

FOR KCC USE:

EFFECTIVE DATE: 12-17-97
DISTRICT # 4
SEAT Yes X No

State of Kansas
NOTICE OF INTENTION TO DRILL

FORM C-1 (7/97)
FORM MUST BE SIGNED
ALL BLANKS MUST BE FILLED

15-199-20266-0000

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

Expected Spud Date December 13, 1997
month day year
S01N & 110'E of E/2 E/2 NE. Sec .36. Twp 15S 8, Rg 42 East X West

OPERATOR: License # 30425
Name: DNR OIL & GAS INC
Address: 655 Broadway, Suite 525
City/State/Zip: Denver, CO 80203
Contact Person: Charles B. Davis
Phone: (303) 825-8956

CONTRACTOR: License #: 30606
Name: Murfin Drilling Company

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

If OMMO: 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:

1270' feet from South / North line of Section
X 220' feet from East / West line of Section
IS SECTION REGULAR X (IRREGULAR?)
(NOTE: Locate well on the Section Plat on Reverse side)
County: Wallace
Lease Name: Nickelson Well #: 3-36
Field Name: SE Mount Sunflower
Is this a Prorated/Spaced Field? ... yes X no
Target Formation(s): Morrow
Nearest lease or unit boundary: 1270'
Ground Surface Elevation: 2789 feet MSL
Water well within one-quarter mile: ... yes X no
Public water supply well within one mile: 260' 270' ... yes X no
Depth to bottom of fresh water: 1600'
Depth to bottom of usable water: 1600'
Surface Pipe by Alternate: 1 X 3
Length of Surface Pipe Planned to be set: 340'
Length of Conductor pipe required: N/A
Projected Total Depth: 5300'
Formation at Total Depth: Mississippian
Water Source for Drilling Operations:
... well X farm pond ... other

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

* LEASE COVERS THE NW/4 OF SECTION 31-15S-41W.

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: 12/12/97 Signature of Operator or Agent: Carrie Witzel Title: Vice President
Carrie Witzel

FOR KCC USE:
API # 15- 199-202660000
Conductor pipe required NONE feet
Minimum surface pipe required 320 feet per Alt. X(2)
Approved by: 12-12-97
This authorization expires: 6-12-98
(This authorization void if drilling not started within 6 months of effective date.)
Spud date: Agent:

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DEC 17 1997

12-15-97

CONSERVATION DIVISION
WICHITA, KS

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.

36
15
42W

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 DNR OIL & GAS INC.

LEASE Nickelson

WELL NUMBER 3-36

FIELD SE Mt. Sunflower

LOCATION OF WELL: COUNTY Wallace

1270' feet from south/north line of section

220' feet from east/west line of section

SECTION 36 TWP 15S RG 42W

NUMBER OF ACRES ATTRIBUTABLE TO WELL _____

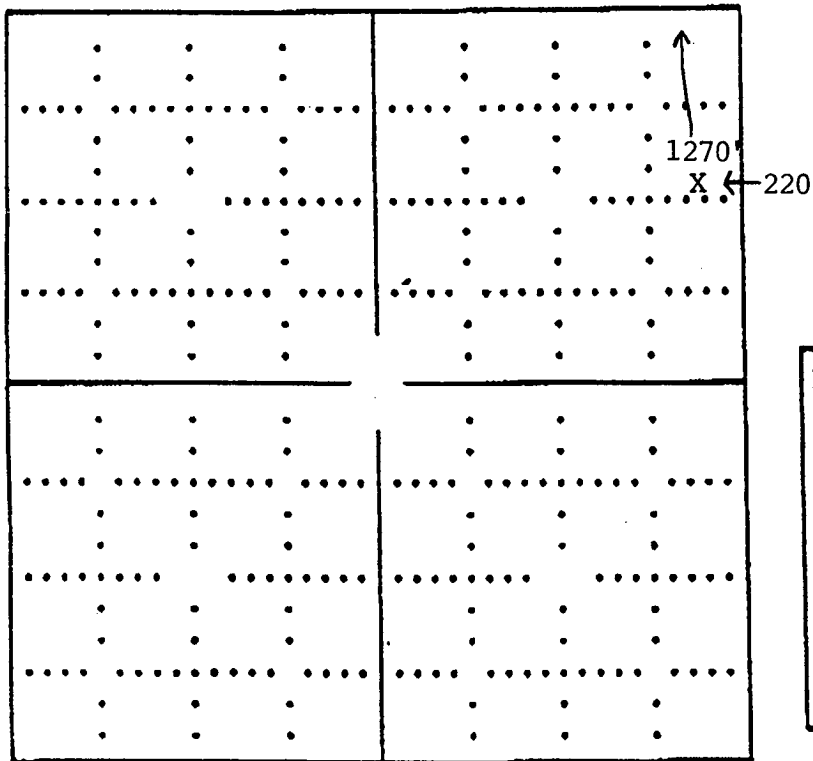
QTR/QTR/QTR OF ACREAGE _____

IS SECTION _____ REGULAR or X IRREGULAR
IF SECTION IS IRREGULAR, LOCATE WELL FROM NEAREST
CORNER BOUNDARY.

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

PLAT

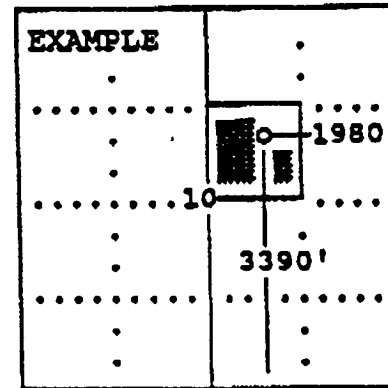
(Show location of the well and shade attributable acreage for prorated or spaced wells.)
(Show footage to the nearest lease or unit boundary line.)



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CONSERVATION DIVISION
WICHITA, KS



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.