

For KCC Use: 4-24-06
Effective Date: 3
District #: 3
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

APR 19 2006

NOTICE OF INTENT TO DRILL

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

CONSERVATION DIVISION
WICHITA, KS

Mound Valley

Expected Spud Date 4/19/06
month / day / year

OPERATOR: License# 33583
Name: Admiral Bay (USA) Inc.
Address: 14550 E Easter Ave, Ste. 1000
City/State/Zip: Centennial, CO 80112
Contact Person: Janet Johnson
Phone: 303.671-7242

CONTRACTOR: License# 5786
Name: McGowan Drilling, Inc.

Spot SE - NW - NE Sec. 36 Twp. 33 S. R. 18
846 feet from N / S Line of Section
1325 feet from E / W Line of Section

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

County: Labette
Lease Name: Thompson Well #: 2-36

Field Name: Mound Valley South
Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Mississippian
Nearest Lease or unit boundary: 846 FNL

Ground Surface Elevation: 864 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: 100+

Depth to bottom of usable water: 200+
Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be set: 20'
Length of Conductor Pipe required: None

Projected Total Depth: 1000'
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

Well Drilled For: Oil Gas OWWO Seismic; # of Holes Other
Well Class: Enh Rec Storage Disposal Wildcat Other
Type Equipment: Infield Pool Ext. 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 #: _____

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: 04/13/06 Signature of Operator or Agent: [Signature] Title: Land Coordinator

For KCC Use ONLY
API # 15 - 099-23937-0000
Conductor pipe required None feet
Minimum surface pipe required 20 feet per Alt. X 2
Approved by: [Signature]
This authorization expires: 10-19-06
(This authorization void if drilling not started within 6 months of effective date.)
Spud date: _____ Agent: _____

Remember to:
- File Drill Pit Application (form GDP-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

36
33
18E

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 - 099-23937-0000
 Operator: Admiral Bay (USA) Inc.
 Lease: Thompson
 Well Number: 2-36
 Field: Mound Valley South
 Number of Acres attributable to well: 40
 QTR / QTR / QTR of acreage: _____ - NW - NE

Location of Well: County: Labette
 846 _____ feet from N / S Line of Section
 1325 _____ feet from E / W Line of Section
 Sec. 36 Twp. 33 S. R. 18 East West

Is Section: Regular or Irregular

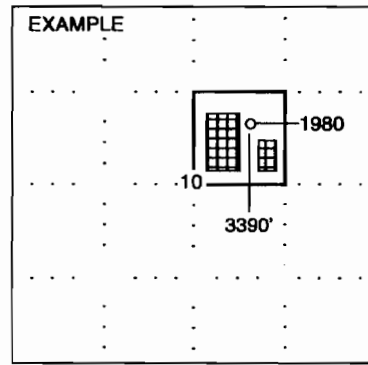
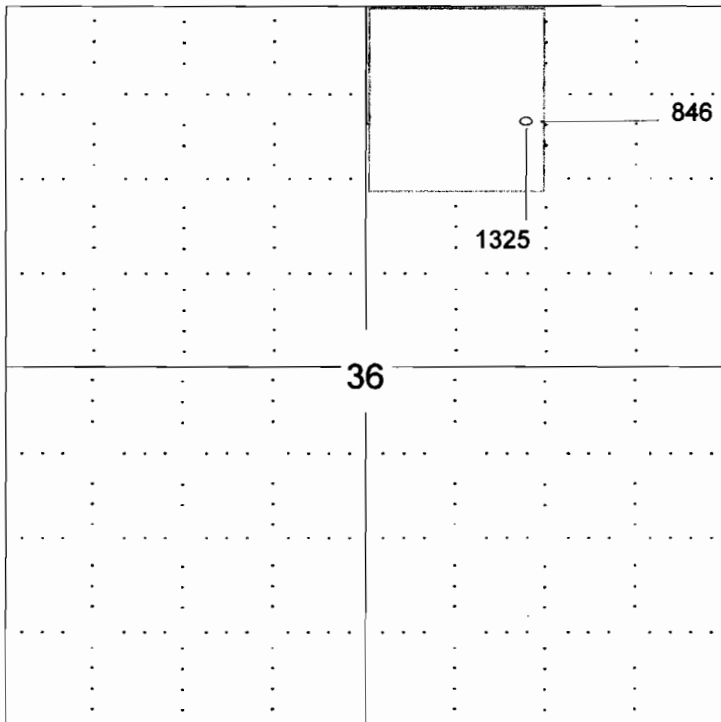
If Section Is Irregular, locate well from nearest corner boundary.

