

FOR KCC USE:

15-199-20261-000

FORM C-1 7/91

FORM MUST BE TYPED

FORM MUST BE SIGNED

ALL BLANKS MUST BE FILLED

EFFECTIVE DATE: 11-2-97

DISTRICT # 4

SPUD DATE: 11-2-97

State of Kansas

NOTICE OF INTENTION TO DRILL

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

Expected Spud Date November 15, 1997

Month day year

Spot Ap. W/2-SW-SE-NW-sec 31-Twp 15-S-Rg 41-X East West

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

2308 FNL feet from North line of section
3760 FEL feet from East line of section
IS SECTION REGULAR X IRREGULAR?

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

County: Wallace

Lease Name: Nickelson Well #: 5-31

Field Name: S.E. Mt. Sunflower

Is this a Prorated/spaced Field? yes X no

Target Formation(s): Mississippian Morrow

Nearest lease or unit boundary: 330'

Ground Surface Elevation: feet MSL

Water well within one-quarter mile: X yes M no

Public water supply well within one mile: yes X no

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

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

Surface Pipe by Alternate: 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 far pond other

Our permit #: Will cores be taken? yes X no

If yes, proposed zone:

Table with 4 columns: Well Drilled For, Well class, Type, Equipment. Includes rows for Oil, Gas, and Cement.

If OIL or GAS: 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:

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;
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: 10/14/97 Signature of Operator or Agent: Charles R. Davis Title: President

FOR KCC USE:
API # 15-199-20261-000
Conductor pipe required NONE feet
Minimum surface pipe required 320 feet per Alt. X(2)
Approved by: DW 10-28-97
This authorization expires: 4-28-98
(This authorization void if drilling not started within 6 months of effective date.)
Spud date: Agent:

REMEMBER TO:

- File Drill Bit Application (form CDP-1) with Intent to Drill;
File completion Form ACU-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: Conservation Division, 200 Colorado Barby Building, 202 W. First St., Wichita, Kansas 67302-1284.

Handwritten notes and signatures on the right side of the page, including '31', '15', and '4/10'.

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 _____

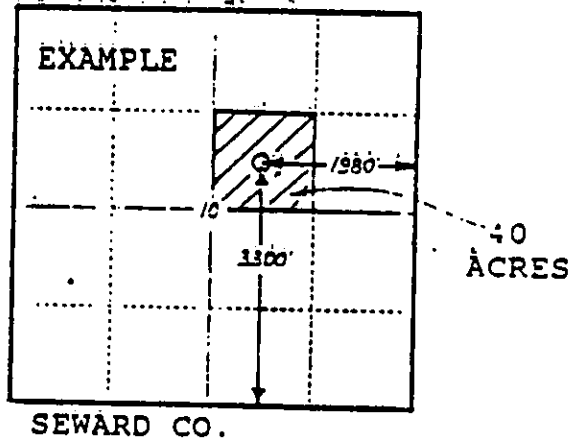
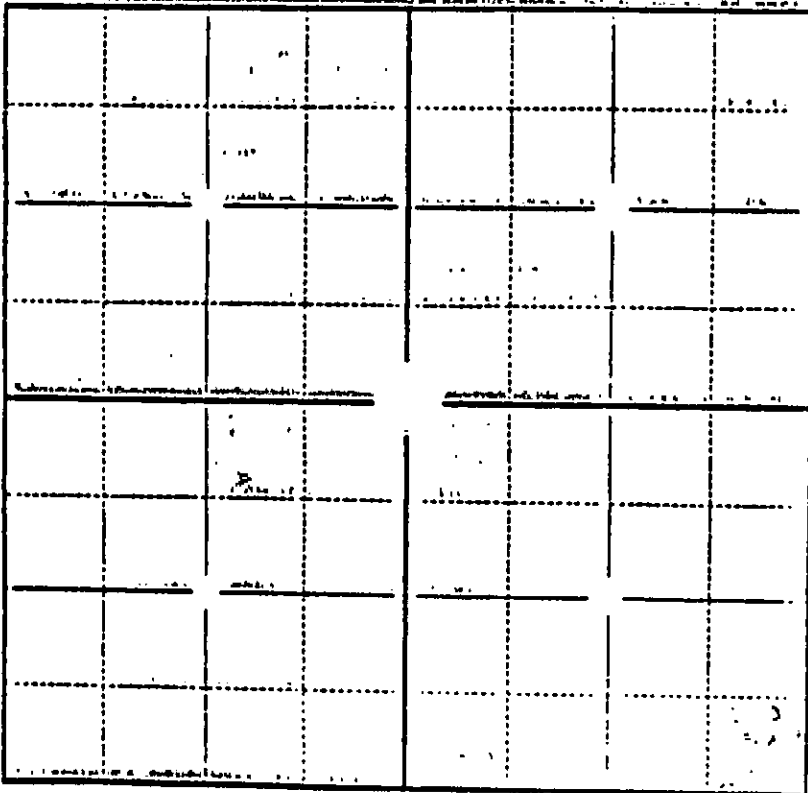
NUMBER OF ACRES ATTRIBUTABLE TO WELL _____
 QTR/QTR/QTR OF ACREAGE _____

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.