

For KCC Use: 6-7-06  
Effective Date: \_\_\_\_\_  
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 27 06  
month day year

Spot NE - SW - NW Sec. 18 Twp. 16 S. R. 25  East  
1650 feet from  N /  S Line of Section  
990 feet from  E /  W Line of Section  
Is SECTION  Regular  Irregular?

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

(Note: Locate well on the Section Plat on reverse side)  
County: Miami  
Lease Name: Deer Well #: 23-18-16-25  
Field Name: Louisburg

CONTRACTOR: License# NA, will advise on ACO-1 Form WITH KCC  
Name: NA, will advise on ACO-1 Form WITH KCC

Is this a Prorated / Spaced Field?  Yes  No  
Target Formation(s): Marmaton & Cherokee Coals  
Nearest Lease or unit boundary: 990'  
Ground Surface Elevation: 1041 (Est. from Topo) 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: 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  
Water Source for Drilling Operations:  
 Well  Farm Pond Other   
DWR Permit #: \_\_\_\_\_

Well Drilled For: Well Class: Type Equipment:  
 Oil  Enh Rec  Infield  Mud Rotary  
 Gas  Storage  Pool Ext.  Air Rotary  
 OMO  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 #: \_\_\_\_\_

(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.P. Ailee Title: \_\_\_\_\_  
For Canary Operating Corporation

For KCC Use ONLY  
API # 15 - 121-28227-0000  
Conductor pipe required None feet  
Minimum surface pipe required 20 feet per Alt. X(2)  
Approved by: R.P.A. 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.P. Ailee  
Date: 12-11-06

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

RECEIVED  
RECEIVED JUN 11 2006  
DEC 14 2006  
KCC WICHITA  
KCC WICHITA

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