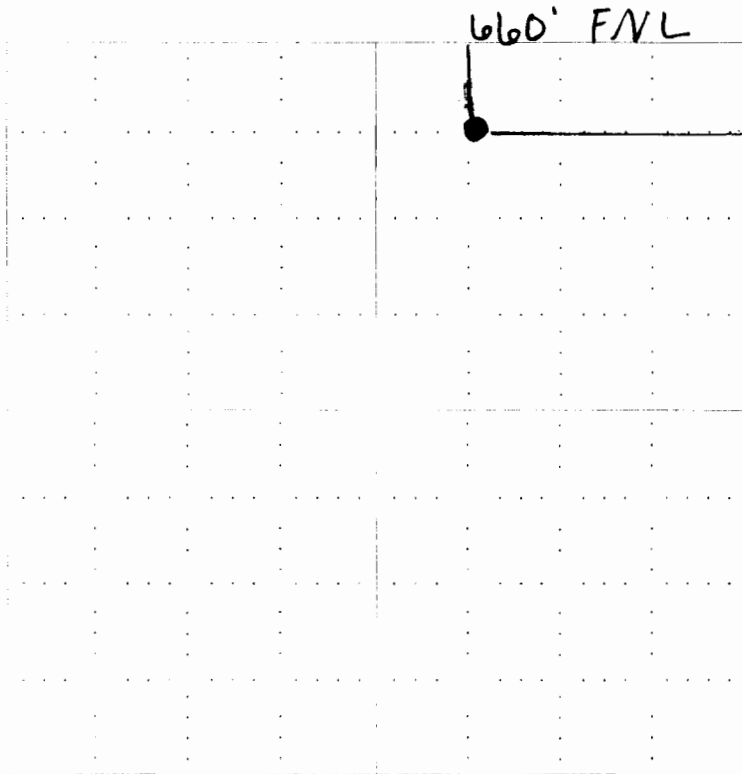
Location of Well: County: Comanche
660' feet from N / S Line of Section
1980' feet from E / W Line of Section
Sec. 34 Twp. 33 S. R. 16 East West

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.)*



SEWARD CO.

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

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

ROBERT E. KREHBIEL, COMMISSIONER

MICHAEL C. MOFFET, COMMISSIONER

October 21, 2005

Ms. Tisha Braun
Castelli Exploration, Inc.
6908 NW 112th St.
Oklahoma City, OK 73162

RE: Drilling Pit Application
Merril Ranch Lease Well No. 1-34
NE/4 Sec. 34-33S-16W
Comanche County, Kansas

Dear Ms. Braun:

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.

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