

For KCC Use: 12-4-05
 Effective Date: 12-4-05
 District #: 3
 SGA? Yes No

**KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION
 NOTICE OF INTENT TO DRILL**

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: 12 / 14 / 2005
month day year

OPERATOR: License# 33677
 Name: Canary Operating Corporation
 Address: 7230 W. 162nd Street, Suite A
 City/State/Zip: Stilwell, KS 66085
 Contact Person: Steve Allee
 Phone: 913-239-8960

CONTRACTOR: License# 33072
 Name: Well Refined Drilling Co.

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

Spot SE SE NE Sec. 13 Twp. 16 S. R. 24 East West
2310 feet from N / S Line of Section
330 feet from E / W Line of Section
 Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)
 County: Miami
 Lease Name: Ray Well # 32-13-16-24
 Field Name: Paola-Rantoul

Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Marmaton & Cherokee Coals
 Nearest Lease or unit boundary: 330

Ground Surface Elevation: 1020 (Est. from Topo) 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: 250' +/-
 Depth to bottom of useable water: 300' +/-
 Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be set: 20'
 Length of Conductor Pipe required: None
 Projected Total Depth: 700' +/-

Formation at Total Depth: Cherokee
 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 useable 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: 11/23/05 Signature of Operator or Agent: R. R. Ashlock Title: _____
 For Canary Operating Corporation

| | |
|--|--------------------------------------|
| For KCC Use ONLY | |
| API # 15 - | <u>121-28130-0000</u> |
| Conductor pipe required | <u>NONE</u> feet |
| Minimum surface pipe required | <u>20</u> feet per Alt. # <u>(2)</u> |
| Approved by: | <u>RSP11-29-05</u> |
| This authorization expires: | <u>5-29-06</u> |
| <small>(This authorization void if drilling not started within 6 months of approval date.)</small> | |
| 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

RECEIVED
 NOV 28 2005
 KCC WICHITA

13
 16
 24

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

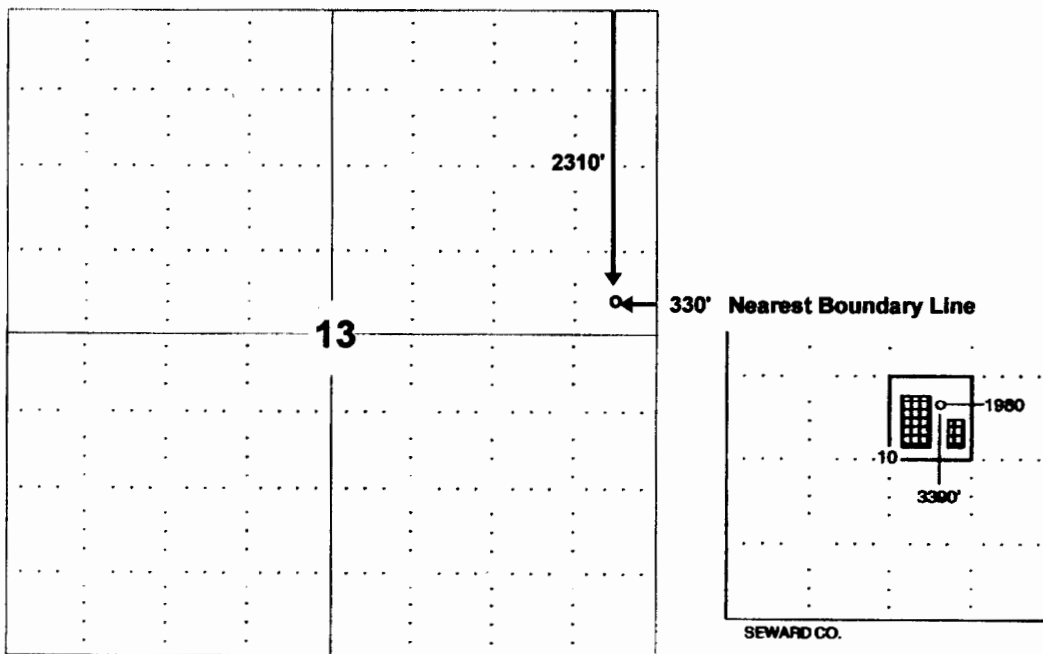
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please 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: Canary Operating Corporation
 Lease: Ray
 Well Number: 32-13-16-24
 Field: Paola-Rantoul
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: _____

Location of Well: County: Miami
 _____ feet from N / S Line of Section
 _____ feet from E / W Line of Section
 Sec. 13 Twp. 16 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 location.

Miami 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).

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