

5-13-03

For KCC Use:

Effective Date:

District #

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 May 25, 2003
month day year

OPERATOR: License# 32511
Name: Imperial American Oil Corporation
Address: 303 N Carroll Blvd #214
City/State/Zip: Denton TX 76201
Contact Person: Hal Porter
Phone: 940-483-9148

CONTRACTOR: License# 30606
Name: Murfin Drilling Company, Inc.

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

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 E/2E/2 NE NE Sec. 25 Twp. 11S S. R. 16
 East West
600 feet from N / S Line of Section
75 feet from E / W Line of Section
Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)
County: Ellis
Lease Name: Peggy Unit Well #: 25-2
Field Name: Wildcat
Is this a Prorated / Spaced Field? Yes No
Target Information(s): Topeka, LKC, ARB
Nearest Lease or unit boundary: 595' from west Unit line
Ground Surface Elevation: 1780 Approx 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: 180 feet
Depth to bottom of usable water: 500 feet
Surface Pipe by Alternate: 1 2
Length of Surface Pipe Planned to be set: 900
Length of Conductor Pipe required: None
Projected Total Depth: 3700
Formation at Total Depth: ARB
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. 55-1101.
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: May 5, 2003 Signature of Operator or Agent: Hal Porter Title: President

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For KCC Use ONLY
API # 15 - 051-25222-00-00
Conductor pipe required NONE feet
Minimum surface pipe required 520 feet per Alt. 1
Approved by: RJP 5-8-03
This authorization expires: 11-8-03
(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.
- 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: _____
Date: _____

25
11
16w

Form No. 1
 05/01/03
 Kansas Department of Geology
 601 West 10th Street
 Topeka, Kansas 66604

KANSAS DEPARTMENT OF GEOLOGY
 COMMISSION

5-7-2003

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a prorated or spaced field

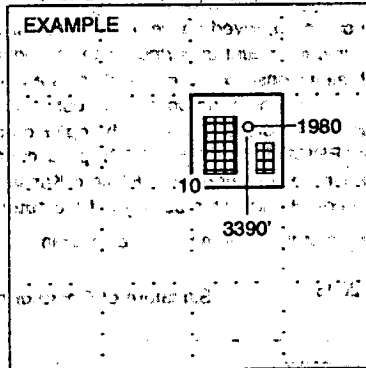
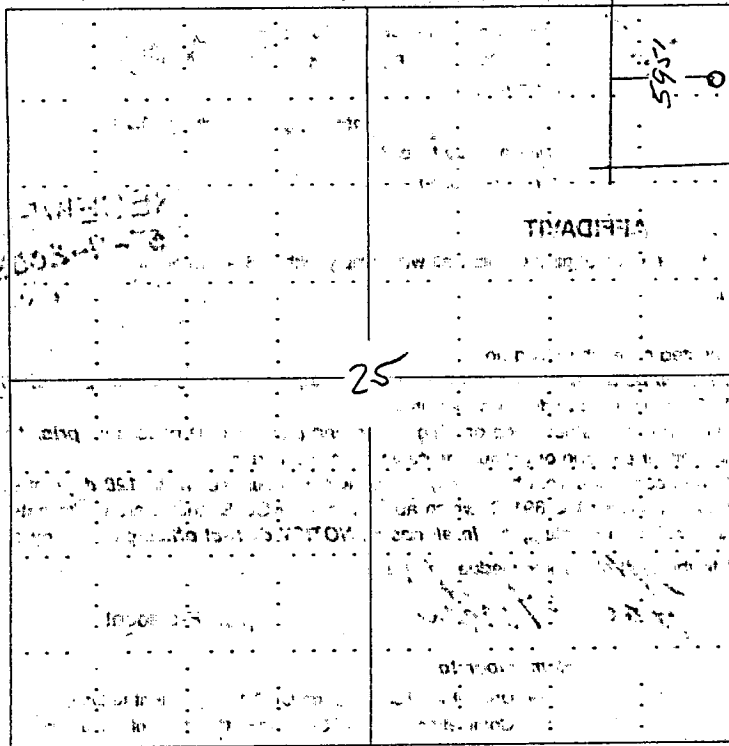
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please show all the wells and 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: Imperial American Oil Corporation
 Lease: Peggy Unit
 Well Number: 25-2
 Field: Wildcat
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: NE NE NE

Location of Well: County: Ellis
 600 feet from N / S Line of Section
 75 feet from E / W Line of Section
 Sec. 25 Twp. 11S S. R. 16 East West
 Is Section: Regular or Irregular
 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.)



