

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

Expected Spud Date October 29 1989
month day year

C NE NE Sec 16 Twp 11 S, Rg 9 East
West

OPERATOR: License # 3818
Name: Charlie Kosarek
Address: 1100 NW Loop 410, Suite 611
City/State/Zip: San Antonio, TX 78213-2187
Contact Person: Charlie Kosarek
Phone: (512)-377-3214

4620 feet from South line of Section
660 feet from East line of Section
(Note: Locate well on Section Plat Below)

CONTRACTOR: License #: 8241
Name: Emphasis Oil Operations

County: Lincoln
Lease Name: Merrill Nielsen Well #: 1
Field Name:
Is this a Prorated Field? yes ..X. no
Target Formation(s): Arbuckle
Nearest lease or unit boundary: 660
Ground Surface Elevation: 1423 feet MSL
Domestic well within 330 feet: yes ..X. no
Municipal well within one mile: yes ..X. no
Depth to bottom of fresh water: 200'
Depth to bottom of usable water: 350'
Surface Pipe by Alternate: ..X, 1 2
Length of Surface Pipe Planned to be set: 450'
Length of Conductor pipe required: N/A
Projected Total Depth: 4300'
Formation at Total Depth: Arbuckle
Water Source for Drilling Operations:
.... well farm pond ..X. other
DWR Permit #:
Will Cores Be Taken? yes X... no
If yes, proposed zone:

Well Drilled For: Well Class: Type Equipment:
..X Oil ... Inj ... Infield ..X Mud Rotary
... Gas ... Storage ... Pool Ext. ... Air Rotary
... OAWO ... Disposal ..X Wildcat ... Cable
... Seismic; ... # of Holes

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

Directional, Deviated or Horizontal wellbore? yes ..X. no
If yes, total depth location:

AFFIDAVIT

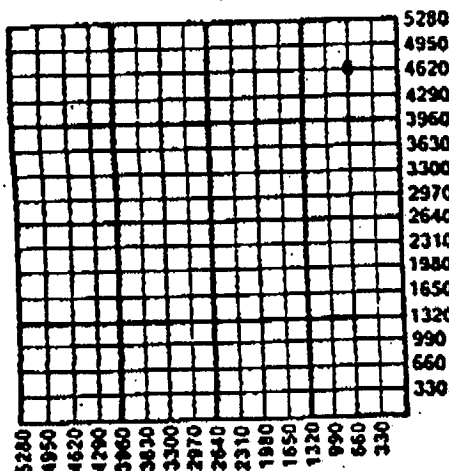
The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-101, et. seq.

It is agreed that the following minimum requirements will be met:

1. The appropriate district office shall be notified before setting surface pipe;
2. The minimum amount of surface pipe as specified above 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;
3. If the well is dry, a plugging proposal shall be submitted to the district office. An agreement between the operator and the district office on plug length and placement is necessary prior to plugging;
4. The appropriate district office will be notified before well is either plugged or production casing is cemented in;
5. 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: 10-24-89 Signature of Operator or Agent: [Signature] Title: Agent



OCT 25 1989
10-25-1989
Wichita, Kansas

FOR USE BY: [Signature] Search, Inc. as agent

API # 15- 105-2008600-00 P
Conductor pipe required _____ feet
Minimum surface pipe required 370 feet per Alt. ① X
Approved by: [Signature] 10-25-89
EFFECTIVE DATE: 10-30-89
This authorization expires: 4-30-89
(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.