

Effective Date: 6-17-07
 District #: 3
 SGA? Yes No

OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL

December 2002
 Form must be Typed
 Form must be Signed
 All blanks must be Filled

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

Expected Spud Date 1 15 2007
 month day year

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

CONTRACTOR: License# 33799
RLC Drilling, Inc.
 Name: _____

Well Drilled For:	Well Class:	Type Equipment:
<input type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input type="checkbox"/> Infield
<input checked="" type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Mud Rotary
<input type="checkbox"/> OWD	<input type="checkbox"/> Disposal	<input checked="" type="checkbox"/> Air Rotary
<input type="checkbox"/> Seismic: # of Holes _____	<input type="checkbox"/> Pool Ext.	<input type="checkbox"/> Cable
<input type="checkbox"/> Other	<input type="checkbox"/> Wildcat	
	<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 NW SE East
1650 feet from N / S Line of Section
1650 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 #: 46-13-16-24

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: 1048 (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' +/- (KCC)
 Depth to bottom of usable water: 300' +/- (KCC)

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 X
 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: 12/11/06 Signature of Operator or Agent: R.R. Ailee Title: _____
 For Canary Operating Corporation

For KCC Use ONLY
 API # 15 - 121-28324-0000
 Conductor pipe required None feet
 Minimum surface pipe required 20 feet per Alt. X(2)
 Approved by: RHA 12-14-06
 This authorization expires: 6-14-07
 (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: R.R. Ailee
 Date: 10/17/07

Mail to: KCC - Conservation Division, 130 S. Market - Room 2076, Wichita, Kansas 67202

RECEIVED
 KANSAS CORPORATION COMMISSION

OCT 22 2007

CONSERVATION DIVISION
 WICHITA, KS

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DEC 11 2006
 OCT 2 2007

WICHITA
 CONSERVATION DIVISION
 WICHITA, KS

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