

FOR KCC USE:

15-171-20530-0000

FORM C-1 7/91

FORM MUST BE TYPED

FORM MUST BE SIGNED

ALL BLANKS MUST BE FILLED

EFFECTIVE DATE: 5-3-98

State of Kansas

DISTRICT # 1

NOTICE OF INTENTION TO DRILL

SGA? YES NO

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

Expected Spud Date: June 1 1998
Month Day Year

Spot 50' E & 150' S of East
 S/2 S/2 NW Sec 19 Twp 17s Rng 31w West

OPERATOR: License # 5003
Name: McCoy Petroleum Corporation
Address: 3017 N Cypress
City/State/Zip: Wichita, KS 67226
Contact Person: Corey N. Baker
Phone: (316)636-2737

2820 feet from South / North line of Section
3910 feet from East / West line of Section
IS SECTION REGULAR IRREGULAR?
(NOTE: Locate well on the Section Plat on Reverse Side)

CONTRACTOR: License # 4958
Name: Mallard JV Inc.

County: Scott
Lease Name: SEE 'U' Well # 1-19
Field Name: Brookover

Well Drilled For: Well Class: Type Equipment:

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

Is this a Prorated/Spaced-Field? yes no
Target Formation(s): L-KC, Miss
Nearest lease or unit boundary: 1370'

Ground Surface Elevation: 2963' feet MSL
Water well within one-quarter mile: yes no
Public water supply well within one mile: yes no

Depth to bottom of fresh water: 200'
Depth to bottom of usable water: 1630'

Surface Pipe by Alternate: 1 2 3
Length of Surface Pipe Planned to be set: 220'+
Length of Conductor Pipe required: none

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

Projected Total Depth: 4650'
Formation at Total Depth: Mississippian

Water Source for Drilling Operations:
 well farm pond other

Directional, Deviated or Horizontal wellbore? yes no
If yes, true vertical depth _____
Bottom Hole Location _____

Will Cores Be Taken?: yes 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; 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 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: 4/28/98 Signature of Operator or Agent: Corey N. Baker Title: Geologist
Corey N. Baker

FOR KCC USE:
 API # 15- 171-20530 0000
 Conductor pipe required NONE feet
 Minimum surface pipe required 220 feet per Alt. (2)
 Approved by: JK 4-29-98
 This authorization expires: 10-29-98
 (This authorization void if drilling not started within 6 months of effective date.)
 Spud date: _____ Agent: _____

19
17
312
RECEIVED
KANSAS CORP. COMM
1998 APR 29 11:08

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: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202.

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.

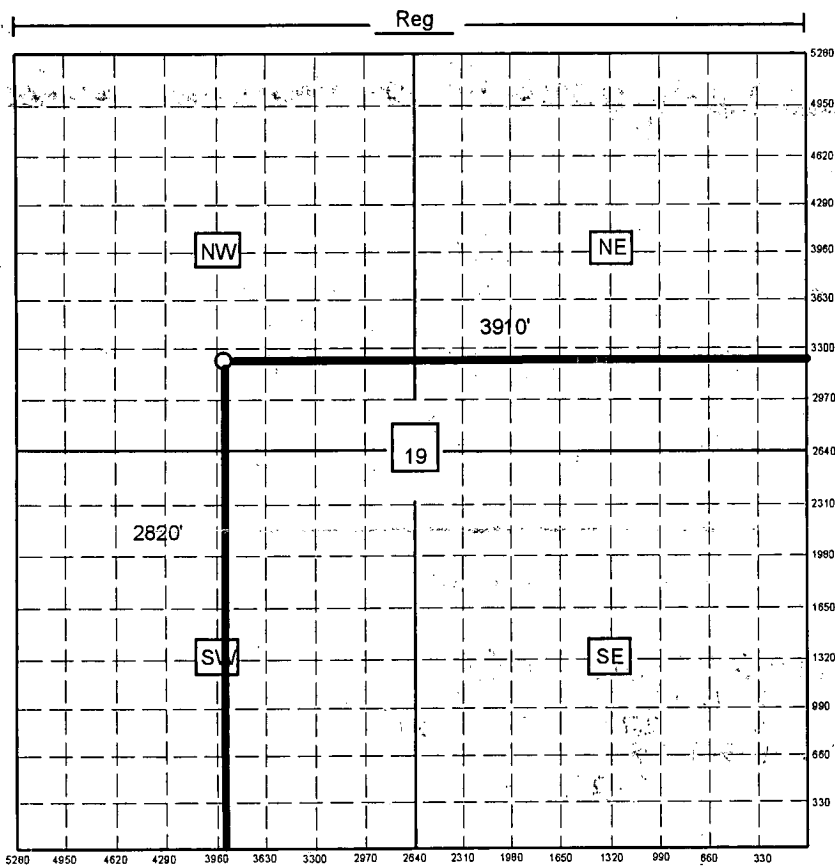
API NO. 15- _____
 OPERATOR McCoy Petroleum Corporation LOCATION OF WELL: COUNTY Scott
 LEASE SEE 'U' 2820 feet from south / north line of section
 WELL NUMBER 1-19 3910 feet from east / west line of section
 FIELD _____ SECTION 19 TWP 17s RG 31w

