

For KCC Use: 8-506
 Effective Date: _____
 District #: 3
 SGA? Yes No

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

Form C-1
 December 2002
 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 8/9/06
 month day year

OPERATOR: License# 33583
 Name: Admiral Bay (USA) Inc.
 Address: 7060B S. Tucson Way
 City/State/Zip: Centennial, CO 80112
 Contact Person: Steve Tedesco
 Phone: 303-350-1255

CONTRACTOR: License# 5786
 Name: McGown Drilling

| | | |
|--|-----------------------------------|--|
| Well Drilled For: | Well Class: | Type Equipment: |
| <input type="checkbox"/> Oil | <input type="checkbox"/> Enh Rec | <input checked="" type="checkbox"/> Infield |
| <input checked="" type="checkbox"/> Gas | <input type="checkbox"/> Storage | <input type="checkbox"/> Pool Ext. |
| <input type="checkbox"/> OWD | <input type="checkbox"/> Disposal | <input type="checkbox"/> Wildcat |
| <input type="checkbox"/> Seismic; _____ # of Holes | <input type="checkbox"/> Other | <input type="checkbox"/> Cable |
| <input type="checkbox"/> Other | | <input checked="" type="checkbox"/> Mud Rotary |
| | | <input type="checkbox"/> Air Rotary |

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 Nw - SW - SW Sec. 24 Twp. 33 S. R. 18
 East West
980 feet from N / S Line of Section
590 feet from E / W Line of Section
 Is SECTION Regular Irregular?

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

County: Labette
 Lease Name: Hess Well #: 13-24
 Field Name: Mound Valley South

Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Abbeville Arbuckle

Nearest Lease or unit boundary: 590 FWL
 Ground Surface Elevation: 815 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+

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

Length of Conductor Pipe required: None
 Projected Total Depth: 2000"

Formation at Total Depth: Arbuckle
 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: _____

AFFIDAVIT

RECEIVED

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-1101. 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: 7/28/06 Signature of Operator or Agent: [Signature] Title: President and CEO

KANSAS CORPORATION COMMISSION
 JUL 31 2006
 CONSERVATION DIVISION
 WICHITA, KS

For KCC Use ONLY
 API # 15 - 099-24030-0000
 Conductor pipe required None feet
 Minimum surface pipe required 20 feet per Att. X2
 Approved by: RAH 7-31-06
 This authorization expires: 1-31-07
 (This authorization void if drilling not started within 6 months of effective 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

24
33
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

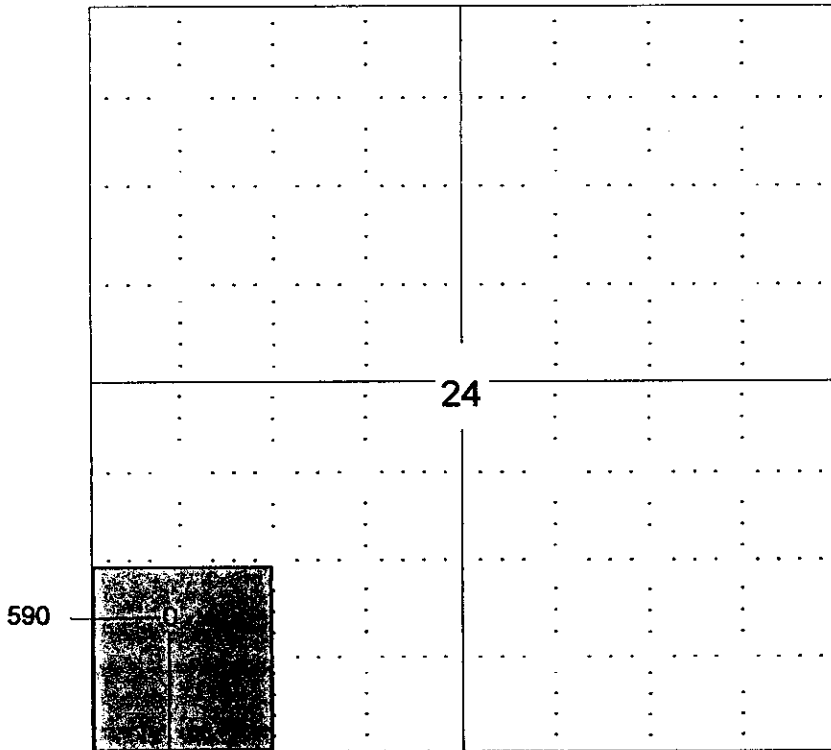
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please 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 - 099-24030-0000
 Operator: Admiral Bay (USA) Inc.
 Lease: Hess
 Well Number: 13-24
 Field: Mound Valley South
 Number of Acres attributable to well: 40
 QTR / QTR / QTR of acreage: _____ - SW - SW

Location of Well: County: Labette
 980 _____ feet from N / S Line of Section
 590 _____ feet from E / W Line of Section
 Sec. 24 Twp. 33 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

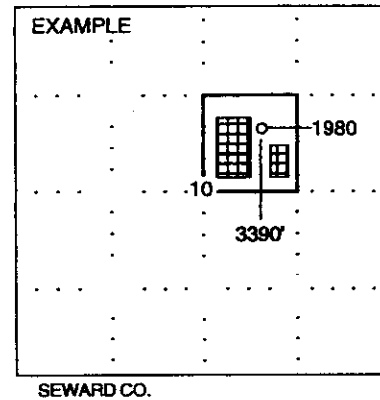
PLAT

*(Show location of the well and shade attributable acreage for prorated or spaced wells.)
 (Show footage to the nearest lease or unit boundary line.)*



NOTE: In all cases locate the spot of the proposed drilling location.
 980

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 JUL 31 2006
 CONSERVATION DIVISION
 WICHITA, KS




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: Admiral Bay (USA) Inc. | | License Number: 33583 |
| Operator Address: 7060B S. Tucson Way | | |
| Contact Person: Steve Tedesco | | Phone Number: (303) 350 - 1255 |
| Lease Name & Well No.: Hess 13-24 | | Pit Location (QQQQ): SE - NW - SW - SW |
| 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 W/P Supply API No. or Year Drilled)</small> | Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 150 (bbls) | Sec. 24 Twp. 33S R. 18 <input checked="" type="checkbox"/> East <input type="checkbox"/> West 980 Feet from <input checked="" type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 590 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Labette County |
| 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): <u>20</u> Length (feet) <u>20</u> Width (feet) _____ N/A: Steel Pits Depth from ground level to deepest point: <u>5</u> (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. |
| | | RECEIVED KANSAS CORPORATION COMMISSION JUL 31 2006 CONSERVATION DIVISION WICHITA, KS |
| Distance to nearest water well within one-mile of pit <u>N/A</u> feet Depth of water well <u>N/A</u> feet | Depth to shallowest fresh water _____ feet. Source of information: _____ _____ measured _____ well owner _____ electric log _____ KDWR | <i>KGS</i> <i>15-099-24030-0700</i> |
| 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: <u>Fresh Water & Native mud</u> Number of working pits to be utilized: <u>2</u> Abandonment procedure: <u>Evaporation and back fill</u> 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>7/28/06</u> Date |  Signature of Applicant or Agent | |

| KCC OFFICE USE ONLY | | | |
|-------------------------------|----------------------|-----------------------------|---|
| Date Received: <u>7/31/06</u> | Permit Number: _____ | Permit Date: <u>7/31/06</u> | Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202