

NOTICE OF INTENTION TO DRILL

(see rules on reverse side)

Expected Spud Date..... 7 31 87
 month day year

OPERATOR: License # 5161
 Name Palomino Petroleum
 Address Route 5 Box 51-C
 City/State/Zip Newton, Kansas 67114
 Contact Person Bob Watchous
 Phone (316) 283-0232

CONTRACTOR: License # 4958
 Name Mallard JV, Inc.
 City/State McPherson, Kansas 67460

Well Drilled For: Well Class: Type Equipment:
 ___ Oil ___ Storage Infield Mud Rotary
 ___ Gas ___ Inj ___ Pool Ext. ___ Air Rotary
 OWWO ___ Expt ___ Wildcat ___ Cable

If OWWO: old well info as follows:

Operator Abercrombie Drilling, Inc.
 Well Name #1 Hineman
 Comp Date 7-29-78 Old Total Depth 4640

I certify that well will comply with K.S.A. 55-101, et seq., plus eventually plugging hole to KCC specifications.

Date 7-23-87 Signature of Operator or Agent *Bob Watchous* Title Owner

For KCC Use:

Conductor Pipe Required feet; Minimum Surface Pipe Required 248 feet per Alt. 2
 This Authorization Expires 1-24-88 Approved By *AWH 7-24-87*

API Number 15— 101-20,316-A 6007
 NE NW SE Sec. 13 Twp. 19 S, Rg. 28
 2310 Ft. from South Line of Section
 1650 Ft. from East Line of Section

(Note: Locate well on Section Plat on reverse side)

Nearest lease or unit boundary line 330 feet
 County Lane
 Lease Name Hineman Well # 1-W
 Ground surface elevation 2746 feet MSL
 Domestic well within 330 feet: ___ yes no
 Municipal well within one mile: ___ yes no
 Depth to bottom of fresh water 80
 Depth to bottom of usable water 1200
 Surface pipe by Alternate: 1 ___ 2
 Surface pipe ~~placed to set~~ set 248'
 Conductor pipe required
 Projected Total Depth 2100 feet
 Formation Cim. Anhy. (Cedar Hills)

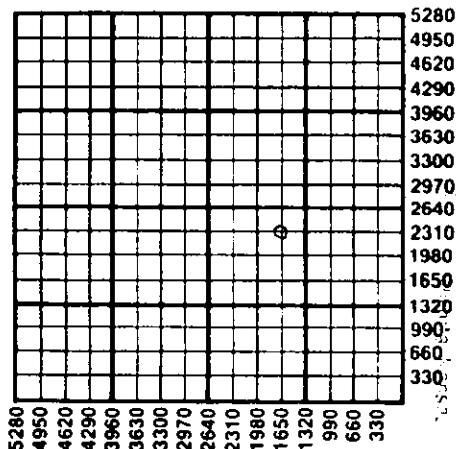
OWWO

Must be filed with the K.C.C. five (5) days prior to commencing well
This card void if drilling not started within six (6) months of date received by K.C.C.

Important procedures to follow:

1. Notify District office before setting surface casing.
2. Set surface casing by circulating cement to the top.
3. File completion forms ACO-1 with K.C.C. within 120 days of well spud date, following instructions on ACO-1, side 1, and including copies of wireline logs.
4. Notify District office 48 hours prior to old well workover or re-entry.
5. Prior to filing Intent, prepare a proposed plugging plan in case well is D & A, then obtain approval of plan when calling district office prior to setting surface pipe.
6. Submit plugging report (CP-4) to K.C.C. after plugging is completed.
7. Obtain an approved injection docket number before disposing of salt water.
8. Notify K.C.C. within 10 days when injection commences or terminates.
9. If an alternate 2 completion, cement in the production pipe from below any usable water to surface within 120 days of spud date.

A Regular Section of Land
1 Mile = 5,280 Ft.



JUL 24 1987
7-24-87

State Corporation Commission of Kansas
Conservation Division
200 Colorado Derby Building
Wichita, Kansas 67202-1212
(316) 263-3238