

FOR KCC USE:

FORM C-1 7/91

FORM MUST BE TYPED

FORM MUST BE SIGNED

ALL BLANKS MUST BE FILLED

EFFECTIVE DATE: 6-8-98

State of Kansas

DISTRICT # 4

NOTICE OF INTENTION TO DRILL

SGA?....Yes..X..No

Must be approved by the K.C.C. five (5) days prior to commencing well.

Expected Spud Date month day year
6 15 98

Spot East
NW NW Sec 5 Twp 10 S, Rg 26 X West

OPERATOR: License # 30076
Name: A & A PRODUCTION
Address: PO BOX 100
City/State/Zip: HILL CITY KS 67642
Contact Person: ANDY ANDERSON
Phone: 785-421-6266

350 feet from South / North line of Section
400 feet from East / West line of Section
IS SECTION REGULAR IRREGULAR?

(NOTE: Locate well on the Section Plat on Reverse Side)

CONTRACTOR: License # 5184
Name: Shields Oil Producers, Inc.

County: SHERIDAN
Lease Name: HAFNER Well #: 1
Field Name: SKY SOUTH DISC

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

Is this a Prorated/Spaced Field? ... yes XX. no
Target Formation(s): KANSAS CITY
Nearest lease or unit boundary: 330

If OWMO: old well information as follows:
Operator:
Well Name:
Comp. Date: Old Total Depth

Ground Surface Elevation: 2647 feet MSL
Water well within one-quarter mile: ... yes XX. no
Public water supply well within one mile: ... yes XX. no

Directional, Deviated or Horizontal wellbore? yes ~~XX~~ no
If yes, true vertical depth:
Bottom Hole Location:

Depth to bottom of fresh water: 100 150
Depth to bottom of usable water: 1000 1350
Surface Pipe by Alternate: 1 XX 200

Length of Surface Pipe Planned to be set:
Length of Conductor pipe required: none
Projected Total Depth: 4100

Formation at Total Depth: Base Kansas City
Water Source for Drilling Operations:
... well XX farm pond ... other

Will Cores Be Taken? yes XX. 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. 55-101, 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. 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: 6-01-98 Signature of Operator or Agent: Andy Anderson Owner

FOR KCC USE: 179-210940000
 API # 15-
 Conductor pipe required NONE feet
 Minimum surface pipe required 200 feet per Alt. X(2)
 Approved by: SK 6-3-98
 This authorization expires: 12-3-98
 (This authorization void if drilling not started within 6 months of effective date.)
 Spud date: _____ Agent: _____

RECEIVED
KANSAS CORP COMM
1998 JUN -3 12:55
06-03-1998
5
10
26W

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.

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

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

PLAT OF ACREAGE ATTRIBUTABLE TO A WELL IN A PRORATED OR SPACED FIELD

If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please show all the wells within 1 mile of the boundaries of the proposed acreage attribution unit for gas wells and within 1/2 mile of the boundaries of the proposed acreage attribution unit for oil wells.

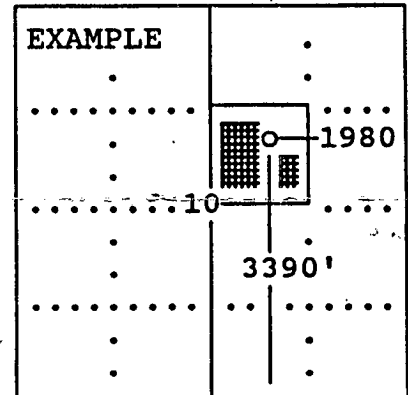
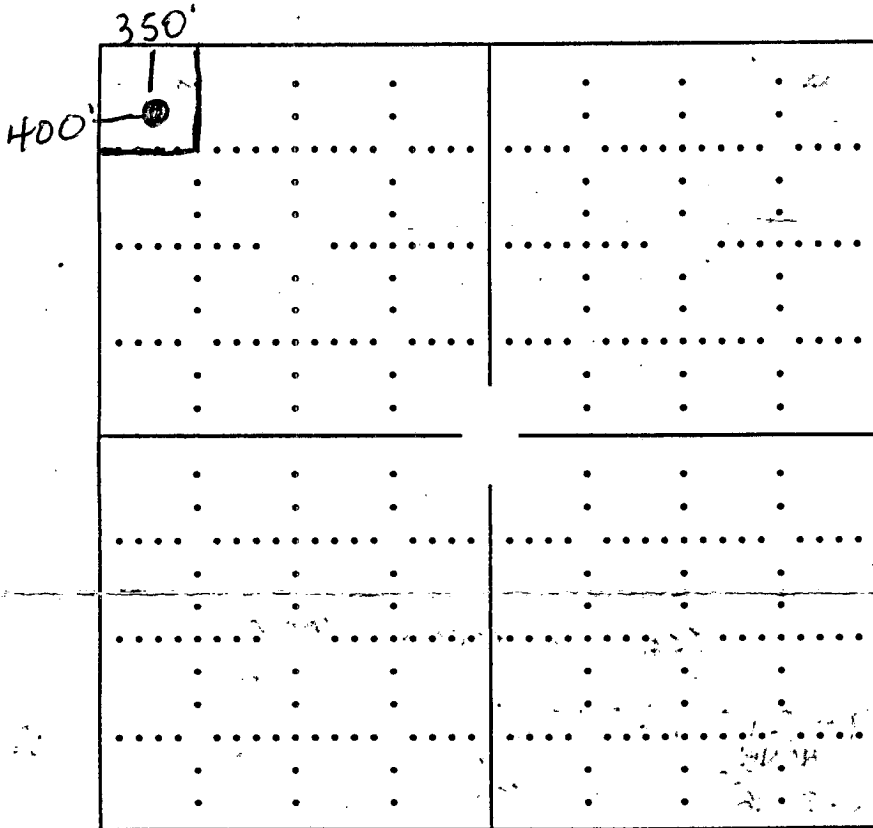
API NO. 15- _____
 OPERATOR A & A PRODUCTION LOCATION OF WELL: COUNTY SHERIDAN
 LEASE AHFFNER 350 feet from south/~~north~~ line of section
 WELL NUMBER 1 400 feet from east/~~west~~ line of section
 FIELD SKY SOUTH DISC SECTION 5 TWP 10 RG 26

NUMBER OF ACRES ATTRIBUTABLE TO WELL 20 IS SECTION XX REGULAR or _____ IRREGULAR
 QTR/QTR/QTR OF ACREAGE NW - NW - NW **IF SECTION IS IRREGULAR, LOCATE WELL FROM NEAREST CORNER BOUNDARY.**

Section corner used: NE NW SE SW

PLAT

(Show location of the well and shade attributable acreage for prorated or spaced wells.)
 (Show footage to the nearest lease or unit boundary line.)



SEWARD CO.

In plotting the proposed location of the well, you must show:

- 1) The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.;
- 2) the distance of the proposed drilling location from the section's south/north and east/west; and
- 3) the distance to the nearest lease or unit boundary line.