

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

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION  
MAR 17 2006

NOTICE OF INTENT TO DRILL

Must be approved by KCC five (5) days prior to commencing work  
CONSERVATION DIVISION  
WICHITA, KS

For KCC Use:  
Effective Date: 3-26-06  
District #: 1  
SGA?  Yes  No

Expected Spud Date March 27 2006  
month day year

Spot 60' W of  East  
N/2 - NW - SW Sec. 24 Twp. 16 S. R. 24  West  
2310 feet from  N /  S Line of Section  
600 feet from  E /  W Line of Section

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

Is SECTION  Regular  Irregular?  
(Note: Locate well on the Section Plat on reverse side)

CONTRACTOR: License# 33724 ✓  
Name: Warren Drilling, L.L.C.

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

Well Drilled For:  Oil  Gas  OWWO  Seismic; # of Holes  Other  
 Enh Rec  Storage  Disposal  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): Cherokee Sand  
Nearest Lease or unit boundary: 330

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

Ground Surface Elevation: 2516 feet MSL ✓  
Water well within one-quarter mile:  Yes  No ✓  
Public water supply well within one mile:  Yes  No ✓

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

Depth to bottom of fresh water: 220 ✓  
Depth to bottom of usable water: 1050 1180' ✓

Surface Pipe by Alternate:  1  2  
Length of Surface Pipe Planned to be set: 240+ ✓  
Length of Conductor Pipe required: None ✓

Projected Total Depth: 4600 ✓  
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: \_\_\_\_\_

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: March 17, 2006 Signature of Operator or Agent: Klee R. Watchous Title: President

For KCC Use ONLY  
API # 15 - 135-24485-00-00  
Conductor pipe required NONE feet  
Minimum surface pipe required 240' feet per Alt. X(2)  
Approved by: DPW 3-21-06  
This authorization expires: 9-21-06  
(This authorization void if drilling not started within 6 months of effective 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: \_\_\_\_\_

24  
16  
24w.

**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: Palomino Petroleum, Inc.  
 Lease: Shellenberger  
 Well Number: 1  
 Field: None (Wildcat)

Number of Acres attributable to well: \_\_\_\_\_  
 QTR / QTR / QTR of acreage: N/2 - NW - SW

Location of Well: County: Ness  
2310 feet from  N /  S Line of Section  
600 feet from  E /  W Line of Section  
 Sec. 24 Twp. 16 S. R. 24  East  West

Is Section:  Regular or  Irregular

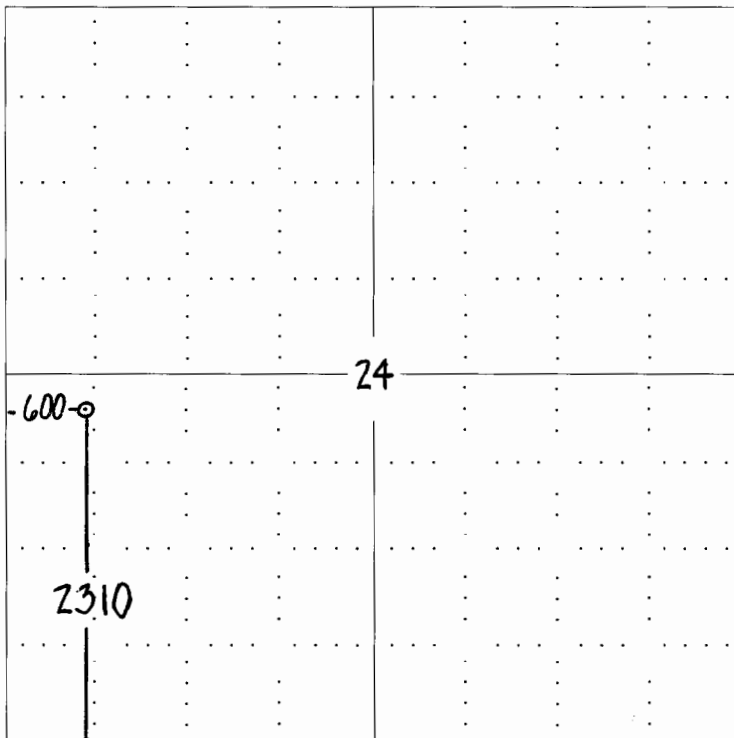
**If Section is Irregular, locate well from nearest corner boundary.**

Section corner used:  NE  NW  SE  SW

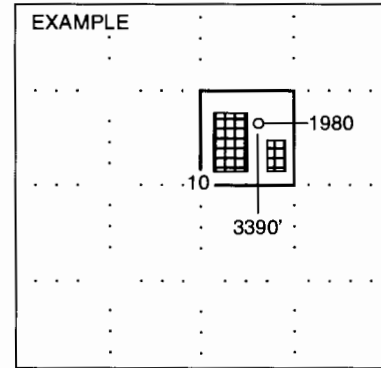
**PLAT**

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

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



**RECEIVED**  
**KANSAS CORPORATION COMMISSION**  
**MAR 17 2006**  
**CONSERVATION DIVISION**  
**WICHITA, KS**



**NOTE: In all cases locate the spot of the proposed drilling location.**  
**NESS 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).