

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

Expected Spud Date June 10 1989
month day year

.SE. SW. SW.... Sec 7... Twp 17S S, Rg 42... X East West

OPERATOR: License # 03317
Name: Beard Oil Company
Address: 5600 N. May Ave., Suite 200
City/State/Zip: Oklahoma City, OK 73112
Contact Person: Ivan D. Allred, Jr.
Phone: (405) 842-2333

..... 330 feet from South line of Section
* 4108 feet from East line of Section
(Note: Locate well on Section Plat Below)

CONTRACTOR: License #: 6033
Name: Murfin Drilling Company

County: Greeley
Lease Name: Steele Well #: 1-7
Field Name: Wildcat
Is this a Prorated Field? yes X no
Target Formation(s): MARLOW SAND
Nearest lease or unit boundary: 330'
* Ground Surface Elevation: 3850 feet MSL
Domestic well within 330 feet: yes X no
Municipal well within one mile: yes X no
Depth to bottom of fresh water: 280'
Depth to bottom of usable water: 2100'
Surface Pipe by Alternate: 1 X 2
Length of Surface Pipe Planned to be set: 350'
Length of Conductor pipe required: None
Projected Total Depth: 5300'
Formation at Total Depth: Mississippian
Water Source for Drilling Operations:
..... well farm pond other
DWR Permit #:
Will Cores Be Taken?: yes X no
If yes, proposed zone:

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

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

Directional, Deviated or Horizontal wellbore? yes X no
If yes, total depth location:

WAS: 4290' FEL
EST GL, 3870'

AFFIDAVIT

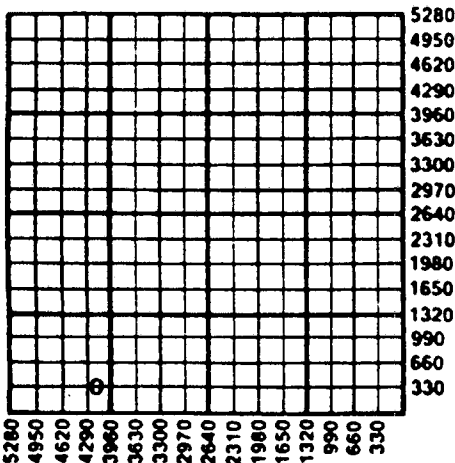
The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-101, et. seq.

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: 6/8/89 Signature of Operator or Agent: Ivan D. Allred, Jr. Title: Vice President



RECEIVED
STATE CORPORATION COMMISSION
06-09-1989
9 1989
CONSERVATION DIVISION
Wichita, Kansas

FOR KCC USE:

API # 15-071-20473

Conductor pipe required NONE feet

Minimum surface pipe required 200 feet per Alt. X(2)

Approved by: DW 6-2-89 / ORIG 5-30-89

EFFECTIVE DATE: 6-04-89

This authorization expires: 11-30-89

(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.