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 UP TO MAX
 KOC
 SEE PLAT
 WICHITA

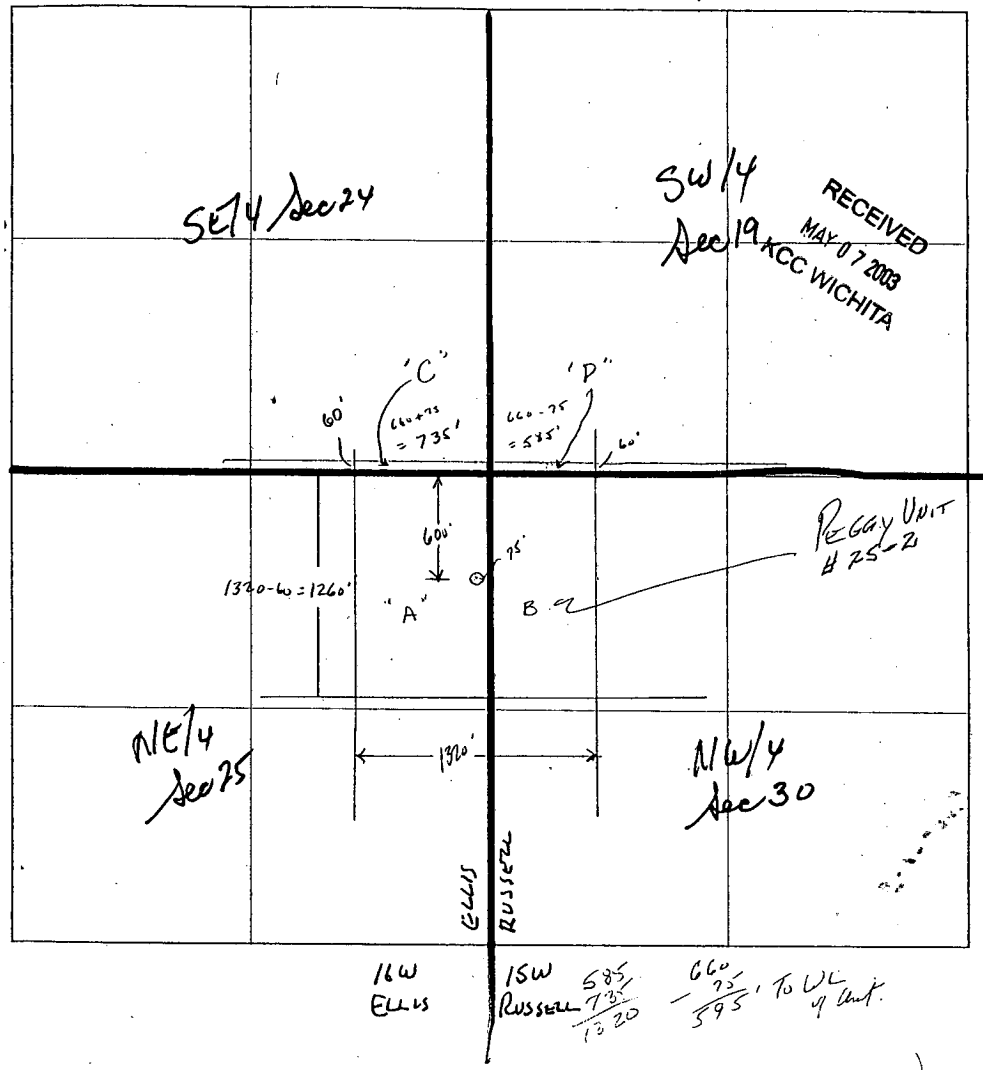
NOTE: In all cases locate the spot of the proposed drilling location.

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.
3. The distance to the nearest lease or unit boundary line.
4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (CO-7 for oil wells; CG-8 for gas wells).

REGGAY #25-2 UNIT

SECTION 24 & 25 11S-16W (Ellis) 115
 SECTION 19 & 20 11S-15W (Russell) 115
 TOWNSHIP RANGE 15 & 16 W COUNTY Ellis/Russell STATE KS



SE 1/4 Sec 24

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'C'
 660-75
 = 585'
 60'
 'D'
 660-75
 = 585'
 60'

1320-60 = 1260'
 'A'
 600'
 75'
 'B'
 REGGAY UNIT #25-2

NE 1/4 Sec 25

NW 1/4 Sec 30

16W ELLIS 585
 15W Russell 735
 1320
 660-75 = 585 To VC of Unit.

