

NOTICE OF INTENTION TO DRILL

(see rules on reverse side)

Starting Date ... November 10, 1986 ... month day year

API Number 15-065-22,337-0000

OPERATOR: License # 4335
Name: Ternol Energy, Inc.
Address: 3611 Osage
City/State/Zip: Denver, Colorado 80211
Contact Person: Terry Enright
Phone: 303-455-4074

NE NW SW Sec. 32 Twp. 10 S, Rg. 22
2310 Ft. from South Line of Section
4290 Ft. from East Line of Section

(Note: Locate well on Section Plat on reverse side)

CONTRACTOR: License # 4083
Name: Western Kansas Drilling Inc.
City/State: Hays, Kansas

Nearest lease or unit boundary line 990 feet
County: Graham
Lease Name: McCall Well # 1-32

Well Drilled For: Well Class: Type Equipment:
[X] Oil [] SWD [] Infield [X] Mud Rotary
[] Gas [] Inj [X] Pool Ext. [] Air Rotary
[] OWWO [] Expl [] Wildcat [] Cable

Ground surface elevation 2279 feet MSL
Domestic well within 330 feet: yes [X] no []
Municipal well within one mile: yes [X] no []
Depth to bottom of fresh water 100
Depth to bottom of usable water 650-900
Surface pipe by Alternate: 1 [] 2 [X]
*Surface pipe planned to be set 210
Conductor pipe required 0
Projected Total Depth 4000 feet
Formation Lansing-Kansas City

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

I certify that well will comply with K.S.A. 55-101, et seq., plus eventually plugging hole to KCC specifications.
Date 10/26/86 Signature of Operator or Agent Terry Enright Title: President

For KCC Use:
Conductor Pipe Required 200 feet; Minimum Surface Pipe Required 200 feet per Alt. #2
This Authorization Expires 5-3-87 Approved By 11-3-86

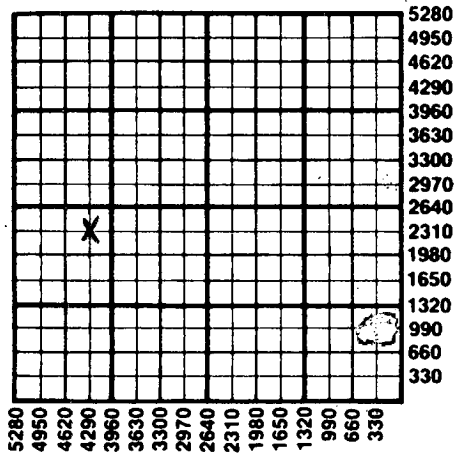
*production string will be cemented immediately. TOE 10/26/86 RCH/KCC

Must be filed with the K.C.C. five (5) days prior to commencing well
This card void if drilling not started within six (6) months of date received by K.C.C.

Important procedures to follow:

1. Notify District office before setting surface casing.
2. Set surface casing by circulating cement to the top.
3. File completion forms ACO-1 with K.C.C. within 90 days of well completion, following instructions on ACO-1, side 1, and including copies of wireline logs.
4. Notify District office 48 hours prior to old well workover or re-entry.
5. Prior to filing Intent, prepare a proposed plugging plan in case well is D & A, then obtain approval of plan when calling district office prior to setting surface pipe.
6. Submit plugging report (CP-4) to K.C.C. after plugging is completed.
7. Obtain an approved injection docket number before disposing of salt water.
8. Notify K.C.C. within 10 days when injection commences or terminates.
9. If an alternate 2 completion, cement in the production pipe from below any usable water to surface within 120 days of spud date.

A Regular Section of Land 1 Mile = 5,280 Ft.



RWP KCC
NOV 3 1986
11-03-86

State Corporation Commission of Kansas
Conservation Division
200 Colorado Derby Building
Wichita, Kansas 67202
(316) 263-3238