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JUN 14 2006

KCC WICHITA

Form C-1  
December 2002

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

For KCC Use: 6-2006  
Effective Date: 4  
District # 4  
SGA?  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 July 5, 2006  
month day year

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:  Oil  Gas  OWO  Seismic; # of Holes  Other  
 Enh Rec  Storage  Disposal  Other  
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 #: \_\_\_\_\_

Spot NE  
NW SE SW Sec. 7 Twp. 13S S. R. 16  
 East  West  
2150 feet from  N /  S Line of Section  
1560 feet from  E /  W Line of Section  
Is SECTION  Regular  Irregular?

(Note: Locate well on the Section Plat on reverse side)  
County: Ellis  
Lease Name: Lydia Well #: 7-1  
Field Name: unknown  
Is this a Prorated / Spaced Field?  Yes  No  
Target Formation(s): LKC  
Nearest Lease or unit boundary: 490 feet  
Ground Surface Elevation: 2005 approx 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: 180  
Depth to bottom of usable water: 700-750  
Surface Pipe by Alternate:  1  2  
Length of Surface Pipe Planned to be set: 950  
Length of Conductor Pipe required: None  
Projected Total Depth: 3600  
Formation at Total Depth: Arbuckle  
Water Source for Drilling Operations:  
 Well  Farm Pond Other  X  
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: June 13, 2006 Signature of Operator or Agent: Hal Porter Title: President

For KCC Use ONLY  
API # 15 - 051-25546-0000  
Conductor pipe required None feet  
Minimum surface pipe required 720 feet per Alt. 1  
Approved by: RIA 6-15-06  
This authorization expires: 12-15-06  
(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

7  
13  
16W

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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 - 051-25546-0000
Operator: IA Operating, Inc.
Lease: Lydia
Well Number: 7-1
Field: unknown

Location of Well: County: Ellis
2150 feet from N / S Line of Section
1560 feet from E / W Line of Section
Sec. 7 Twp. 13S S. R. 16 East West

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

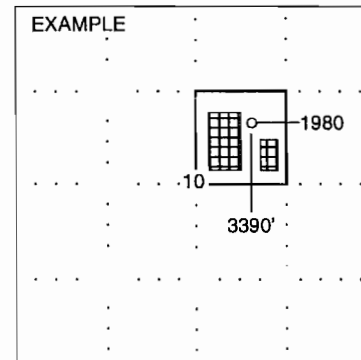
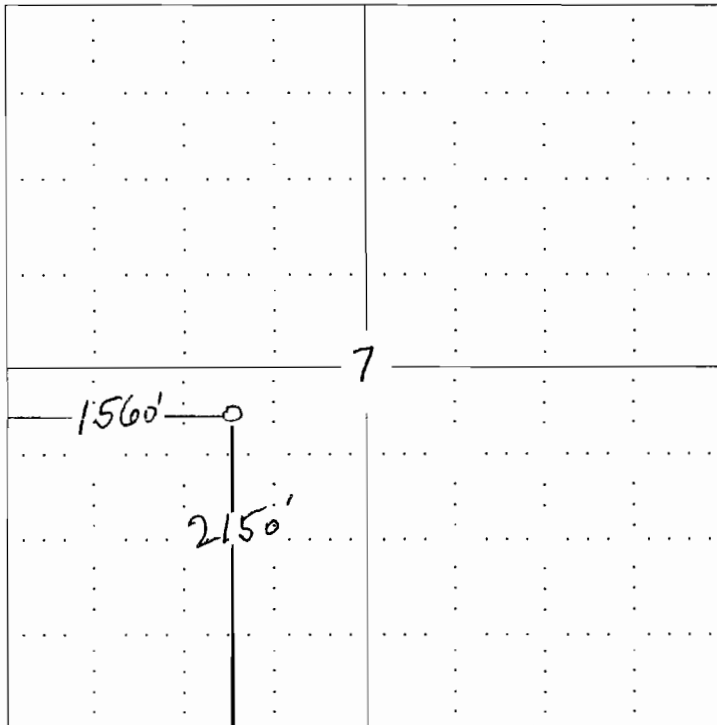
Is Section: Regular or Irregular

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:

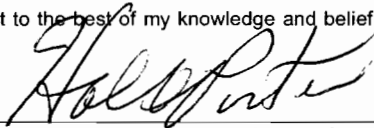
- 1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the section's south / north and east / west.
3. The distance to the nearest lease or unit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

RECEIVED  
JUN 14 2006  
KCC WICHITA

Form CDP-1  
April 2004  
Form must be Typed

Submit in Duplicate

Operator Name: <b>IA Operating, Inc</b>		License Number: <b>33335</b>
Operator Address: <b>900 N Tyler Rd #14, Wichita KS 67212</b>		
Contact Person: <b>Hal Porter</b>		Phone Number: ( <b>316</b> ) <b>721 - 0036</b>
Lease Name & Well No.: <b>Lydia 7-1</b>		Pit Location (QQQQ): <b>NW</b> <sup>NE</sup> <b>SE</b> <b>SW</b>
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: <b>600</b> (bbls)	Sec. <b>7</b> Twp. <b>13S</b> R. <b>16</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <b>2150</b> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <b>1560</b> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section <b>Ellis</b> County
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input 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 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): <b>100</b> Length (feet) <b>100</b> Width (feet) <b>N/A: Steel Pits</b> Depth from ground level to deepest point: <b>4</b> (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 <b>N/A</b> feet    Depth of water well _____ feet		Depth to shallowest fresh water <b>unknown</b> feet. Source of information: _____ measured    _____ well owner    _____ electric log    _____ KDWR
<b>Emergency, Settling and Burn Pits ONLY:</b> 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		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> Type of material utilized in drilling/workover: <b>Bentonite</b> Number of working pits to be utilized: <b>4</b> Abandonment procedure: <b>allow to dry, backfill and level</b> _____ 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.		
June 13, 2006 Date		 Signature of Applicant or Agent

15-051-25546-0000

KCC OFFICE USE ONLY			
Date Received: <b>6/14/06</b>	Permit Number: _____	Permit Date: <b>6/14/06</b>	Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No