

For KCC Use:
 * Effective Date: 5-30-06
 District # 3
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION

Form C-1
 December 2002

NOTICE OF INTENT TO DRILL

**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 May 15 2006
 month day year

OPERATOR: License# 32529
 Name: Mugs Well Service
 Address: 3306 South Santa, Fe.
 City/State/Zip: Chanute, KS. 66720
 Contact Person: Jim Mugrage
 Phone: 620-431-8975

CONTRACTOR: License# 32642
 Name: Nick Brown

Spot East
 SE - NW - NW Sec. 33 Twp. 27 S. R. 18 West
4130 feet from N / S Line of Section
4102 feet from E / W Line of Section
 Is SECTION Regular Irregular?

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

County: Neosho
 Lease Name: Mugrage Well #: 1
 Field Name: Humboldt - Chanute

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Bartlesville
 Nearest Lease or unit boundary: 500'
 Ground Surface Elevation: 1050' 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: 20'
 Depth to bottom of usable water: 150'

Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 20'

Length of Conductor Pipe required: none
 Projected Total Depth: 870'

Formation at Total Depth: Bartlesville

Water Source for Drilling Operations:
 Well Farm Pond Other

DWR Permit #: _____
 Will Cores be taken? Yes No

(Note: Apply for Permit with DWR)

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

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 #: _____

* Effective, Approved, and Expiration dates updated.

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: 5-4-06 Signature of Operator or Agent: Jim Mugrage Title: Owner

For KCC Use ONLY
 API # 15 - 133-26626-0000
 Conductor pipe required None feet
 Minimum surface pipe required 20 feet per Alt. XO 2
 * Approved by: Ret 5-15-06
 * This authorization expires: 11-15-06
 (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

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33
 27
 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 - 133-26626-0000
Operator: Mugs Well Service
Lease: Mugrage
Well Number: 1
Field: Humboldt - Chanute

Number of Acres attributable to well: 30
QTR / QTR / QTR of acreage: SE - NW - NW

Location of Well: County: Neosho
4130 feet from N / S Line of Section
4102 feet from E / W Line of Section
Sec. 33 Twp. 27 S. R. 18 East West

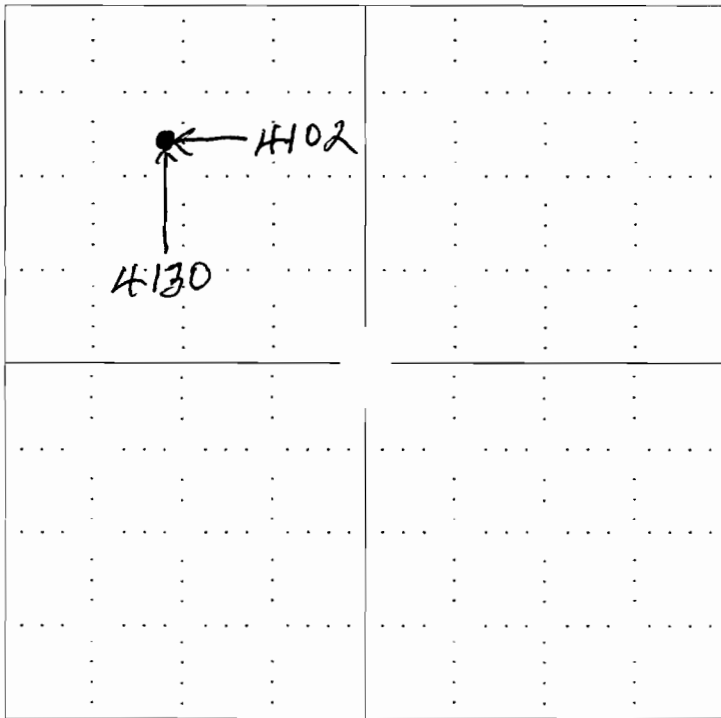
Is Section: Regular or Irregular

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

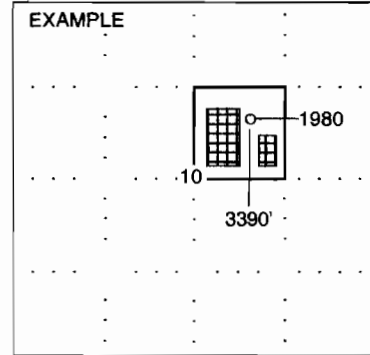
Section corner used: NE NW SE SW

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.)*



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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
APPLICATION FOR SURFACE PIT

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: Mugs Well Service		License Number: 32529
Operator Address: 3306 South Santa, Fe. Chanute, Ks. 66720		
Contact Person: Jim Mugrage		Phone Number: (620) 431 - 8975
Lease Name & Well No.: Mugrage #1		Pit Location (QQQQ): SE NW NW Sec. 33 Twp. 27 R. 18 <input checked="" type="checkbox"/> East <input type="checkbox"/> West 4130 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 4102 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Neosho 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: 200 (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): 40 Length (feet) 10 Width (feet) N/A: Steel Pits Depth from ground level to deepest point: 4 (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.
Distance to nearest water well within one-mile of pit 2620 feet Depth of water well 35 feet		Depth to shallowest fresh water 20 25 feet. Source of information: KH KGS _____ measured _____ well owner _____ electric log RDWR
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 Number of working pits to be utilized: 1 Abandonment procedure: Empty fluids 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.		
<u>5-4-06</u> Date		<u>Jim Mugrage</u> Signature of Applicant or Agent
KCC OFFICE USE ONLY		
Date Received: <u>5/8/06</u> Permit Number: _____ Permit Date: <u>5/8/06</u> Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

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15-133-26626-0000