

FOR KCC USE:

FORM C-1 7/91

FORM MUST BE TYPED

FORM MUST BE SIGNED

ALL BLANKS MUST BE FILLED

EFFECTIVE DATE: 7-15-2000

State of Kansas

DISTRICT # 4

NOTICE OF INTENTION TO DRILL

SGA? Yes No

Must be approved by the K.C.C. five (5) days prior to commencing well.

Expected Spud Date 7 10 2000
month day year

Spot 70' North East
S/2- 70' SE- NE Sec 8... Twp 10 S, Rg 12 X West

OPERATOR: License # 5184
Name: Shields Oil Producers, Inc.
Address: Shields Bldg.
City/State/Zip: Russell, KS 67665
Contact Person: Burton Beery
Phone: 785-483-3141

3040 feet from South / North line of Section
660 feet from East / West line of Section
IS SECTION REGULAR IRREGULAR?

(NOTE: Locate well on the Section Plat on Reverse Side)

CONTRACTOR: License #: 5184
Name: Company Tools

County: Oshorne

Lease Name: Fouts Well #: 2

Field Name: Fallis Ext.

Is this a Prorated/Spaced Field? yes no

Target Formation(s): Kansas City

Nearest lease or unit boundary: 660

Ground Surface Elevation: 1843 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: 580

Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be set: 200

Length of Conductor pipe required: None

Projected Total Depth: 3400

Formation at Total Depth: Base Kansas City

Water Source for Drilling Operations:

well farm pond other

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

If OWMO: old well information as follows:

Operator:

Well Name:

Comp. Date: Old Total Depth

Will Cores Be Taken? yes no

If yes, proposed zone:

Directional, Deviated or Horizontal wellbore? yes no

If yes, true vertical depth:

Bottom Hole Location:

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-101, 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. 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: 7-6-2000 Signature of Operator or Agent: Burton Beery Title: Drlg. Supt.

FOR KCC USE: 141-20347 0000
 API # 15-
 Conductor pipe required NONE feet
 Minimum surface pipe required 200 feet per Alt. (2)
 Approved by: JK 7-10-2000

This authorization expires: 1-10-2001
 (This authorization void if drilling not started within 6 months of effective date.)

Spud date: _____ Agent: _____

RECEIVED
 STATE CORPORATION COMMISSION
7-7-00
 JUL 07 2000

CONSERVATION DIVISION
 Wichita, Kansas

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.

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

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 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- _____

OPERATOR _____ LOCATION OF WELL: COUNTY _____

LEASE _____ _____ feet from south/north line of section

WELL NUMBER _____ _____ feet from east/west line of section

FIELD _____ SECTION _____ TWP _____ RG _____

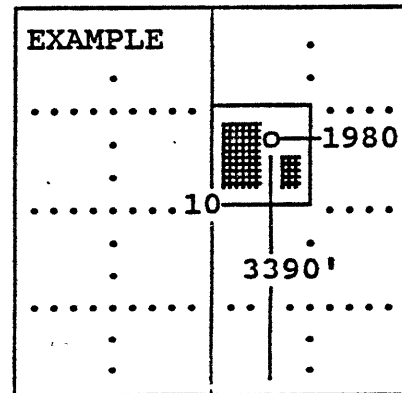
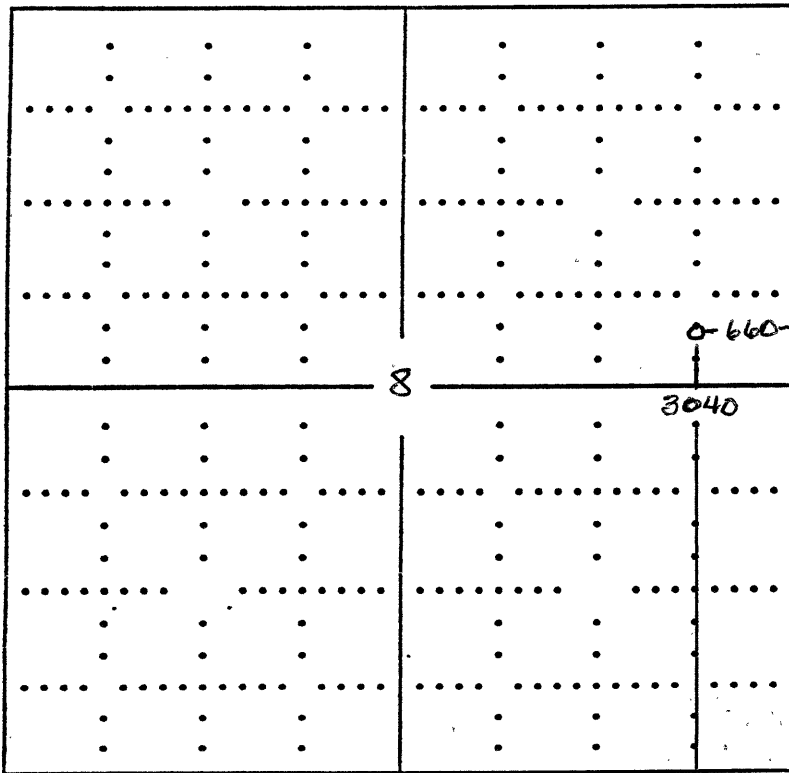
NUMBER OF ACRES ATTRIBUTABLE TO WELL _____ IS SECTION _____ REGULAR or _____ IRREGULAR

QTR/QTR/QTR OF ACREAGE _____ - _____ - _____ **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.

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; and
- 3) the distance to the nearest lease or unit boundary line.