

For KCC Use:
 Effective Date: 2-6-07
 District # 1
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL

** Approved Date*
CORRECTED
 2-2-07
 Form C-1
 December 2002
 Form must be Signed
 All blanks must be Filled

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

Expected Spud Date February 9 2007
month day year

OPERATOR: License# 30742 ✓
 Name: Palomino Petroleum, Inc.
 Address: 4924 SE 84th St.
 City/State/Zip: Newton, Kansas 67114-8827
 Contact Person: Klee R. Watchous
 Phone: (316) 799-1000

CONTRACTOR: License# 33350 ✓
 Name: Southwind Drilling, Inc.

Well Drilled For:	Well Class:	Type Equipment:
<input checked="" type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input checked="" type="checkbox"/> Mud Rotary
<input type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Air Rotary
<input type="checkbox"/> OWO	<input type="checkbox"/> Disposal	<input checked="" type="checkbox"/> Wildcat
<input type="checkbox"/> Seismic; # of Holes	<input type="checkbox"/> Other	<input type="checkbox"/> Cable
<input type="checkbox"/> 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 #: _____

Spot 150' W of
S/2 SE SW Sec. 35 Twp. 16 S. R. 25
 East
 West
330 feet from N / S Line of Section
1830 feet from E / W Line of Section

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

County: Ness
 Lease Name: Burrell Well #: 1
 Field Name: None (Wildcat)

Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Mississippian

Nearest Lease or unit boundary: 330
 Ground Surface Elevation: 2465 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: 1100

Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 200+

Length of Conductor Pipe required: None
 Projected Total Depth: 4500

Formation at Total Depth: Mississippian
 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: January 30, 2007 Signature of Operator or Agent: Klee R. Watchous Title: President

For KCC Use ONLY
 API # 15 - 135-24606-000
 Conductor pipe required None feet
 Minimum surface pipe required 200 feet per Alt. (2)
 * Approved by: Permit 2-1-07 / Permit 2-2-07
 This authorization expires: 8-1-07
 (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 **RECEIVED**
 Signature of Operator or Agent: KANSAS CORPORATION COMMISSION
 Date: _____

* WAS: Approved Date 2-1-08
 IS: " " 2-1-07

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202
RECEIVED
JAN 31 2007
 CONSERVATION DIVISION
 WICHITA, KS

35
 16
 25W