

15-071-20694-0000

FOR KCC USE:

PERMIT EXTENSION

FORM C-1 7/91

FORM MUST BE TYPED

FORM MUST BE SIGNED

ALL BLANKS MUST BE FILLED

EFFECTIVE DATE: 8-30-98

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.

Spot

C SW Sec ..19 Twp .20 S, Rg .39 X West

.....1320 feet from South / North line of Section

.....1320..... feet from East / West line of Section

IS SECTION X REGULAR IRREGULAR?

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

County: (Hamilton) Greeley

Lease Name: Watson Farms Well #: .2

Field Name: Bradshaw

Is this a Prorated/Spaced Field? yes X no

Target Formation(s): Winfield (Chase)

Nearest lease or unit boundary: 1320'

Ground Surface Elevation: 3536.3 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: .200'

Depth to bottom of usable water: 1000' 1340'

Surface Pipe by Alternate: 1 X 2

Length of Surface Pipe Planned to be set: .220'

Length of Conductor pipe required: ..

Projected Total Depth: ..2700'

Formation at Total Depth: Winfield

Water Source for Drilling Operations:

Will Cores Be Taken?: well farm pond X other

If yes, proposed zone: ..

Expected Spud Date ..09.....25.....98.....
month day year

OPERATOR: License # ...4894...
Name: Horseshoe Operating, Inc.
Address: .500 W. Texas, Suite 1190.
City/State/Zip: .Midland, Tx 79701.
Contact Person: .S. L. Burns.
Phone: .(915) 683-1448.

CONTRACTOR: License #: ...30606...
Name: ...Murfin Drilling Co., Inc.

Well Drilled For: Well Class: Type Equipment:

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

If OWWO: 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; 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: .08/06/98..... Signature of Operator or Agent: Title..Treasurer.....

FOR KCC USE:
API # 15- 071-20694-00-00
Conductor pipe required NONE feet
Minimum surface pipe required 220 feet per Alt. X(2)
Approved by: DPW 8-25-98 / EXT 2-24-99 JK
This authorization expires: 2-25-99 / 8-25-99 JK
(This authorization void if drilling not started within 6 months of effective date.)
Spud date: _____ Agent: _____

082498

1998 AUG 24 2:30

RECEIVED KANSAS CORP COM

19

20

39w

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.

HORSESHOE OPERATING, INC.

DEMANDS

500 West Texas, Suite 1190 • Midland, Texas 79701 • (915) 883-1448 FAX (915) 686-9449

February 23, 1999

Kansas Corporation Commission
130 S. Market - Room 2078
Wichita, Kansas 67202
Attn: Mr. Jeff Klock

Re: Watson Farms #2
Sec. 19-20S-39w
Greeley Co., Kansas
API # 15-071-20694-00-00

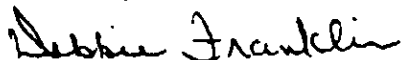
Fax (316) 337-6211

Dear Jeff,

Please extend Horseshoe Operating's Intent to Drill on the above referenced location.

If you have any questions, please do not hesitate to contact me at the letterhead address.

Sincerely,



Debbie Franklin

/DF