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FEB 17 2006

Form C-1
December 2002

For KCC Use:
Effective Date: 2-25-06
District #: 1
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL

KCC WICHITA

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 March 04 2006
month day year

Spot NE NW SE Sec. 32 Twp. 31 S. R. 12 East West

OPERATOR: License# 31406
Name: Prairie Resources, Inc.
Address: 2530 NW Willow Road
City/State/Zip: Medicine Lodge, KS 67104
Contact Person: Robert W. Packard
Phone: (620) 886-3431

2080 feet from N / S Line of Section
1365 feet from E / W Line of Section
Is SECTION Regular Irregular?

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

(Note: Locate well on the Section Plat on reverse side)
County: Barber
Lease Name: Packard Well #: 1-32
Field Name: Medicine River

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

Is this a Prorated / Spaced Field? Yes No
Target Formation(s): Mississippi
Nearest Lease or unit boundary: 560

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 #: _____

Ground Surface Elevation: 1510 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: 150
Depth to bottom of usable water: 180

Surface Pipe by Alternate: 1 2
Length of Surface Pipe Planned to be set: 240
Length of Conductor Pipe required: N/A
Projected Total Depth: 4600'
Formation at Total Depth: Simpson

Water Source for Drilling Operations:
 Well Farm Pond Other Creek
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: February 15, 2006 Signature of Operator or Agent: Robert W. Packard Title: President

For KCC Use ONLY
API # 15 - 007-22985-00-00
Conductor pipe required NDNE feet
Minimum surface pipe required 200' feet per Alt. 1
Approved by: DPW 2-20-06
This authorization expires: 8-20-06
(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

32
31
12w

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KCC WICHITA

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: Prairie Resources, Inc.
Lease: Packard
Well Number: 1-32
Field: Medicine River
Number of Acres attributable to well: 80
QTR / QTR / QTR of acreage: NE - NW - SE

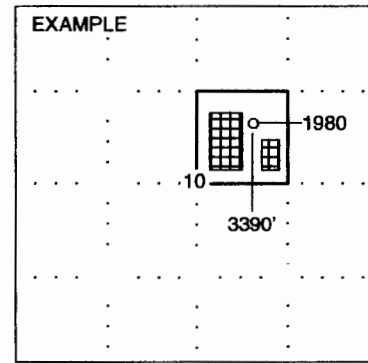
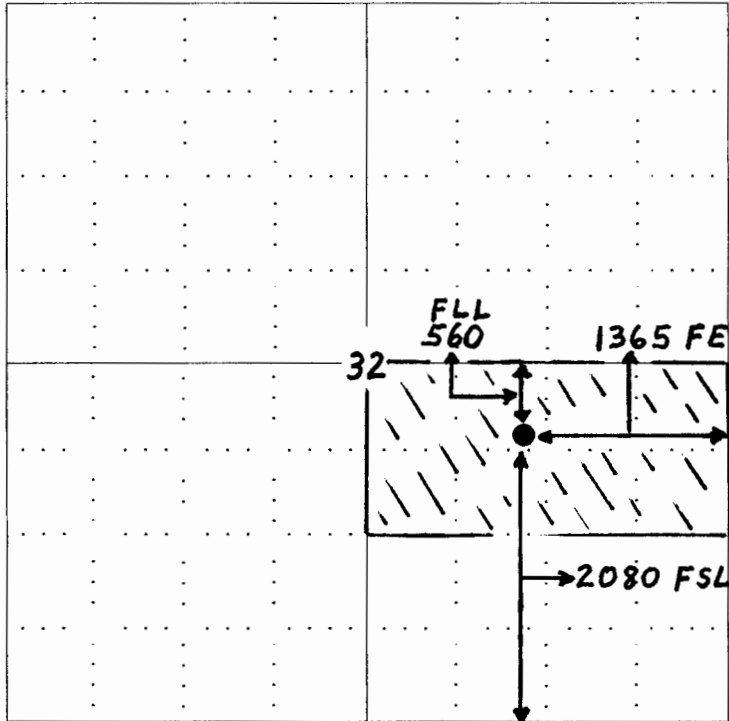
Location of Well: County: Barber
2080 feet from N / S Line of Section
1365 feet from E / W Line of Section
Sec. 32 Twp. 31 S. R. 12 East West

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 locaton.

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).

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR
BRIAN J. MOLINE, CHAIR
ROBERT E. KREHBIEL, COMMISSIONER
MICHAEL C. MOFFET, COMMISSIONER

February 17, 2006

Mr. Robert W. Packard
Prairie Resources, Inc.
2530 NW Willow Rd.
Medicine Lodge, KS 67104

Re: Drilling Pit Application
Packard Lease Well No. 1-32
SE/4 Sec. 32-31S-12W
Barber County, Kansas

Dear Mr. Packard:

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.

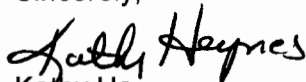
If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

The fluids should be taken to an authorized disposal well. Please call the District Office at (620) 225-8888 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
Department of Environmental Protection and Remediation

cc: Steve Durrant
File