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For KCC Use: 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 26 2006 month day year

Spot SW - SW - NW Sec. 18 Twp. 16 S. R. 25  East  West 2310 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, Suite A 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 #: 25-18-16-25 Field Name: Louisburg

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

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

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

Nearest Lease or unit boundary: 330' Ground Surface Elevation: 1056 (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

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

Projected Total Depth: 700' Formation at Total Depth: Cherokee

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

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 Operating Corporation

For KCC Use ONLY API # 15 - 121-28228-0000 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. [X] 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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