FOR KCC USE:

EFFECTIVE DATE: 9-8-98

DISTRICT # 4

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

State of Kansas
NOTICE OF INTENTION TO DRILL
Must be approved by the K.C.C. five (5) days prior to commencing well.

FORM MUST BE TYPED
FORM MUST BE SIGNED
ALL BLANKS MUST BE FILLED

Expected Spud Date **September   8   1998**
 month   day   year

OPERATOR: License # 6861
Name: RON'S OIL OPERATIONS, INC.
Address: RFD 1, Box 112
City/State/Zip: Penokee, Kansas 67659-0112
Contact Person: Ronald Nickelson
Phone: (785) 421-2315

CONTRACTOR: License #: 31548
Name: Discovery Drilling, Inc.

Spot 60'N&30'W of
S/2 S/2 SW Sec 13 Twp 9s S, Rg 24w __ East X West
390 feet from South /XXXX line of Section
1290 feet from XXXX/ West line of Section
IS SECTION   X   REGULAR ____ IRREGULAR?
(NOTE: Locate well on the Section Plat on Reverse Side)
County: Graham
Lease Name: Nickelson "A" Well #: 13-1
Field Name: Holly SE
Is this a Prorated/Spaced Field? .... yes X. no ✓
Target Formation(s): Lansing KC
Nearest lease or unit boundary: 390'
Ground Surface Elevation: 2430 Est. feet MSL
Water well within one-quarter mile: .... yes X. no
Public water supply well within one mile: .... yes X. no
Depth to bottom of fresh water: 180' ~150
Depth to bottom of usable water: 1300' ~1200
Surface Pipe by Alternate: .... 1 X. 2
Length of Surface Pipe Planned to be set: 240'
Length of Conductor pipe required: None
Projected Total Depth: 4000'
Formation at Total Depth: Lansing KC Base
Water Source for Drilling Operations:
... well X.. farm pond .... other

Well Drilled For:

X. Oil
... Gas
... OWWO
... Seismic; ... # of Holes
... Other ....

Well Class:

X Infield
... Pool Ext.
... Wildcat
... Other

... Enh Rec
... Storage
... Disposal

Type Equipment:

.X Mud Rotary
... Air Rotary
... Cable

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

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

Will Cores Be Taken?:   .... yes X. 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: Sept. 2, 1998 Signature of Operator or Agent: _Thomas W. _____ Title: Agent

FOR KCC USE:
API # 15-. 065 - 22792 0000
Conductor pipe required None feet
Minimum surface pipe required 200 feet per Alt. X 2
Approved by: JK 9-3-98

This authorization expires: 3-3-99
(This authorization void if drilling not started within 6 months of effective date.)
Spud date: _____ Agent: _____

RECEIVED
KANSAS CORPORATION COMMISSION
9-3-98
SEP 03 1998

CONSERVATION DIVISION
WICHITA, KS

13
9
24W

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 INTENTED WELL ON THE PLAT BELOW

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

If the intented well is in a prorated or spaced field, please fully complete this side of the form. If the intented 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 ___RON'S OIL OPERATIONS, INC.___   LOCATION OF WELL: COUNTY __Graham__

LEASE ___Nickelson "A"___   ___390___ feet from south/~~north~~ line of section

WELL NUMBER ___13-1___   ___1290___ feet from ~~east~~/west line of section
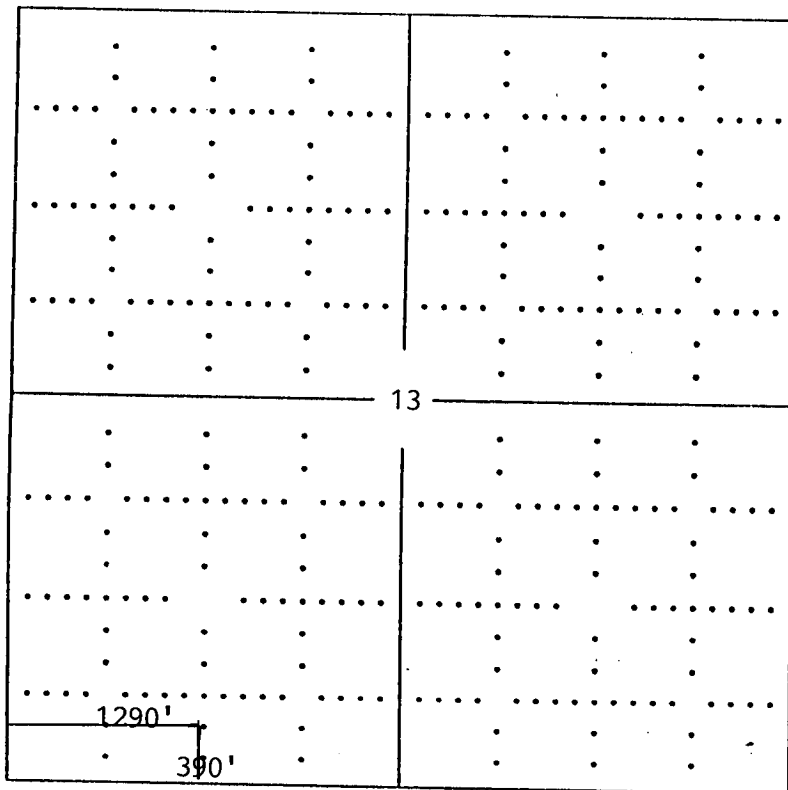
FIELD _____   SECTION __13__ TWP __9s__   RG __24w__

NUMBER OF ACRES ATTRIBUTABLE TO WELL __80__   IS SECTION __X__ REGULAR or _____ IRREGULAR

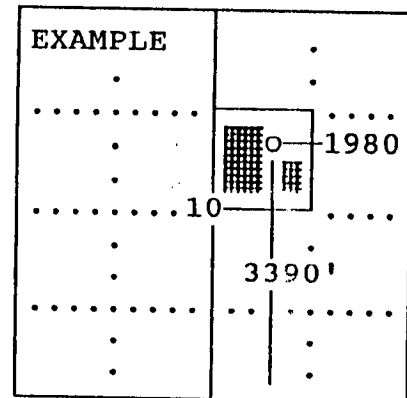QTR/QTR/QTR OF ACREAGE _____ - _____ - _____   **IF SECTION IS IRREGULAR, LOCATE WELL FROM NEAREST CORNER BOUNDARY.**

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.)

Graham Co.

EXAMPLE — 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.