NUMBER OF ACRES ATTRIBUTABLE TO WELL _____ IS SECTION X REGULAR or _____ IRREGULAR
 QTR/QTR/QTR OF ACREAGE _____ IF SECTION IS IRREGULAR, LOCATE WELL FROM NEAREST
 CORNER BOUNDARY.

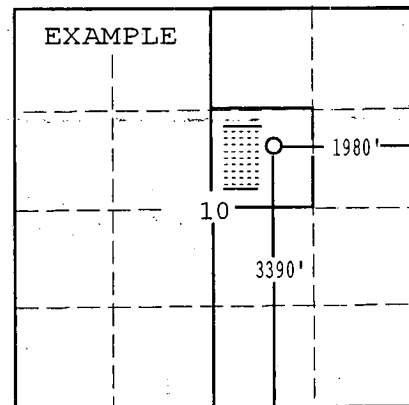
Section corner used: ___ NE ___ NW ___ SE ___ SW

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.)



SEE 'U' #1-19
 50' E & 150' S of S/2 S/2 NW
 Sec. 19-17s-31w
 Scott County, KS



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

331-6211 (JCH)

DECLARATION OF OIL UNIT

15-171-20530-00-00

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, McCoy Petroleum Corporation, hereinafter referred to as McCoy, is one of the owners of the following oil and gas leases described in Exhibit "A", attached hereto and made a part hereof.

WHEREAS, each of the oil and gas leases described in Exhibit "A" provides, inter alia, as follows:

"As to the oil leasehold estate hereby granted, lessee is expressly granted the right and privilege to consolidate said oil leasehold, or any portion thereof, with any other lease or leases to form a consolidated oil leasehold estate which shall not exceed a total area of 40 acres; and in the event lessee exercises the right and privilege of consolidation as herein granted, the consolidated oil leasehold estate shall be deemed, treated and operated in the same manner as though the entire consolidated leasehold estate were originally covered by and included in the lease, and all royalties which shall accrue on oil, produced and marketed from the consolidated estate, including all royalties payable hereunder, shall be prorated and paid to the lessors of the various tracts included in the consolidated estate in the same proportion that the acreage of each said lessor bears to the total acreage of the consolidated estate, and a producing oil well on any portion of the consolidated estate shall operate to continue the oil and gas leasehold estate hereby granted so long as oil is produced therefrom."

WHEREAS, McCoy hereby files for record in the county in which the land is situated, this instrument identifying the pooled acreage; and that the entire acreage so pooled into a unit or units shall be treated for all purposes, except the payment of royalties on production for the pooled unit, as if it were included in the lease; and

