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MAY 23 2006

KCC WICHITA

Form C-1

December 2002

Form must be Typed

Form must be Signed

All blanks must be Filled

For KCC Use: Effective Date: 5-29-06 District #: 4 SGA? [X] Yes [] No

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION NOTICE OF INTENT TO DRILL

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

Expected Spud Date: June 15, 2006

OPERATOR: License# 33335 Name: IA Operating, Inc. Address: 900 N Tyler Rd #14 City/State/Zip: Wichita KS 67212 Contact Person: Hal Porter Phone: 316-721-0036

CONTRACTOR: License# 30606 Name: Murfin Drilling Company, Inc.

Well Drilled For: [X] Oil [] Gas [] CWMO [] Seismic; # of Holes [] Other [] Enh Rec [] Storage [] Disposal [] Other Well Class: [] Infield [] Pool Ext. [X] Wildcat [] Other Type Equipment: [X] 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 [X] No If Yes, true vertical depth: Bottom Hole Location: KCC DKT #:

Spot NW SE NW Sec. 28 Twp. 2 S. R. 24 1910 feet from N / S Line of Section 1970 feet from E / W Line of Section Is SECTION [X] Regular [] Irregular?

(Note: Locate well on the Section Plat on reverse side) County: Norton Lease Name: Joanne Well #: 28-1 Field Name: Wildcat

Is this a Prorated / Spaced Field? [] Yes [X] No Target Formation(s): LKC, Reagan Sand, Granite Wash Nearest Lease or unit boundary: 730

Ground Surface Elevation: 2420 approx feet MSL Water well within one-quarter mile: [] Yes [X] No Public water supply well within one mile: [] Yes [X] No

Depth to bottom of fresh water: 300' 180' Depth to bottom of usable water: Unkn 1250'

Surface Pipe by Alternate: [] 1 [X] 2 Length of Surface Pipe Planned to be set: 300' Length of Conductor Pipe required: None Projected Total Depth: 3900

Formation at Total Depth: Granite Water Source for Drilling Operations: [] Well [] Farm Pond Other [X]

DWR Permit #: (Note: Apply for Permit with DWR []) Will Cores be taken? [] Yes [X] 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: May 22, 2006 Signature of Operator or Agent: Title: President

For KCC Use ONLY API # 15 - 137-20453-0000 Conductor pipe required None feet Minimum surface pipe required 200 feet per Alt. X(2) Approved by: Put 5-24-06 This authorization expires: 11-24-06 (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

28 2 24W

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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 - 137-20453-0000

Operator: IA Operating, Inc.

Lease: Joanne

Well Number: 28-1

Field: Wildcat

Number of Acres attributable to well:

QTR / QTR / QTR of acreage: NW - SE - NW

Location of Well: County: Norton

1910 feet from N / S Line of Section

1970 feet from E / W Line of Section

Sec. 28 Twp. 2 S. R. 24 East West

Is Section: Regular or Irregular

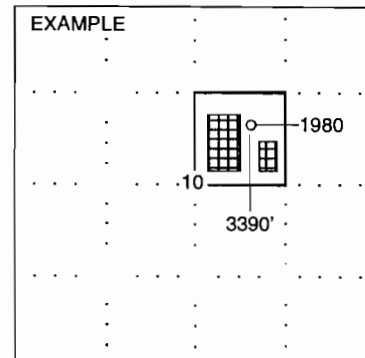
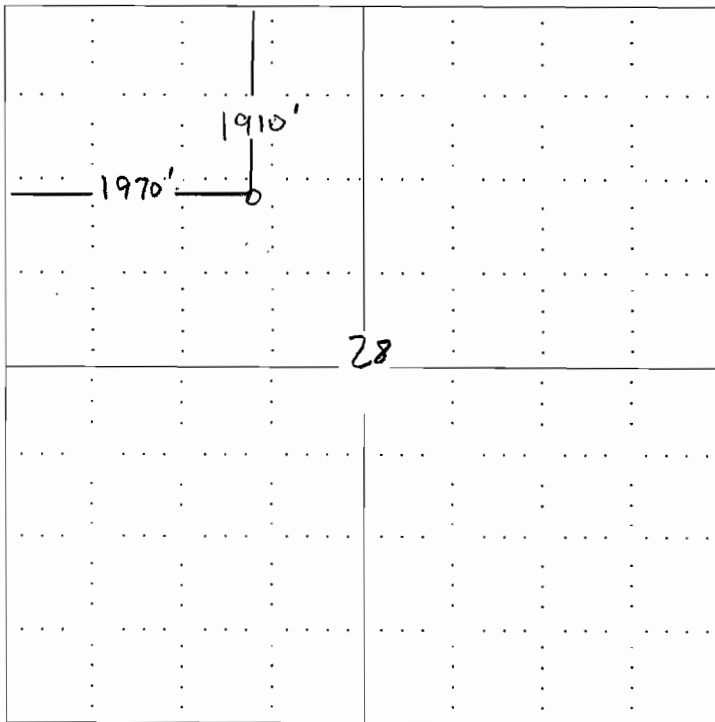
If Section Is Irregular, locate well from nearest corner boundary.

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.)



NOTE: In all cases locate the spot of the proposed drilling locaton.

In plotting the proposed location of the well, you must show:

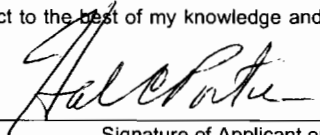
- 1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the section's south / north and east / west.
3. The distance to the nearest lease or unit 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

RECEIVED
MAY 23 2006
KCC WICHITA

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: IA Operating, Inc.		License Number: 33335	
Operator Address: 900 N Tyler Rd #14, Wichita KS 67212			
Contact Person: Hal Porter		Phone Number: (316) 721 - 0036	
Lease Name & Well No.: Joanne 28-1		Pit Location (QQQQ): NW SE NW	
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 (If WP Supply API No. or Year Drilled)		Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: 600 Pit capacity: _____ (bbls)	
		Sec. 28 Twp. 2S R. 24 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1910 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 1970 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Norton _____ County	
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: _____ mg/l (For Emergency Pits and Settling Pits only)	
Is the bottom below ground level? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Artificial Liner? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
How is the pit lined if a plastic liner is not used?			
Pit dimensions (all but working pits): 100 Length (feet) 100 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 3059 feet Depth of water well 100 feet		Depth to shallowest fresh water unknown 25 feet Source of information: RN 263 (1) _____ 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: Bentonite Number of working pits to be utilized: 4 Abandonment procedure: allow to dry, backfill and level 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: 5/22/2006		Signature of Applicant or Agent: 	
KCC OFFICE USE ONLY			
RFAL			
Date Received: 5/22/06 Permit Number: _____ Permit Date: 5/23/06 Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			

15-137-20453-0000

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR
BRIAN J. MOLINE, CHAIR
ROBERT E. KREHBIEL, COMMISSIONER
MICHAEL C. MOFFET, COMMISSIONER

May 23, 2006

Mr. Hal Porter
IA Operating, Inc.
900 N. Tyler Rd. #14
Wichita, KS 67212

RE: Drilling Pit Application
Joanne Lease Well No. 28-1
NW/4 Sec. 28-02S-24W
Norton County, Kansas

Dear Mr. Porter:

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 practical after drilling operations have ceased. **Please keep all pits away from any draws.**

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 (785) 625-0550 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

Environmental Protection and Remediation Department

cc: H Deines