

For KCC Use:
Effective Date:
District #
SGA? Yes No

1-14-06
2

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 JANUARY 10 2006
month day year

Spot C SE SE Sec. 16 Twp. 31 S. R. 7
660 feet from N / S Line of Section
660 feet from E / W Line of Section
Is SECTION Regular Irregular?

OPERATOR: License# 6236
Name: MTM PETROLEUM, INC.
Address: PO BOX 82
City/State/Zip: SPIVEY KS 67142-0082
Contact Person: MARVIN A. MILLER
Phone: 620-532-3794

(Note: Locate well on the Section Plat on reverse side)
County: HARPER
Lease Name: MATHES Well #: 1
Field Name: SPIVEY-GRABS
Is this a Prorated / Spaced Field? Yes No

CONTRACTOR: License# 5929
Name: DUKE DRILLING CO., INC.

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
 Other

Nearest Lease or unit boundary: 660'
Ground Surface Elevation: 1564 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
Length of Surface Pipe Planned to be set: 210'
Length of Conductor Pipe required: NONE
Projected Total Depth: 4700'

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

Formation at Total Depth: SIMPSON
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:

Directional, Deviated or Horizontal wellbore? Yes No
If Yes, true vertical depth:
Bottom Hole Location:
KCC DKT #:

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.

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DEC 23 2005
KCC WICHITA

I hereby certify that the statements made herein are true and to the best of my knowledge and belief.
Date: 12/22/05 Signature of Operator or Agent: Kathy Hill Title: AGENT

For KCC Use ONLY
API # 15 - 077-21543-0000
Conductor pipe required NONE feet
Minimum surface pipe required 200 feet per Alt. + (2)
Approved by: [Signature] 1-9-06
This authorization expires: 7-9-06
(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.
- 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

16 31 TW

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: MTM PETROLEUM, INC.
Lease: MATHES
Well Number: 1
Field: SPIVEY-GRABS

Location of Well: County: HARPER
660 _____ feet from N / S Line of Section
660 _____ feet from E / W Line of Section
Sec. 16 Twp. 31 S. R. 7 East West

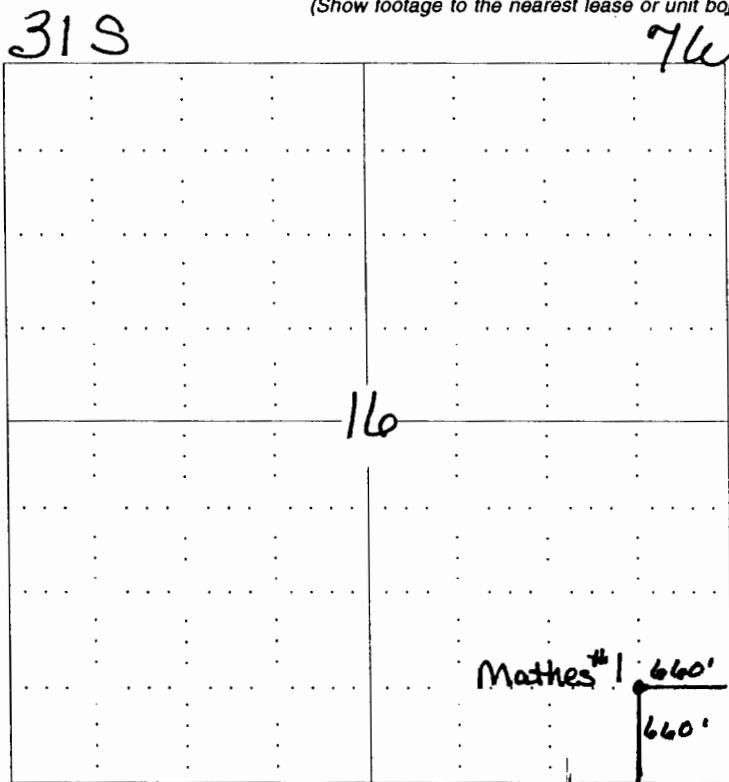
Number of Acres attributable to well: _____
QTR / QTR / QTR of acreage: C - SE - SE

Is Section: Regular or Irregular

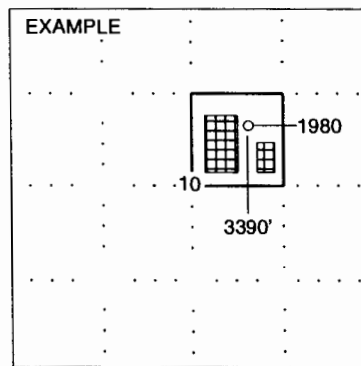
If Section Is Irregular, locate well from nearest corner boundary.
Section corner used: NE NW SE SW

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.)*



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KCC WICHITA



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

January 9, 2006

Mr. Marvin A. Miller
MTM Petroleum Inc.
PO Box 82
Spivey, KS 67142-0082

Re: Drilling Pit Application
Mathes Lease Well No. 1
SE/4 Sec. 16-31S-07W
Harper County, Kansas

Dear Mr. Miller:

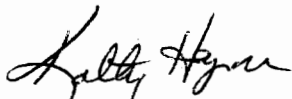
District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred. The fluids should be removed again within 72 hours after drilling operations have ceased.

If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

The fluids should be taken to an authorized disposal well. Please call the District Office at (316) 630-4000 when the fluids have been removed. Please file form CDP-5 (August 2004), 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: Doug Louis