

EFFECTIVE DATE: 8-23-95

State of Kansas

DISTRICT # 4

NOTICE OF INTENTION TO DRILL

SGA? Yes No

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

Expected Spud Date 9/15/1995

Spot SE SE NE Sec 9 Twp 11S Rg 32W East West

OPERATOR: License # 31283
Name: Rheem Resources, Inc.
Address: Suite 505, 100 South Main
City/State/Zip: Wichita, KS 67202
Contact Person: Clay Hedrick, Jr.
Phone: 316-262-5099

2970 feet from South line of Section
330 feet from East line of Section
IS SECTION REGULAR IRREGULAR?

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

County: Logan

Lease Name: Nickelson Well #: 1

Field Name: WC

Is this a Prorated/Spaced Field? yes no

Target Formation(s): Lansing-Kansas City

Nearest lease or unit boundary: 330

Ground Surface Elevation: EST 30.75 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: 275

Depth to bottom of usable water: 1,780

Surface Pipe by Alternate: 1 X 2

Length of Surface Pipe Planned to be set: 275

Length of Conductor pipe required:

Projected Total Depth: 4700

Formation at Total Depth: Mississippi

Water Source for Drilling Operations:

well farm pond other

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

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

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

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. 55-101, 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: 8/18/95 Signature of Operator or Agent: Clay Hedrick Title: Operations Manager

FOR KCC USE:
API # 15- 109-205940000
Conductor pipe required NONE feet
Minimum surface pipe required 275 feet per Alt. X (2)
Approved by: JK 8-18-95
This authorization expires: 2-18-96
(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.

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

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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 Rheem Resources, Inc.
 LEASE Nickelson
 WELL NUMBER 1
 FIELD WC

LOCATION OF WELL: COUNTY Logan
2970 feet from south/~~west~~ line of section
330 feet from east/~~west~~ line of section
 SECTION 9 TWP 11S RG 32W

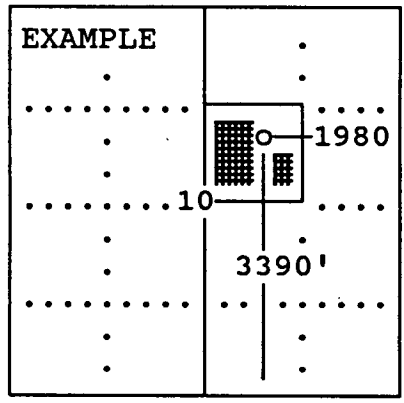
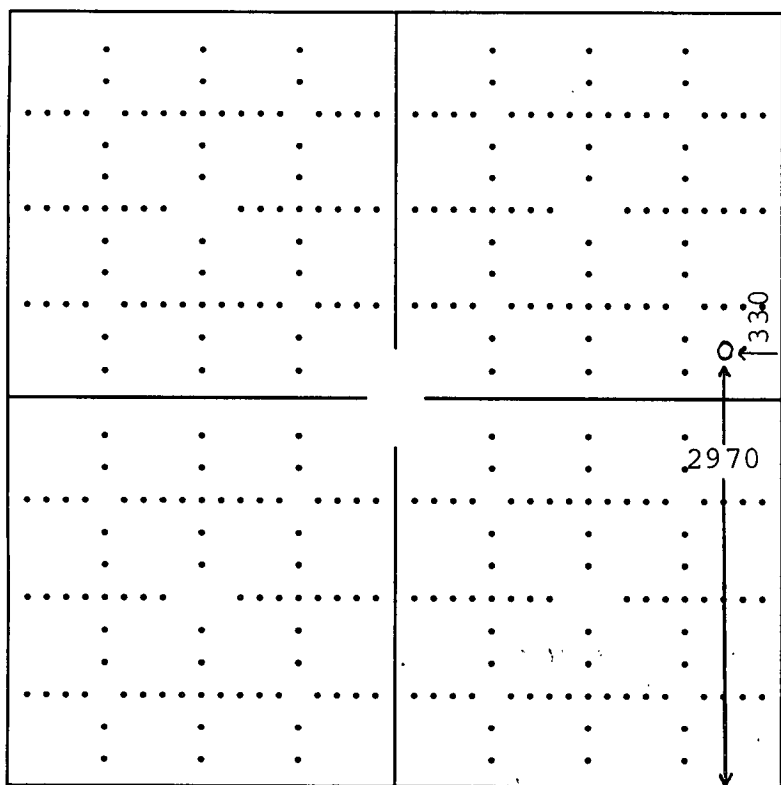
NUMBER OF ACRES ATTRIBUTABLE TO WELL 10
 QTR/QTR/QTR OF ACREAGE SE - SE - NE

IS SECTION x 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.)



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.