NOW, THEREFORE, McCoy, pursuant to the authority conferred upon it by virtue of the oil and gas leases described in Exhibit "A", does hereby consolidate the oil leasehold estates in and to the oil and gas leases described on Exhibit "A", insofar as said oil and gas leases cover the Southwest Quarter of the Southeast Quarter of the Northwest Quarter (SW/4 SE/4 NW/4), the Southeast Quarter of the Southwest Quarter of the Northwest Quarter (SE/4 SW/4 NW/4), the Northwest Quarter of the Northeast Quarter of the Southwest Quarter (NW/4 NE/4 SW/4) and the Northeast Quarter of the Northwest Quarter of the Southwest Quarter (NE/4 NW/4 SW/4) all in Section 19, Township 17 South, Range 31 West, Scott County, Kansas, and containing 40 acres, more or less, as a unit for purposes of the operation, development and production of oil wells upon the consolidated premises, and the undersigned does hereby designate the above-described adjacent and contiguous oil leasehold estates covering the above-described lands as an adjacent and contiguous consolidated and unitized oil leasehold estate for the purposes set forth above, to the same extent as if said oil leasehold estates had originally been included in one oil and gas lease, such that drilling operations for oil and production of oil on any part of the oil operating unit shall be treated for all purposes, except the payment of royalty on oil, as if such drilling operations were had or such oil production was obtained from the land described in each of said oil and gas leases, regardless of where the oil well or wells may be located upon said oil operating unit and, further, such that the entire acreage contained in said oil operating unit shall be treated for all purposes, except the payment of royalties on such production of oil from the oil operating unit, as if said lands were included in each of said oil and gas leases described in Exhibit "A", provided however that pursuant to the terms of said oil and gas leases, McCoy Petroleum Corporation, its successors and assigns, shall be under no obligation, express or implied, to drill more than one such oil well upon the oil operating unit.



COMPUTER 98
NUMERICAL 58

STATE OF KANSAS, SCOTT COUNTY, SS
This instrument was filed for Record on the
24 day of February, A.D., 1998 at
10 o'clock A.M., and duly recorded in book
149 page 109
Dorlene Wright
10.00 Register of Deeds

DECLARATION OF OIL UNIT

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McCoy Petroleum Corporation further declares that, pursuant to the terms of each oil and gas lease described in Exhibit "A", all royalties which shall accrue on oil, produced and marketed from the consolidated estate, including all royalties payable hereunder, shall be prorated and paid to the lessors of the various tracts included in the consolidated estate in the same proportion that the acreage of each said lessor bears to the total acreage of the consolidated estate, and a producing oil well on any portion of the oil operating unit shall operate to continue the oil and gas leasehold estates created under each of the oil and gas leases described in Exhibit "A" so long as oil is produced from any of the lands included in the oil operating unit.

IN WITNESS WHEREOF, the undersigned has caused these premises to be executed this 20th day of February, 1998.

McCOY PETROLEUM CORPORATION

By [Signature]
Kevin McCoy, Vice President

K:\www\land\dec oil unit.doc

ACKNOWLEDGEMENT

STATE OF KANSAS)
) SS:
COUNTY OF SEDGWICK)

BE IT REMEMBERED, that on this 20th day of February, 1998, before me, the undersigned, a notary public in and for the county and state aforesaid, came Kevin McCoy, Vice President of McCoy Petroleum Corporation, a Kansas corporation, and who is personally known to me to be the same person who executed the within instrument of writing and such person duly acknowledged the execution of the same for and on behalf of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

My Appointment Expires:
January 8, 2000

[Signature]
Deborah Ann Paulus, Notary Public



15-171-20530-00-00

EXHIBIT "A"

Attached to and made part of that certain Declaration of Oil Unit dated February 20th 1998, covering the following described lands located in SCOTT COUNTY, KANSAS, to-wit:

Instrument: Oil and Gas Lease
Date: August 7, 1996
Lessor: Betty Scheuerman and Clifford H. Scheuerman, her husband
Lessee: J. Fred Hambright
Legal: E/2 NW Sec 19-T17S-R31W
Recordation: Bk138 at Pg157 in the Scott Co., KS Register of Deeds Office

Instrument: Oil and Gas Lease
Date: August 7, 1996
Lessor: Joan McPherson and Wayne McPherson, her husband
Lessee: J. Fred Hambright
Legal: E/2 NW Sec 19-T17S-R31W
Recordation: Bk138 at Pg191 in the Scott Co., KS Register of Deeds Office

Instrument: Oil and Gas Lease
Date: August 7, 1996
Lessor: William L. See and Tava J. See, his wife
Lessee: J. Fred Hambright
Legal: E/2 NW Sec 19-T17S-R31W
Recordation: Bk138 at Pg121 in the Scott Co., KS Register of Deeds Office

Instrument: Oil and Gas Lease
Date: August 29, 1997
Lessor: Brookover Cattle Co., Inc.
Lessee: McCoy Petroleum Corporation
Legal: SW/4 & W/2 NW/4 Sec 19-17S-R31W
Recordation: Bk146 at Pg109 in the Scott Co., KS Register of Deeds Office

End of schedule