

EFFECTIVE DATE: 2-25-98

State of Kansas

15-199-20275-0000

FORM MUST BE TYPED

DISTRICT # 4

NOTICE OF INTENTION TO DRILL

FORM MUST BE SIGNED

ESAT... YES X No

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

ALL BLANKS MUST BE FILLED

Expected Spud Date March 18 1998

APPROX. NE SE SW Sec 31 Twp 15 S, Rg 41 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

990 feet from South North line of Section 2305 feet from East West line of Section IS SECTION X REGULAR IRREGULAR

CONTRACTOR: License #: 30606 Name: Murfin Drilling Company

(NOTE: Locate well on the Section Plat on Reverse Side) County: Wallace Lease Name: Inocaj Well #: 2-31 Field Name: SE Mt. Sunflower Is this a Prorated/Spaced Field? yes X no Target Formation(s): Morrow Nearest lease or unit boundary: 330' Ground Surface Elevation: 3791' feet MSL Water well within one-quarter mile: yes X no Public water supply well within one mile: yes X no Depth to bottom of fresh water: 250' 260' Depth to bottom of usable water: 1600' 1610' Surface Pipe by Alternate: 1 X 2 Length of Surface Pipe Planned to be set: 330' Length of Conductor pipe required: N/A Projected Total Depth: 5250' Formation at Total Depth: Mississippian Water Source for Drilling Operations: X well farm pond other

Table with columns: Well Drilled For, Well Class, Type Equipment. Includes rows for Oil, Gas, OAWD, Seismic, etc.

If OAWD: 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

DWR Permit #: APPLY FOR FROM DWR 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:

- 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 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: 2/16/98 Signature of Operator or Agent: Title: President

FOR KCC USE: API # 15- 199-202750000 Conductor pipe required NONE feet Minimum surface pipe required 310 feet per Alt. X(2) Approved by: Spud date: 8-20-98 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.

Mail to: Conservation Division, 208 Colorado Derby Building, 202 W. First St., Wichita, Kansas 67202-1286.

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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 Unocal 2-31
 FIELD SE Mt. Sunflower

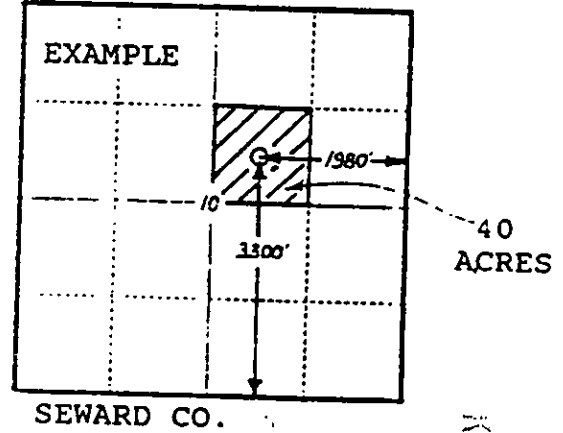
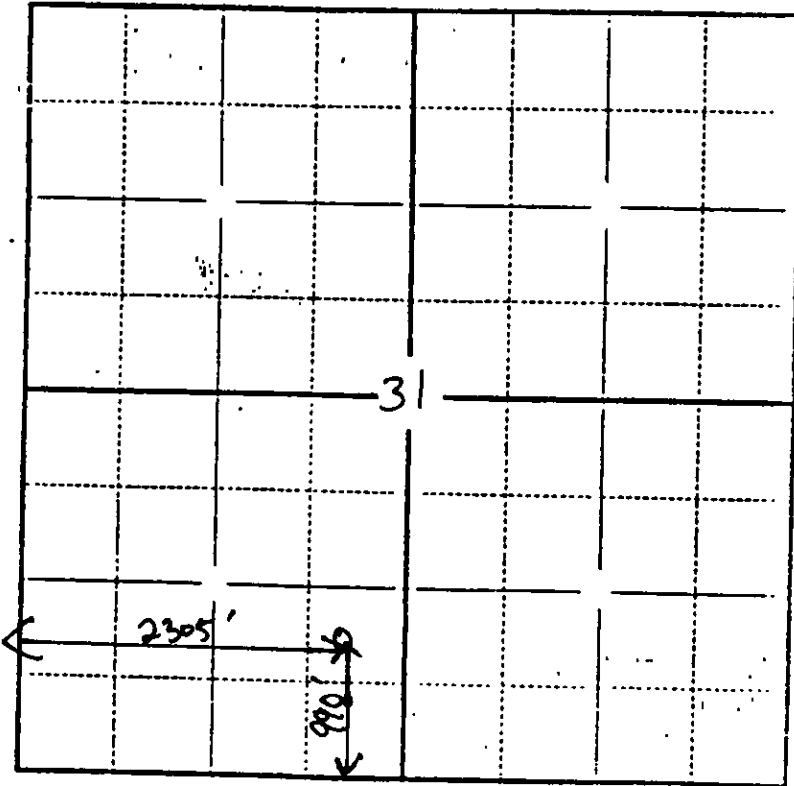
LOCATION OF WELL: COUNTY Wallace
990 feet from south/north line of section
2305 feet from east/west line of section
 SECTION 31 TWP 15 RG 41

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 _____ 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.)



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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.