

Scanned

For KCC Use: 6-7-06
Effective Date: 6-7-06
District #: 3
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form C-1

December 2002

Form must be Typed

Form must be Signed

All blanks must be Filled

NOTICE OF INTENT TO DRILL

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

Expected Spud Date: 7 12 2006
month day year

Spot NE NE NE Sec. 18 Twp. 16 S. R. 25 East West
330 feet from N / S Line of Section
330 feet from E / W Line of Section
Is SECTION Regular Irregular?

OPERATOR: License# 33677
Name: Canary Operating Corporation
Address: 7230 W. 162nd Street
City/State/Zip: Stilwell, KS 66085
Contact Person: Steve Allee
Phone: 913-239-8960

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

County: Miami
Lease Name: Deer Well #: 1-18-16-25
Field Name: Louisburg

CONTRACTOR: License#
Name: NA, Will advise on ACO-1, MUST ADVISE ON ACO-1, MUST LICENSED WITH KCC

Is this a Prorated / Spaced Field? Yes No
Target Information(s): Marmaton & Cherokee Coals

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

Nearest Lease or unit boundary: 330'
Ground Surface Elevation: 1052 (Est from Topo Map) feet MSL

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

Water well within one-quarter mile: Yes No
Public water supply well within one mile: Yes No

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

Depth to bottom of fresh water: 140 +/-
Depth to bottom of usable water: 240 +/- 300 +

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

Length of Conductor Pipe required: N/A
Projected Total Depth: 700'
Formation at Total Depth: Cherokee

Water Source for Drilling Operations:
 Well Farm Pond Other X

DWR Permit #:
(Note: Apply for Permit with DWR

Will Cores be taken? Yes No
If Yes, proposed zone:

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: 5/27/06 Signature of Operator or Agent: R.R. Allee Title: For Canary Resources, Inc.

For KCC Use ONLY
API # 15 - 21-28218-0000
Conductor pipe required None feet
Minimum surface pipe required 20 feet per Alt. X 2
Approved by: R.A. 6-2-06
This authorization expires: 12-2-06
(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: R.R. Allee
Date: 12-11-06

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

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KCC WICHITA KCC WICHITA

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