

For KCC Use: 3-600
Effective Date: 3
District # 3
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

OWWO

Form C-1
December 2002

Form must be Typed
Form must be Signed
All blanks must be Filled

NOTICE OF INTENT TO DRILL

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

Expected Spud Date February 28, 2006
month day year

Spot NW - SE - Sec. 18 Twp. 31S S. R. 10 East West

OPERATOR: License# 33707
Name: Coronado Kansas, LLC
Address: 8556 E 101st Street, Suite C
City/State/Zip: Tulsa OK 74133
Contact Person: Steve McDaniel
Phone: (918)369-4000

2180' feet from N / S Line of Section
1900' feet from E / W Line of Section

Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)

CONTRACTOR: License# 3591
Name: C & E Services

County: Elk

Lease Name: DJK Ranch, LP Well #: 1

Field Name: West Moline (?)

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Mississippi Chat

Nearest Lease or unit boundary: 460' S of Estel Wilson

Ground Surface Elevation: 1195.6 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: N/A re-entry into existing well

Depth to bottom of usable water: N/A re-entry into existing well

Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be set: N/A re-entry into existing well

Length of Conductor Pipe required: N/A re-entry into existing well

Projected Total Depth: 2238'

Formation at Total Depth: Mississippi Chat

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: _____

Well Drilled For: Oil Gas OWO Seismic Other
Well Class: Enh Rec Storage Disposal Infield Pool Ext. Wildcat Other
Type Equipment: Mud Rotary Air Rotary Cable
Workover and deepen additional 15'

If OWWO: old well information as follows:

Operator: Layton Oil Co.
Well Name: McSpadden #4
Original Completion Date: 1958 Original Total Depth: 2223

Directional, Deviated or Horizontal wellbore? Yes No

If Yes, true vertical depth: _____

Bottom Hole Location: _____

KCC DKT #: _____

* ORIG. surface csg. set is unknown.
will advise on ACO-1.

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: 2/28/06 Signature of Operator or Agent: Mark D. Wilson Title: President & CEO

For KCC Use ONLY
API # 15 - 049-19102-00-01
Conductor pipe required NONE feet
Minimum surface pipe required 40' feet per Alt. X(2)
Approved by: DPW 3-1-06
This authorization expires: 9-1-06
(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

18
31
105

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: Coronado Kansas, LLC
 Lease: DJK Ranch, LP
 Well Number: 1
 Field: West Moline (?)
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: NW - SE - _____

Location of Well: County: Elk
 2180' _____ feet from N / S Line of Section
 1900' _____ feet from E / W Line of Section
 Sec. 18 Twp. 31S S. R. 10 East West

Is Section: Regular or Irregular

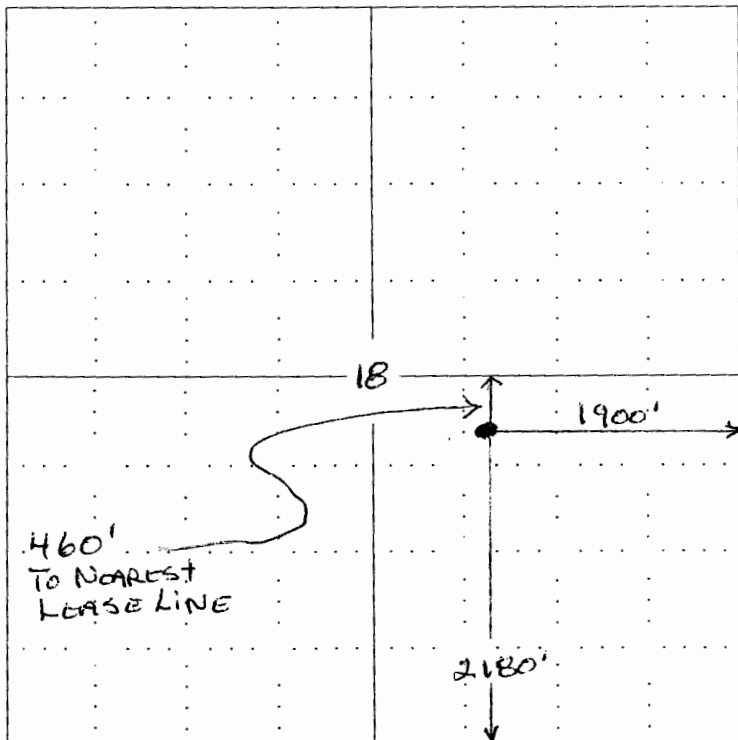
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

PLAT

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

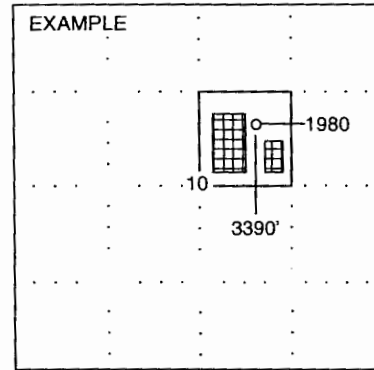
(Show footage to the nearest lease or unit boundary line.)



RECEIVED
KANSAS CORPORATION COMMISSION

MAR 01 2006

CONSERVATION DIVISION
WICHITA, KS



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: (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

March 1, 2006

Mr. Steve McDaniel
Coronado Kansas, LLC
8556 E 101st St., Ste C
Tulsa, OK 74133

RE: Drilling Pit Application
DJK Ranch, LP Lease Well No. 1
SE/4 Sec. 18-31S-10E
Elk County, Kansas

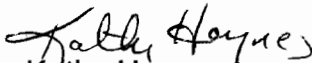
Dear Mr. McDaniel:

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) 432-2300. 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 Korf