

FOR KCC USE:

CORRECTED LOCATION

FORM C-1 7/91

FORM MUST BE TYPED

FORM MUST BE SIGNED

ALL BLANKS MUST BE FILLED

EFFECTIVE DATE: 12-16-97

State of Kansas

DISTRICT # 4

NOTICE OF INTENTION TO DRILL

SGAT... Yes... No

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

Expected Spud Date January 2 1998
month day year

Spot NE SE Sec 36 Twp 15 S. Rg 42 East West

OPERATOR: License # 3581
Name: Red Oak Energy, Inc.
Address: 200 W. Douglas, Suite 510
City/State/Zip: Wichita, KS 67202
Contact Person: Kevin C. Davis
Phone: (316) 265-9925

1980 feet from South / North line of Section
660 feet from East / West line of Section

IS SECTION X REGULAR IRREGULAR?
(NOTE: Locate well on the Section Plat on Reverse Side)

CONTRACTOR: License #: 30606
Name: Murfin Drilling Company

County: Wallace
Lease Name: Smotherman Well #: 1-36
Field Name: SE Mt. Sunflower

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

Is this a Prorated/Spaced Field? yes X no
Target Formation(s): Morrow

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

Nearest lease or unit boundary: 330'
Ground Surface Elevation: 3797.1' est feet MSL

Directional, Deviated or Horizontal wellbore? yes X
If yes, true vertical depth:
Bottom Hole Location:

Water well within one-quarter mile: X yes no
Public water supply well within one mile: yes X no

Depth to bottom of fresh water: 250'
Depth to bottom of usable water: 1600'

Surface Pipe by Alternate: X 1 330'
Length of Surface Pipe Planned to be set: 330'

Length of Conductor pipe required: None
Projected Total Depth: 5250'

Formation at Total Depth: Mississippian
Water Source for Drilling Operations:

X well farm pond other
DWR Permit #: N/A

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:

SPOT WAS: NE NE SE
SPOT WAS: NE NE SE
SPOT IS: NE NE SE
SPOTS: NE SE
WAS: 230' FSL 330' FEL
WAS: 2310' FSL 3300' FEL
IS: 1980' FSL 660' FEL
IS: 1980' FSL 660' FEL

- 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: 12/15/97 Signature of Operator or Agent: Kevin C. Davis Title: President

FOR KCC USE: 199-20265-0000
API # 15- 199-70265-0000
Conductor pipe required NONE feet NONE
Minimum surface pipe required 300 feet per Alt. X 2
Approved by: COR 2-12-98 JK / ORIG 12-11-97
COR 2-12-98JR / orig 12-11-97
This authorization expires: 6-11-98
(This authorization void if drilling not started within 6 months of effective date.)
Spud date: Agent: 6-11-98

FEB 12 1999
02-12-98
CONSERVATION DIVISION
Wichita, Kansas
300
15
42M
42M

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 production 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: Conservation Division, 200 Colorado Derby Building, 202 W. First St., Wichita, Kansas 67202-1286.

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 _____
 LEASE _____
 WELL NUMBER _____
 FIELD _____

LOCATION OF WELL: COUNTY Wallace
 1980 feet from south/north line of section
 660 feet from east/west line of section
 SECTION 36 TWP 15 RG 42

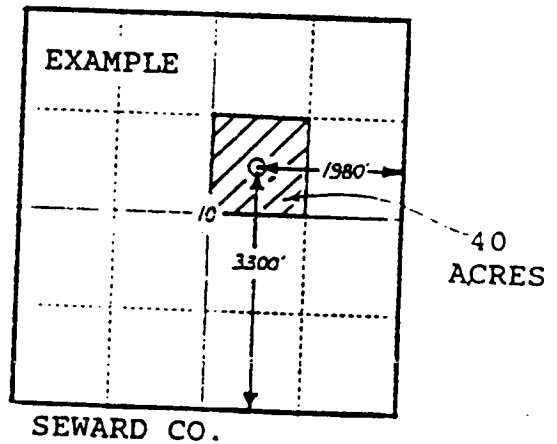
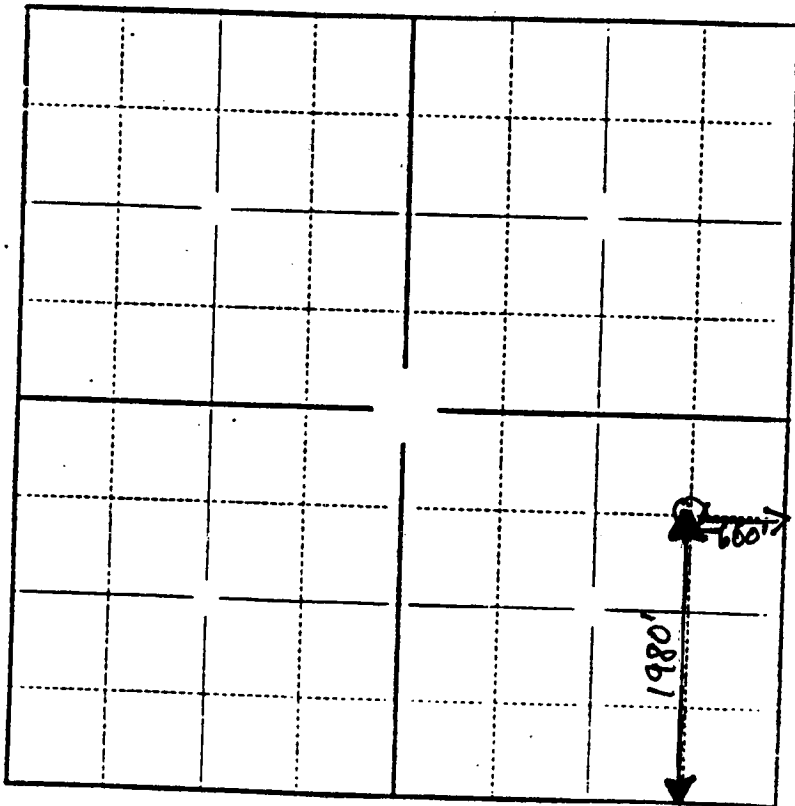
NUMBER OF ACRES ATTRIBUTABLE TO WELL _____
 QTR/QTR/QTR OF ACREAGE _____

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

Section corner used: NE NW X 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.)



In plotting the proposed location of the well, you must show: (FEB 12 1980)

- 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 lines; and
- 3) the distance to the nearest lease or unit boundary line.

WICHITA DIVISION
 WICHITA, KANSAS