

FOR KCC USE:

FORM C-1 7/91

FORM MUST BE TYPED

FORM MUST BE SIGNED

ALL BLANKS MUST BE FILLED

15-051-24997-0000

EFFECTIVE DATE: 10-5-98

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 October 25 1998

Spot NE SW NW Sec 27 Twp 14 S Rg 17 West

OPERATOR: License # 32369 Name: DELBERT GROSS dba NIKKI OIL Address: 1729 Agnes Drive City/State/Zip: Hays, Kansas 67601 Contact Person: Ron Nelson Phone: (785) 628-3449

1650 feet from South/ North line of Section 990 feet from East/ West line of Section IS SECTION X REGULAR IRREGULAR?

(NOTE: Locate well on the Section Plat on Reverse Side) County: Ellis Lease Name: Herl Well #: 1-27 Field Name: Herl

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

Is this a Prorated/Spaced Field? yes X no Target Formation(s): Lansing KC Nearest lease or unit boundary: 990' Ground Surface Elevation: 1975 feet MSL

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

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' Depth to bottom of usable water: 500'

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

Surface Pipe by Alternate: 1 X 2 Length of Surface Pipe Planned to be set: 200' Length of Conductor pipe required: None Projected Total Depth: 3600' Formation at Total Depth: Arbuckle

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

Water Source for Drilling Operations: well X farm pond other 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: 9/27/98 Signature of Operator or Agent: Thomas A. ... Title: Agent

FOR KCC USE: API # 15- 051-249970000 Conductor pipe required NONE feet Minimum surface pipe required 200 feet per Alt. X(2) Approved by: JK 9-30-98 This authorization expires: 3-30-99 (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 207B, Wichita, Kansas 67202.

09-30-1998

27 14 1700

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.

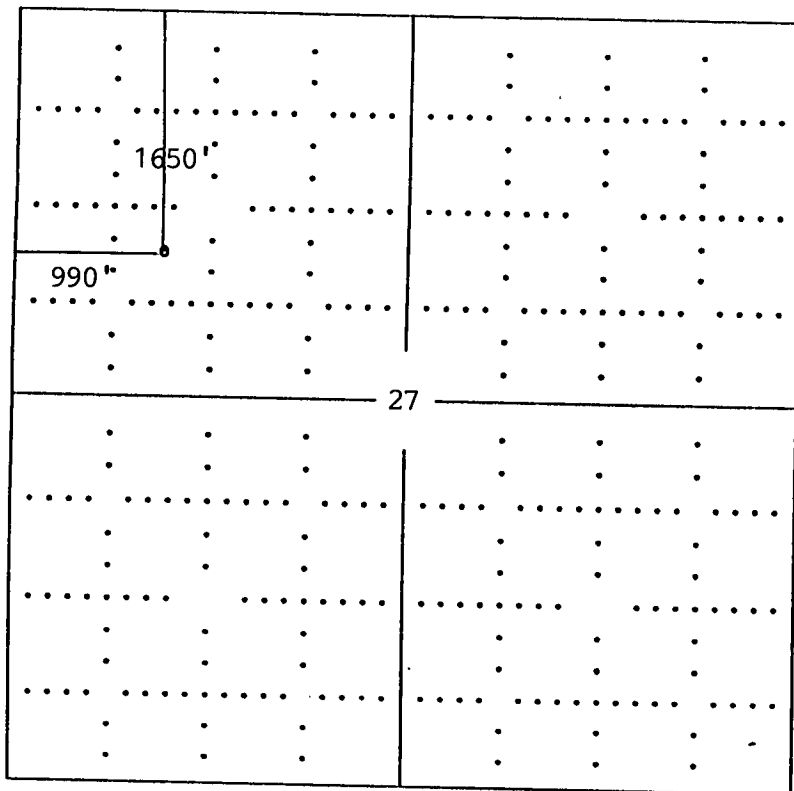
API NO. 15- _____
 OPERATOR DELBERT GROSS Dba NIKKI OIL LOCATION OF WELL: COUNTY Ellis
 LEASE Herl 1650 feet from ~~SOUTH~~/north line of section
 WELL NUMBER 1-27 990 feet from ~~WEST~~/west line of section
 FIELD Herl SECTION 27 TWP 14S RG 17W

NUMBER OF ACRES ATTRIBUTABLE TO WELL 160 IS SECTION X REGULAR or _____ IRREGULAR
 QTR/QTR/QTR OF ACREAGE _____ **IF SECTION IS IRREGULAR, LOCATE WELL FROM NEAREST CORNER BOUNDARY.**

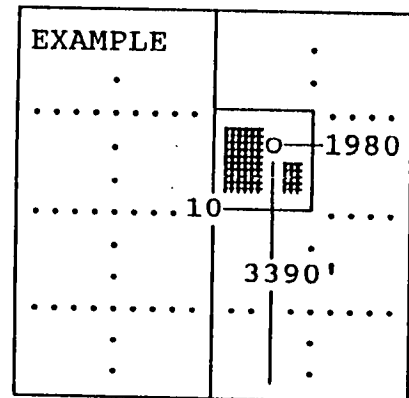
Section corner used: _____ NE _____ NW _____ SE _____ SW

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.)



Ellis Co.



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.