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KANSAS CORPORATION COMMISSION

JUL 12 2006

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

CONSERVATION DIVISION  
WICHITA, KS

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

Form O-1  
December 2002  
Forms must be Typed  
Forms must be Signed  
All blanks must be Filled

For KCC Use:  
Effective Date: 12-18-05  
District # 1  
SGA?  Yes  No

Expected Spud Date 03 12 2006  
month day year

OPERATOR: License# 8996  
Name: Mid-Continent Resources, Inc.  
Address: P. O. Box 399  
City/State/Zip: Garden City, KS 67848  
Contact Person: Scott Corsair  
Phone: 785-398-2270

CONTRACTOR: License# 39323  
Name: Petromark Drilling, LLC

Well Drilled For:  Oil  Gas  ONWO  Seismic; 0 of Holes  Other  
Well Class:  Enh Rec  Storage  Disposal  Other  
Type Equipment:  Infield  Pool Ext.  Wildcat  Mud Rotary  Air Rotary  Cable

If ONWO: 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 #: \_\_\_\_\_

~~REMOVED FROM SCHARSEN B.P.O.~~  
PER OG-CONS-019-CB90.

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: December 12, 2005 Signature of Operator or Agent: Scott Corsair Title: Petroleum Engineer

For KCC Use ONLY  
API # 16 - 135. 24436 00-00  
Conductor pipe required NONE feet  
Minimum surface pipe required 200 feet per AR. 4 ②  
Approved by: RSR 12-13-05  
This authorization expires: 6-13-06  
(This authorization void if drilling not started within 6 months of effective date.)  
Spud date: \_\_\_\_\_ Agent: \_\_\_\_\_

Spot 110' S  
NE NE SE Sec. 23 Twp. 19 S. R. 22  East  West  
2200 feet from  N /  S Line of Section  
330 feet from  E /  W Line of Section  
Is SECTION  Regular  Irregular?

(Note: Locate well on the Section Plat on reverse side)  
County: Ness  
Lease Name: Gully Well #: 5-23  
Field Name: Scharsen  
Is this a Prorated / Spaced Field?  Yes  No  
Target Formation(s): Mississippian  
Nearest Lease or unit boundary: 330'  
Ground Surface Elevation: 2240.681 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: (480') 180  
Depth to bottom of usable water: 720 750  
Surface Pipe by Alternate:  1  2  
Length of Surface Pipe Planned to be set: 200'  
Length of Conductor Pipe required: None  
Projected Total Depth: 4400'  
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  
If Yes, proposed zone: \_\_\_\_\_

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KCC WICHITA

Remember for:

- 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: Scott Corsair  
Date: 7-12-06

23 19 2241