

FOR KCC USE:

FORM C-1/7/91

FORM MUST BE TYPED

FORM MUST BE SIGNED

ALL BLANKS MUST BE FILLED

EFFECTIVE DATE: 12-17-97

DISTRICT #

SSA? Yes No

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 JANUARY 12 1998
month day year

Spot
NW SE NE Sec 19 Twp 16 S. Rg 27 East
West

OPERATOR: License # 31283
Name: RHEEM RESOURCES, INC.
Address: 100 S. MAIN SUITE 505
City/State/Zip: WICHITA, KS. 67202-3738
Contact Person: WARREN TOMLINSON
Phone: 316-262-5099

1650 feet from South / North line of Section
990 feet from East line of Section
IS SECTION REGULAR IRREGULAR?

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

County: LANE
Lease Name: GATES "B" Well #: 1
Field Name: NONE

CONTRACTOR: License #: 5655 5184
Name: SHIELDS DRILLING
(SHIELDS OIL PRODUCERS, INC)

Is this a Prorated/Spaced Field? yes no
Target Formation(s): KANSAS CITY MARMATON

Nearest lease or unit boundary: 990
Ground Surface Elevation: 2738 feet MSL

Well Drilled For: Well Class: Type Equipment:
X Oil ... Enh Rec ... Infield X Mud Rotary
... Gas ... Storage ... Pool Ext. ... Air Rotary
... OWD ... Disposal X Wildcat ... Cable
... Seismic: ... # of Holes ... Other
... Other

Water well within one-quarter mile: yes no

Public water supply well within one mile: yes no

Depth to bottom of fresh water: 180

Depth to bottom of usable water: 1340

Surface Pipe by Alternate: 1 X 2

Length of Surface Pipe Planned to be set: 300'

Length of Conductor pipe required: NONE

Projected Total Depth: 4650

Formation at Total Depth: MISSISSIPPIAN

Water Source for Drilling Operations:

... well farm pond ... other

If OWD: old well information as follows:

Operator:

Well Name:

Comp. Date: Old Total Depth

DWR Permit #:

Will Cores Be Taken? yes no

If yes, proposed zone:

Directional, Deviated or Horizontal wellbore? yes 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: 12-8-97 Signature of Operator or Agent: Warren E. Tomlinson Title: Operations

FOR KCC USE:
 API # 15- 101-217560000
 Conductor pipe required NONE feet
 Minimum surface pipe required 300 feet per Alt. X(2)
 Approved by: JK 12-17-97
 This authorization expires: 6-12-98
 (This authorization void if drilling not started within 6 months of effective date.)
 Spud date: Agent:

RECEIVED
KANSAS CORP COMM
DEC 12 4 11 57
10-12-1997

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.

19
16
27W

**IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW
PLAT OR ACREAGE ATTRIBUTABLE TO A WELL IN A PROTECTED OR SPACED FIELD**

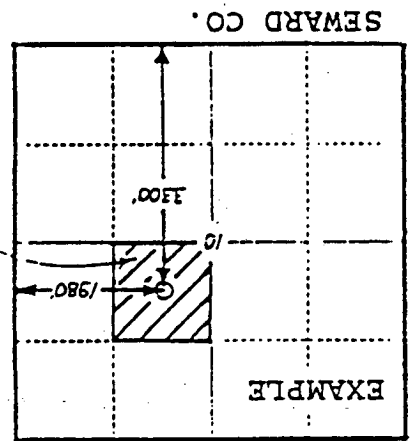
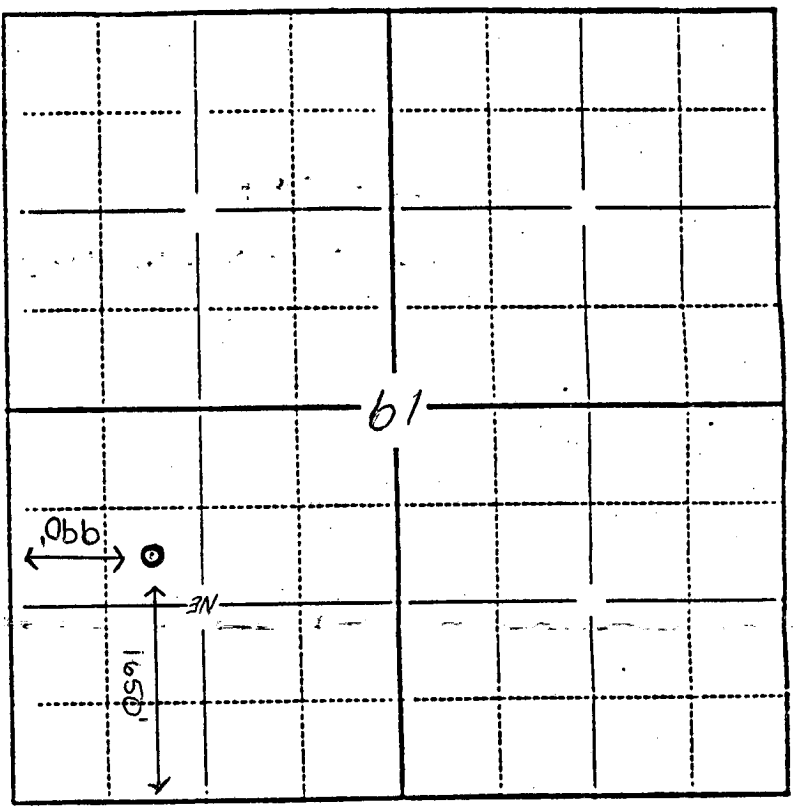
If the intended well is in a protected or spaced field, please fully complete this side of the form. If the intended well is in a protected or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. 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 _____

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

IS SECTION _____ REGULAR or _____ IRREGULAR
 CORNER BOUNDARY _____
 SECTION corner used: _____ NE _____ NW _____ SE _____ SW

(Show location of the well and shade attributable acreage for protected 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.