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For KCC Use: 6-7-06
Effective Date: 3
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 25 2006
month day year

Spot NE NW NW Sec. 18 Twp. 16 S. R. 25 East West
330 feet from N / S Line of Section
990 feet from E / W Line of Section

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

Is SECTION Regular Irregular?
(Note: Locate well on the Section Plat on reverse side)

CONTRACTOR: License#
Name: NA, will advise on ACO-1, MUST BE LICENSED WITH KCC

County: Miami
Lease Name: Deer Well #: 7-18-16-25
Field Name: Louisburg

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

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

Nearest Lease or unit boundary: 330'
Ground Surface Elevation: 1043 (Est. from Topo) feet MSL

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

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

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: None

Projected Total Depth: 700'

Formation at Total Depth: Cherokee

Directional, Deviated or Horizontal wellbore? Yes No

Water Source for Drilling Operations:
 Well Farm Pond Other

If Yes, true vertical depth:
Bottom Hole Location:

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

KCC DKT #:

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. Ashlock Title:

For KCC Use ONLY
API # 15: 121-28220-0000
Conductor pipe required: None feet
Minimum surface pipe required: 20 feet per Alt. X(2)
Approved by: R.H. 6-2-06
This authorization expires: 12-2-06
(This authorization void if drilling not started within 6 months of approval 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. Ashlock
Date: 12/11/06

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

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DEC 14 2006
KCC WICHITA
RECEIVED
JUN 01 2006
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