

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

Expected Spud Date May 22, 1989
month day year

SW.. SW. NW. Sec 19. Twp 15. S, Rg 42. X East West

OPERATOR: License # 5104
Name: Blue Goose Drilling Co., Inc. *see note
Address: P.O. Box 1413
City/State/Zip: Great Bend, KS 67530
Contact Person: Martin E. Miller
Phone: 316 792-5633

2970 feet from South line of Section
4950 feet from East line of Section
(Note: Locate well on Section Plat Below)

CONTRACTOR: License #: 6033
Name: Murfin Drilling Co.

County: Wallace
Lease Name: Welsh Well #: 1

Well Drilled For: Well Class: Type Equipment:

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

Oil ... Inj ... Infield Mud Rotary
... Gas ... Storage ... Pool Ext. ... Air Rotary
... OWWO ... Disposal ... Wildcat ... Cable
... Seismic; ... # of Holes

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

If OWWO: old well information as follows:

Domestic well within 330 feet: yes .. no
Municipal well within one mile: yes .. no

Operator:
Well Name:
Comp. Date: Old Total Depth

Depth to bottom of fresh water: 350'
Depth to bottom of usable water: 1900'

Directional, Deviated or Horizontal wellbore? yes ... no

Surface Pipe by Alternate: 1 2

If yes, total depth location:

Length of Surface Pipe Planned to be set: 370'
Length of Conductor pipe required: n/a

Projected Total Depth: 5300'
Formation at Total Depth: Mississippian

Water Source for Drilling Operations: hailed from off-lease
 well farm pond other

DWR Permit #: not available
Will Cores Be Taken?: yes no

*Please list operator as follows: Blue Goose Drilling Co., Grady Bolding Corporation, Falcon Exploration, and PETEX, Inc.

AFFIDAVIT

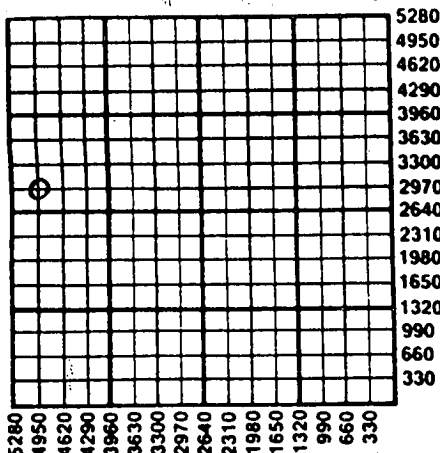
The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-101, et. seq.

It is agreed that the following minimum requirements will be met:

1. The appropriate district office shall be notified before setting surface pipe;
2. The minimum amount of surface pipe as specified above 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;
3. If the well is dry, a plugging proposal shall be submitted to the district office. An agreement between the operator and the district office on plug length and placement is necessary prior to plugging;
4. The appropriate district office will be notified before well is either plugged or production casing is cemented in;
5. 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: 5/3/89 Signature of Operator or Agent: [Signature] Title: Contracts/Exploration



RECEIVED
STATE CORPORATION COMMISSION
MAY 4 1989
05-04-89
CONSERVATION DIVISION
Wichita, Kansas

FOR KCC USE:

API # 15- 199-20,173--00-00

Conductor pipe required NONE feet

Minimum surface pipe required 370' feet per Alt. (2)

Approved by: LKM 5-5-89

EFFECTIVE DATE: 5-10-89

This authorization expires: 11-5-89

(This authorization void if drilling not started within 6 months of effective date.)

Spud date: _____ Agent: _____

19
15
42W

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.

Blue Goose Drilling Co., Inc.

DRILLING CONTRACTOR / OIL PRODUCER

POST OFFICE BOX 1413

GREAT BEND, KANSAS 67630

PH. 316-782-5633

May 3, 1989

KCC Conservation Division
ATTN: Intents to Drill

RE: Enclosed "Notice of Intention to Drill"

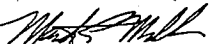
We hereby request that the Operator on the attached intent be published
as follows:

BLUE GOOSE DRILLING CO., INC., GRADY BOLDING CORPORATION, FALCON
EXPLORATION, INC., AND PETEX, INC.

For reporting and regulation compliance purposes, Blue Goose Drilling will
be the operator of record.

Thank You,

BLUE GOOSE DRILLING COMPANY, INC.


Martin E. Miller, Contracts/Exploration

RECEIVED
STATE CORPORATION COMMISSION

MAY 4 1989

CONSERVATION DIVISION
Wichita, Kansas