

For KCC Use:  
 Effective Date: 8-22-06  
 District # 1  
 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 AUGUST 21, 2006  
 month day year

Spot 60' S  East  
 NE SE SE Sec. 5 Twp. 32 S. R. 21  West

OPERATOR: License# 5316  
 Name: FALCON EXPLORATION INC.  
 Address: 125 N. MARKET, SUITE 1252  
 City/State/Zip: WICHITA KS 67202  
 Contact Person: RON SCHRAEDER/MIKE MITCHELL  
 Phone: 316/262-1378  
 CONTRACTOR: License# 5822  
 Name: VAL ENERGY INC.

930 feet from  N /  S Line of Section  
330 feet from  E /  W Line of Section  
 Is SECTION  Regular  Irregular?

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

County: CLARK  
 Lease Name: HARDEN Well #: 2-5  
 Field Name: MORRISON NE

Is this a Prorated / Spaced Field?  Yes  No  
 Target Formation(s): MORROW;MISS;VIOLA;ARB  
 Nearest Lease or unit boundary: 330'

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

Ground Surface Elevation: 1981' 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: 180'  
 Depth to bottom of usable water: 180'  
 Surface Pipe by Alternate:  1  2

Directional, Deviated or Horizontal wellbore?  Yes  No

Length of Surface Pipe Planned to be set: 675'  
 Length of Conductor Pipe required: 82'  
 Projected Total Depth: 6545'

Bottom Hole Location: RECEIVED  
 KCC DKT #: KANSAS CORPORATION COMMISSION

Formation at Total Depth: ARBUCKLE  
 Water Source for Drilling Operations:  
 Well  Farm Pond  Other \_\_\_\_\_  
 DWR Permit #: 20060188

(Note: Apply for Permit with DWR )

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

FEB 26 2007

**AFFIDAVIT**

The undersigned hereby affirms that the CONSERVATION DIVISION 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:

RECEIVED

AUG 14 2006

KCC WICHITA

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: 8/14/06 Signature of Operator or Agent: [Signature] Title: President

**For KCC Use ONLY**  
 API # 15 - 025-21379-0000  
 Conductor pipe required None feet  
 Minimum surface pipe required 200 feet per Alt. OX  
 Approved by: Rut 8-1706  
 This authorization expires: 2-17-07  
 (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: [Signature]  
 Date: 2/26/07

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

5  
32  
R/W