

* CORRECTED
ADDED API #

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

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

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

For KCC Use:
Effective Date: 8-5-06
District #: 3
SGA? Yes No

Expected Spud Date: 11/01/06
month day year

OPERATOR: License# 32877 33583
Name: Admiral Bay (USA) Inc.
Address: 7080B S. Tucson Way
City/State/Zip: Centennial, CO 80112
Contact Person: Steven Tedesco
Phone: 303-350-1255

CONTRACTOR: License# 5786
Name: McGown Drilling

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

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 East
NW SW SE Sec. 2 Twp. 27 S. R. 17 West
890 feet from N / S Line of Section
2275 feet from E / W Line of Section
Is SECTION Regular Irregular?

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

County: Neosho
Lease Name: Shultz Well #: 15-2
Field Name: Humboldt-Chanute
Is this a Prorated / Spaced Field? Yes No
Target Formation(s): Riverton
Nearest Lease or unit boundary: 890 FSL
Ground Surface Elevation: 966 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: 1200'
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: _____

AFFIDAVIT

RECEIVED

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 59-2501. 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

For KCC Use ONLY
API # 15 - 133-26677-0000
Conductor pipe required None feet
Minimum surface pipe required 20 feet per Alt. (2)
Approved by: RH 7-31-06 / [Signature] 8-1-06
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

JUL 31 2006

CONSERVATION DIVISION
WICHITA, KS

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