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.)



SEWARD CO.

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
OIL & GAS CONSERVATION DIVISION

RECEIVED

KANSAS CORPORATION COMMISSION

Form CDP-1

April 2004

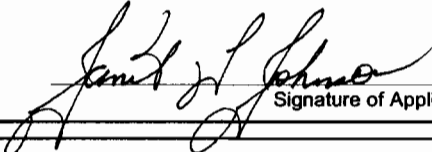
Form must be Typed

APPLICATION FOR SURFACE PIT

APR 19 2006

Submit in Duplicate

CONSERVATION DIVISION
WICHITA, KS

Operator Name: Admiral Bay (USA) Inc.		License Number: 33583
Operator Address: 14550 E Easter Ave., Ste. 100		
Contact Person: Janet Johnson		Phone Number: (303) 350 - 1255
Lease Name & Well No.: Thompson 2-36		Pit Location (QQQQ): _____ NW _____ NE Sec. 36 Twp. 33S R. 18 <input checked="" type="checkbox"/> East <input type="checkbox"/> West 846 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 1325 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Labette County
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input checked="" type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <small>(If WP Supply API No. or Year Drilled)</small>	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 150 (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ mg/l <small>(For Emergency Pits and Settling Pits only)</small>
Is the bottom below ground level? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Artificial Liner? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	How is the pit lined if a plastic liner is not used?
Pit dimensions (all but working pits): 20 Length (feet) 20 Width (feet) N/A: Steel Pits Depth from ground level to deepest point: 5 (feet)		
If the pit is lined give a brief description of the liner material, thickness and installation procedure.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. <p style="text-align: right;">RECEIVED KANSAS CORPORATION COMMISSION APR 19 2006 CONSERVATION DIVISION WICHITA, KS</p>
Distance to nearest water well within one-mile of pit N/A feet Depth of water well _____ feet	Depth to shallowest fresh water _____ feet. Source of information: _____ measured _____ well owner _____ electric log _____ KDWR	
Emergency, Settling and Burn Pits ONLY: Producing Formation: _____ Number of producing wells on lease: _____ Barrels of fluid produced daily: _____ Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No	Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: Fresh Water & Native mud Number of working pits to be utilized: 2 Abandonment procedure: Evaporation and back fill Drill pits must be closed within 365 days of spud date.	
I hereby certify that the above statements are true and correct to the best of my knowledge and belief. Date: 4/13/06 Signature of Applicant or Agent: 		
KCC OFFICE USE ONLY		
Date Received: 4/19/06 Permit Number: _____ Permit Date: 4/19/06 Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

15-099-23937-0000

Mall to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202



KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

ROBERT E. KREMBEL, COMMISSIONER

MICHAEL C. MOFFET, COMMISSIONER

**NOTICE TO OPERATORS FILING INTENT TO DRILL
FOR DISPOSAL OR ENHANCED RECOVERY
INJECTION WELLS, (CLASS II INJECTION WELL)**

The attached approved Notice of Intent to Drill indicates the proposed well is to be used for injection. An approved "Intent to Drill" does not approve injection authority as a Class II Injection Well in Kansas.

Before any well is used for injection purposes, the operator must file an application for injection authority in accordance with K.A.R. 82-3-401 and provide notice in accordance with K.A.R. 82-3-402. The Conservation Division must issue a written permit granting the application before commencement of injection.

The Conservation Division requirements and restrictions associated with Class II Injection are identified in K.A.R. 82-3-400 et seq of our regulations. Associated regulations governing drilling, completion and injection applications may be found in K.A.R. 82-3-135, Table I, Table II, in the Cedar Hills Sandstone Moratorium, (Docket #156,397-C), and the Eastern Kansas Surface Casing Order, (Docket #133,891-C).

If you have questions regarding the approval of injection authority, an injection application may be filed as a "Design Approval" before actual drilling and completion of the well occurs. If you have any questions or concerns regarding Class II injection wells or regulations, call the Underground Injection Control Department at 316-337-6200.

Failure to obtain commission approval before beginning injection is punishable by a penalty, shut-in of the well or both.