

*** CORRECTED RECEIVED**

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

MAY 11 2006
KCC WICHITA

For KCC Use:
Effective Date: 5-21-06
District # 3
SGA? Yes No

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

Form C-1
December 2002
Form must be Typed
Form must be Signed
Blanks must be Filled

Expected Spud Date June 1, 2006
month day year

Spot
C SE NE Sec. 20 Twp. 33 S. R. 17 East West
1980 feet from N / S Line of Section
660 feet from E / W Line of Section
Is SECTION Regular Irregular?

OPERATOR: License# 33017
Name: Davis Operating Company
Address: 2800 Mid-Continent Tower
City/State/Zip: Tulsa, OK 74103
Contact Person: Autumn R. Mirnick
Phone: (479) 285-9036
CONTRACTOR: License# 33374
Name: L & S Well Service, LLC

(Note: Locate well on the Section Plat on reverse side)
County: Montgomery
Lease Name: Ashley Well #: 1-20
Field Name: Coffeyville-Cherryvale

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

Is this a Prorated / Spaced Field? Yes No
Target Formation(s): Weir-Pittsburg, Riverton, Mississippi, Arbuckle
Nearest Lease or unit boundary: 660
Ground Surface Elevation: 800 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+

If OWWO: old well information as follows:
Operator: _____
Well Name: _____
Original Completion Date: _____ Original Total Depth: _____

* Surface Pipe by Alternate: 1 2
* Length of Surface Pipe Planned to be set: 500 / 40'
* Length of Conductor Pipe required: 25' / NONE
Projected Total Depth: 1110'

Directional, Deviated or Horizontal wellbore? Yes No
If Yes, true vertical depth: _____
Bottom Hole Location: _____
KCC DKT #: _____

Formation at Total Depth: Arbuckle
Water Source for Drilling Operations:
 Well Farm Pond Other _____
DWR Permit #: _____

* **Gas Storage Area -
Blowout Preventer Required**

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: 05/09/06 Signature of Operator or Agent: [Signature] Title: Geologist

For KCC Use ONLY
API # 15 - 125-31078-0000
Conductor pipe required 20 NONE feet
Minimum surface pipe required 550 40' feet per Alt. (2)
Approved by: Rut 5-16-06 / RCH 7-2006
This authorization expires: 11-16-06
(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

* WAS: Mud Rotary, Surface Pipe Planned to be set 550', Conductor pipe: 25'
IS: Air Rotary, Surface Pipe Planned to be set 40', Conductor pipe: None

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JUL 19 2006
CONSERVATION DIVISION
WICHITA, KS

20
33
17E

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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 - 125-31078-0000
Operator: Davis Operating Company
Lease: Ashley
Well Number: 1-20
Field: Coffeyville-Cherryvale
Number of Acres attributable to well: _____
QTR / QTR / QTR of acreage: C - SE - NE

Location of Well: County: Montgomery
1980 feet from N / S Line of Section
660 feet from E / W Line of Section
Sec. 20 Twp. 33 S. R. 17 East West

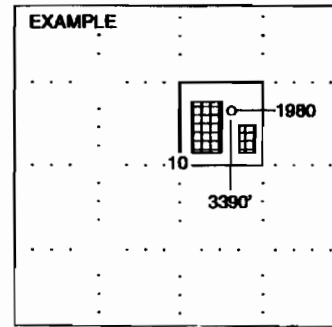
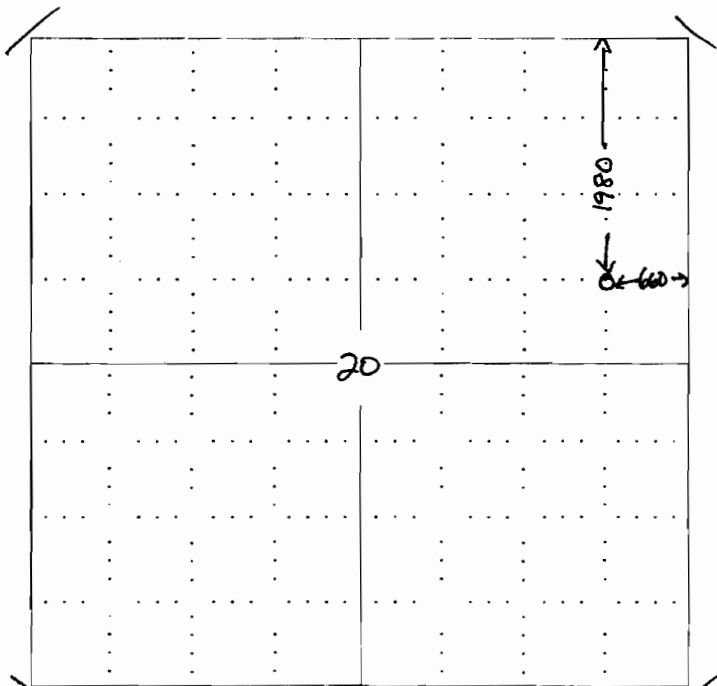
Is Section: Regular or Irregular

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 location.

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).

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JUL 19 2006
CONSERVATION DIVISION
WICHITA, KS



Mr. Rick Hestermann
Kansas Corporation Commission
130 S. Market, Room 2078
Wichita, KS 67202

Re: Ashley #1-20

July 18, 2006

Dear Mr. Hestermann:

Davis Operating Company has requested approval from Atmos Energy Corporation to drill with air instead of the chemical mud required in paragraph 5b of the Gas Storage Lease Agreement. Atmos hereby gives approval to air drill this well based on the following criteria:

- All other criteria established in paragraph 5 of the Gas Storage Agreement will remain in place and must be adhered to as agreed by Davis Operating.
- If the Squirrel Sandstone is encountered, and gas is present, Atmos reserves the right to revert back to paragraph 5b and request that the well be loaded with chemical mud for the duration of drilling activity.
- The approval for air drilling on this well will not extend to any additional wells on the lease, or any sidetracks from this well, without additional written consent from Atmos Energy.

Please advise if you require any further information.

Sincerely,

Matthew C. Frihart
Director - Storage & Gas Control Operations
Atmos Energy Corporation
377 Riverside Drive, Suite 201
Franklin, TN 37064
(615) 261 - 2264 office
(615) 790 - 9337 fax
(615) 416 - 3734 cell

cc: Davis Operating, Attn: Terry Reeves
fax (918)587-7783

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CONSERVATION DIVISION
WICHITA, KS

Davis Operating Company

2800 Mid-Continent Tower
Tulsa, Oklahoma 74103

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JUL 19 2006
CONSERVATION DIVISION
WICHITA, KS

July 18, 2006

KCC – Conservation Division
Attn: Dave Williams
130 S. Market, Room 2078
Wichita, KS 67202-3802

RE: Ashley #1-20 well
Sec. 20-33S-17E
Montgomery County, OK

This letter is being submitted together with a Corrected “Notice of Intent to Drill”.

As was discussed by telephone this morning, we have received approval from Atmos Energy to drill the above-referenced well to total depth with air, rather than with chemical drilling mud. I have attached a copy of the approval letter from Atmos that was submitted via facsimile to Rick Hesterman at the KCC this morning. As required by KCC regulations, a BOP will be on the well throughout drilling operations.

If there are any questions regarding this corrected form, please contact me at the above address or you may call my cell phone (479-285-9036). Thank you for your help.

Sincerely,



Autumn R. Minnick
Geologist

Encl.