

FOR KCC USE:

15-199-20269-0000 FORM C-1 7/91

EFFECTIVE DATE: 1-12-98

FORM MUST BE TYPED

DISTRICT # 4

State of KANSAS
NOTICE OF INTENTION TO DRILL

FORM MUST BE SIGNED

ALL BLANKS MUST BE FILLED

SPUD DATE: 1-12-98

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

Spot 180'S & 170'E of NE... SW... NW... sec 32... Twp 15. S. Rg 41. X East West

Expected Spud Date: January 8, 1998
Month day year

OPERATOR: License # 30425
Name: DNR Oil & Gas, Inc.
Address: 655 Broadway, Suite 525
City/State/Zip: Denver, Colorado 80203
Contact Person: Charles R. Davis
Phone: (303) 825-8956

1830 feet from XXXXX / North line of section
1110 feet from XXXXX / West line of section
IS SECTION REGULAR X IRREGULAR?

(NOTE: Locate well on the Section Plat on Reverse Side)

County: Wallace

Lease Name: Kuder Well #: 4-32

Field Name: S.E. Mt. Sunflower

Is this a Protected/Spaced Field? yes X no

Target Formation(s): Mississippian Morrow

Nearest lease or unit boundary: 810'

Ground Surface Elevation: 3787 feet MSL

Water Well within one-quarter mile: X yes X no

Public Water supply well within one mile: yes X no

Depth to bottom of fresh water: 260' +/- 790'

Depth to bottom of usable water: 1600' +/- 1640'

Surface Pipe by Alternative: 1 X 2

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 farm pond X other

Oil Permit #: Will Core be Taken? X yes no

If yes, proposed zone: MORROW

Well Drilled For: Well Class: Type Equipment:

X Oil ... Enh Rec X Infield X Mud Rotary
... Gas ... Storage ... Pool Ext. ... Air Rotary
... OUVW ... Disposal ... Wildcat ... Cable
... Seismic ... # of Holes ... Other

If OUVW: old well information as follows:

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

Directional, Deviated or Horizontal wellbore? yes no X

If yes, true vertical depth:

Bottom Hole Location:

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 IS COMPLETED, 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: 1/5/98 Signature of Operator or Agent: Charles B. Davis Title: President

FOR KCC USE:
API # 15-199-20269-0000
Conductor pipe required NONE feet
Minimum surface pipe required 340 feet per Alt. X 2
Approved by: JK 1-7-98
This authorization expires: 7-7-98
(This authorization void if drilling not started within 6 months of effective date.)
Spud date: Agent:

RECEIVED ANSAS CORPORATION COMMISSION

JAN 06 1998

CONSERVATION DIVISION WICHITA, KS

REMEMBER TO:

- File Drill Pit Application (form COP-1) with Intent to Drill;
- File Completion Form ALO-1 within 120 days of spud date;
- File acreage, distribution plus spacing to field preparation reports;
- 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 67202-1284.

32
15
41W

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 _____
 _____ feet from south/north line of section
 _____ feet from east/west line of section
 SECTION _____ TWP _____ RG _____

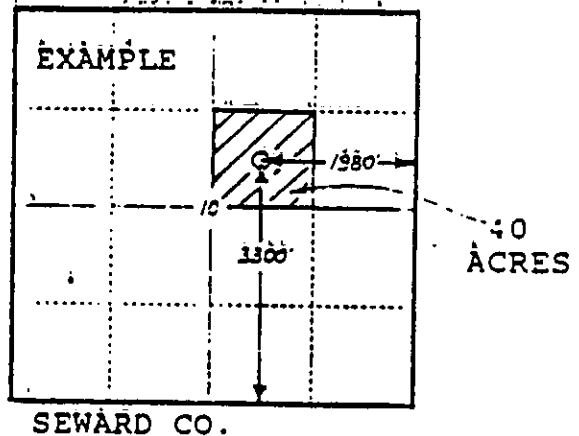
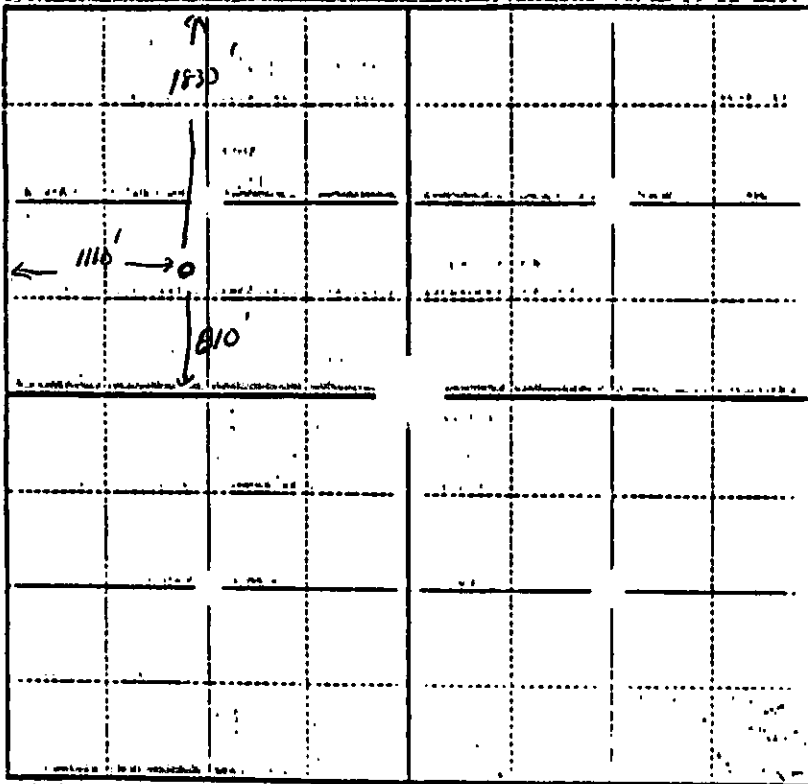
NUMBER OF ACRES ATTRIBUTABLE TO WELL _____
 QTR/QTR/QTR OF ACREAGE _____

IS SECTION _____ REGULAR or _____ IRREGULAR
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.)



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