

RECEIVED

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For KCC Use: 3-7-06
Effective Date:
District #: 1
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

FEB 28 2006

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

KCC WICHITA

Expected Spud Date: March 10 2006
month day year

Spot 130' N & 60' E of
N/2 SE SW Sec. 25 Twp. 19 S. R. 25
1120 feet from N / S Line of Section
2040 feet from E / W Line of Section
Is SECTION Regular Irregular?

OPERATOR: License# 30742
Name: Palomino Petroleum, Inc.
Address: 4924 SE 84th St.
City/State/Zip: Newton, Kansas 67114-8827
Contact Person: Klee R. Watchous
Phone: (316) 799-1000

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

County: Ness
Lease Name: Barrows Trust Well #: 1
Field Name: None (Wildcat)

CONTRACTOR: License# 5184
Name: Shields Drilling Co., Inc.

Is this a Prorated / Spaced Field? Yes No
Target Formation(s): Mississippian
Nearest Lease or unit boundary: 600

Well Drilled For: Oil Gas OWWO Seismic; # of Holes
Well Class: Enh Rec Storage Disposal Other
Type Equipment: Mud Rotary Air Rotary Cable

Ground Surface Elevation: 2398 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: 180

Depth to bottom of usable water: 860'

Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be set: 200+

Length of Conductor Pipe required: None

Projected Total Depth: 4400

Formation at Total Depth: Mississippian

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:

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 #:

WAS: 15135 24777 0000

AFFIDAVIT # 15135 24477 0000

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 27, 2006 Signature of Operator or Agent: Klee R. Watchous Title: President

For KCC Use ONLY
API # 15 - 135-24477-00-00
Conductor pipe required NONE feet
Minimum surface pipe required 200 feet per Alt. X 2
Approved by: DPW 3-2-06
This authorization expires: 9-2-06
(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

25 19 25w.