

For KCC Use: 12-4-05  
Effective Date: 12-4-05  
District #: 3  
SGA?  Yes  No

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL

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

Form C-1  
December 2002  
Form must be Typed  
Form must be Signed  
All blanks must be Filled

Expected Spud Date 12 14 2005  
month day year

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

CONTRACTOR: License# 33072  
Name: Well Refined Drilling Co.

Well Drilled For:	Well Class:	Type Equipment:
<input type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input checked="" type="checkbox"/> Infield
<input checked="" type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Mud Rotary
<input type="checkbox"/> QW/O	<input type="checkbox"/> Disposal	<input checked="" type="checkbox"/> Air Rotary
<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 SE SE NE Sec. 13 Twp. 16 S. R. 24  East  West  
2310 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: Miami  
Lease Name: Ray Well #: 32-13-16-24

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

Nearest Lease or unit boundary: 330  
Ground Surface Elevation: 1020 (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: 250' +/-  
Depth to bottom of usable water: 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 #: \_\_\_\_\_  
(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: 11/23/05 Signature of Operator or Agent: R. R. Aalbeck Title: \_\_\_\_\_  
For Canary Operating Corporation

For KCC Use ONLY
API # 15 - <u>121-28130-0000</u>
Conductor pipe required <u>NONE</u> feet
Minimum surface pipe required <u>20</u> feet per Alt. # <u>(2)</u>
Approved by: <u>RSP 11-29-05</u>
This authorization expires: <u>5-29-06</u> (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. Aalbeck  
Date: 5/27/06

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

X

RECEIVED  
MAY 30 2006  
KCC WICHITA

RECEIVED  
NOV 28 2005  
KCC WICHITA