

MAR 22 2006

Form C-1
December 2002

For KCC Use:
Effective Date: 3-22-06
District # 1
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL

CONSERVATION DIVISION
WICHITA, KS

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 27 2006
month day year

Spot East
SE NE SW Sec. 16 Twp. 33 S. R. 16 West
1650' feet from N / S Line of Section
2310' feet from E / W Line of Section

OPERATOR: License# 31021 ✓
Name: Castelli Exploration, Inc.
Address: 6908 N.W. 112th St.
City/State/Zip: OKlahoma City, OK 73162
Contact Person: Tisha Braun
Phone: 405-722-5511

Is SECTION Regular Irregular?

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

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

County: Comanche
Lease Name: Donna Marie Well #: 2-16
Field Name: Shimer

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Mississippian

Nearest Lease or unit boundary: 330'

Ground Surface Elevation: 1731' 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: 120' ✓

Depth to bottom of usable water: 180' ✓

Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be set: 325'

Length of Conductor Pipe required: 40'

Projected Total Depth: 5100'

Formation at Total Depth: Mississippian

Water Source for Drilling Operations:

Well Farm Pond Other Al Creek

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; # of Holes Other
 Enh Rec Storage Disposal
Well Class: Infield Pool Ext. Wildcat Other
Type Equipment: Mud Rotary Air Rotary Cable

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 #: _____

* WATCH FOR LOST CIRC. 125' to 1200' ±.

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: 3/21/06 Signature of Operator or Agent: Tisha Braun Title: Business operations manager

For KCC Use ONLY
API # 15 - 033-21465-00-00
Conductor pipe required NONE feet
Minimum surface pipe required 200' feet per Alt. X
Approved by: DPW 3-24-06
This authorization expires: 9-24-06
(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
33
16W

MAR 22 2006

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a prorated or spaced field

CONSERVATION DIVISION
WICHITA, KS

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: Castelli Exploration, Inc.
Lease: Donna Marie
Well Number: 2-16
Field: Shimer

Location of Well: County: Comanche
1650' feet from N / S Line of Section
2310' feet from E / W Line of Section
Sec. 16 Twp. 33 S. R. 16 East West

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

Is Section: Regular or Irregular

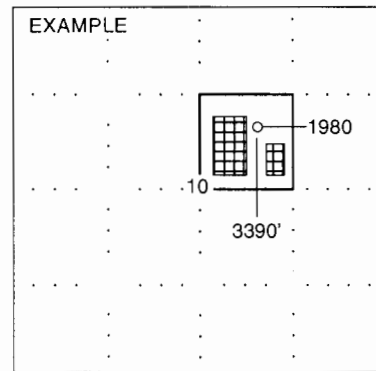
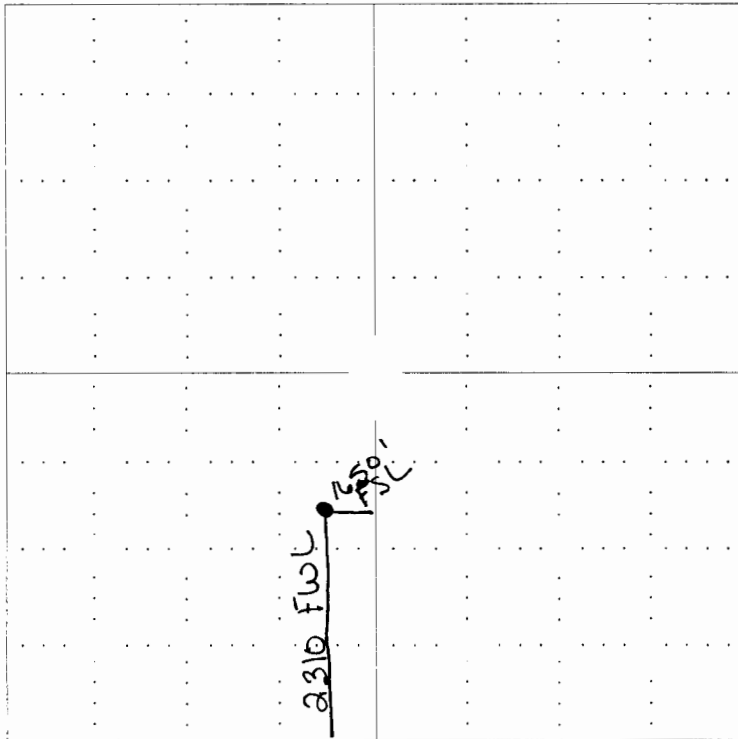
If Section is Irregular, locate well from nearest corner boundary.

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

March 23, 2006

Ms. Tisha Braun
Castelli Exploration, Inc.
6908 NW 112th St.
Oklahoma City, OK 73162

Re: Drilling Pit Application
Donna Marie Lease Well No. 2-16
SW/4 Sec. 16-33S-16W
Comanche County, Kansas

Dear Ms. Braun:

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.

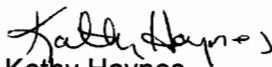
If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

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