

EFFECTIVE DATE: 11-15-99

FORM MUST BE TYPED

DISTRICT # 1

State of Kansas

FORM MUST BE SIGNED

SGA?  Yes  No

NOTICE OF INTENTION TO DRILL

ALL BLANKS MUST BE FILLED

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

Expected Spud Date 11-15-99 month day year

Spot Surf Loc. East  West  C... SW. Sec 25... Twp 18. S, Rg 40

OPERATOR: License # 32340 Name: BlueGrass Energy, Inc. Address: 5727 S. Lewis Suite 260 City/State/Zip: Tulsa, OK 74105 Contact Person: Mark Repasky Phone: (918) 743-8060

1320 feet from South / North line of Section 1320 feet from East / West line of Section IS SECTION X REGULAR IRREGULAR?

CONTRACTOR: License #: ADVISE ON ACO-1 Name: Unknown

(NOTE: Locate well on the Section Plat on Reverse Side) County: Greeley Lease Name: Pringle, A. Well #: 2-H Field Name: Bradshaw

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

Is this a Prorated/Spaced Field? yes X no Target Formation(s): Chase Sand Nearest lease or unit boundary: 1320 feet 1880 (bhl)

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

Ground Surface Elevation: 3549 feet MSL Water well within one-quarter mile: yes X no Public water supply well within one mile: yes X no

Directional, Deviated or Horizontal wellbore? X yes no If yes, true vertical depth: 3000 Bottom Hole Location: 1880 ESL, 1880 FWL

Depth to bottom of fresh water: 200 Depth to bottom of usable water: 1600 top of permian Surface Pipe by Alternate: 1 X 2

Length of Surface Pipe Planned to be set: 300 Length of Conductor pipe required: none Projected Total Depth: 3000 Formation at Total Depth: Lower Ft. Riley Water Source for Drilling Operations: well farm pond X other

Will Cores Be Taken? yes X no If yes, proposed zone:

HORIZONTAL DOCKET No. 195,435-C (C-28,685)

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.

hereby certify that the statements made herein are true and to the best of my knowledge and belief.

Date: August 16, 1999 Signature of Operator or Agent: [Signature] Title: President

FOR KCC USE: API # 15- 071-20716-0100 Conductor pipe required NONE feet Minimum surface pipe required 220 feet per Alt. X(2) Approved by: JK 11-10-99 This authorization expires: 5-10-2000 (This authorization void if drilling not started within 6 months of effective date.) Spud date: Agent:

Rec'd 11-10-99

EXHIBIT 3

25 18 40W

- MEMBER 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 prororation 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 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 Bluegrass Energy, Inc. LOCATION OF WELL: COUNTY Greeley  
 LEASE Pringle "A" \_\_\_\_\_ 1880 feet from south/~~XXX~~ line of section  
 WELL NUMBER 2-H \_\_\_\_\_ 1880 feet from ~~XXX~~/west line of section  
 FIELD Bradshaw \_\_\_\_\_ SECTION 25 TWP 18 S RG 40 W

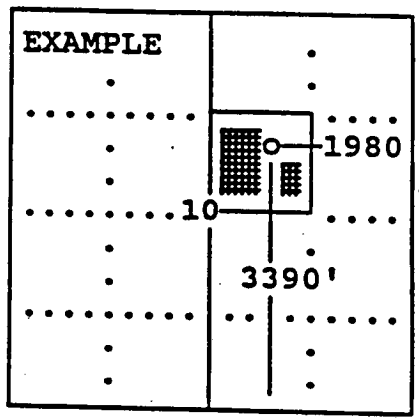
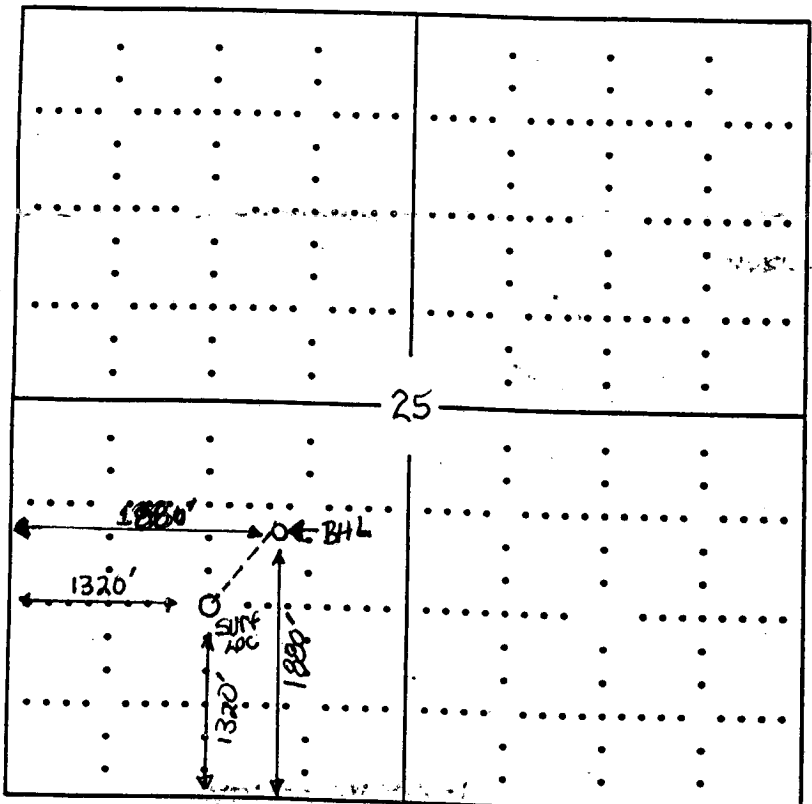
PBHL

NUMBER OF ACRES ATTRIBUTABLE TO WELL 640 IS SECTION XX 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.)



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.

11-20-41

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