Exhibit "A"

Attached and made a part of that certain Declaration of Pooling and Unitization

by

Imperial American Oil Corporation

dated May 2, 2003

The following described oil and gas leases located in Ellis County, Kansas and in Russell County, Kansas:

Lease No. 1 - Ellis County, Kansas

Lessor: Eldon L. Christer and Peggy Christer, his wife

Lessee: J. Fred Hambright, Inc.

Date: July 6, 2000

Recorded: Book 492 at Page 836, in the records of the Register of Deeds, Ellis County, KS

Lands Covered:

Township 11 South, Range 16 West
Section 36: NE/4

Lease No. 2 - Russell County, Kansas

Lessor: Jack Powell, P O Box 162, Protection KS 67127

Lessee: J. Fred Hambright, Inc.

Date: May 22, 2002

Recorded: Book 200 at Page 228, in the Records of the Registrar of Deeds, Russell County, KS

Lands Covered:

Township 11 South, Range 15 West
Section 19: SW/4
Section 30: W/2

Lease No. 3 - Ellis County, Kansas

Lessor: Jack Powell, P O Box 162, Protection KS 67127

Lessee: J. Fred Hambright, Inc.

Date: May 22, 2002

Recorded: Book 532 at Page 434 in the Records of the Registrar of Deeds, Ellis, County, KS

Lands Covered:

Township 11 South, Range 16 West
Section 24: E/2

Lease No. 4 - Russell and Ellis Counties, Kansas

Oil and Gas Lease dated February 25, 2003, from AmerUs Life Insurance Company, successor to the Central Life Assurance Society, Lessor, to J. Fred Hambright, Inc., Lessee, covering

Township 11-South, Range 15-West
Section 30: W/2
Russell County, Kansas

Township 11-South, Range 16-West
Section 24: NE/4
Ellis County, Kansas

containing 480 acres, more or less, recorded in Book 557, Page 698, Ellis County, KS.,

And recorded in Book 201, Page 269-270, Russell County, KS.,

KCL

Declaration of Pooling and Unitization

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, Imperial American Oil Corporation, a Texas corporation, 303 North Carroll Blvd., #214, Denton TX 76201, is the owner of the oil and gas leases described in Exhibit "A", attached here to and made a part hereof, Ellis County, Kansas, and in Russell County, Kansas, and;

WHEREAS, each of the oil and gas leases described in Exhibit "A" contains a Pooling and Unitization clause which states as follows:

Lessor, at his option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in Lessor's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well. Lessor shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of the acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

and;

WHEREAS, the undersigned Imperial American Oil Corporation desires to pool and unitize all of the oil and gas leases described in Exhibit "A", insofar, and only insofar, as the same cover the following described lands, to-wit:

A tract of land containing Forty Acres, more or less, described as follow:

"Beginning at a point 60 feet north of the Northeast corner of the Northeast Quarter (NE/4) of Section 25, Township 11 South, Range 16 West, (on the section line between Section 24, T11S, R16W, Ellis County, Kansas and Section 19, T11S, R15W, Russell County, Kansas) described as: the "Point of Beginning". From said Point of Beginning, east 585 feet, thence south 1320 feet, thence west 1320 feet, thence north 1320 feet, thence east 735 feet to the Point of Beginning"

said lands now being identified as the "Pooled and Unitized Area" for production of oil and/or gas and associated hydrocarbons from all zones, depths and formations.

NOW THEREFORE, the undersigned Imperial American Oil Corporation does hereby pool and unitize the above described lands into one "Pooled and Unitized Area" containing forty (40) acres provided that said pooling and unitization is limited to production of oil and/or gas and associated hydrocarbons from all zones and formations.

The royalties accruing to any well located on said unit shall be prorated and paid to lessors of the various tracts included in the Pooled and Unitized Area in the same proportion that the area each tract of said lessor bears to the total of the Pool and Unitized Area.

IN WITNESS WHEREOF, this Declaration of Pooling and Unitization was executed this 2nd day of April, 2003.

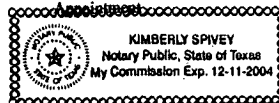
IMPERIAL AMERICAN OIL CORPORATION

Hal C. Porter, President

State of Texas)
County of Denton)

The foregoing instrument was acknowledged before me, a Notary Public, this 2nd day of May, 2003.

Kimberly Spivey
Notary Public



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Rec'd by Unit - Imperial American Oil Corp. 25-11-16w

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