

CARD MUST BE TYPED

State of Kansas

CARD MUST BE SIGNED

NOTICE OF INTENTION TO DRILL

(see rules on reverse side)

~~CANCELLED~~
(Abd. Loc.)
2-2-88

Expected Spud Date..... 1 19 88
month day year

API Number 15- 101-21,453
-0000

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

SE. NE. NW. Sec. 20. Twp. 19. S. Rg. 28. ... X East
4290 Ft. from South Line of Section
2970 Ft. from East Line of Section

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

CONTRACTOR: License #..... 4083
Name..... Western Kansas Drilling Co., Inc.
City/State..... Hays, KS 67601

Nearest lease or unit boundary line 330 feet
County..... Lane

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

Lease Name..... Lenore Well #..... 3
Ground surface elevation 2775 est. feet MSL
Domestic well within 330 feet: ___yes Xno
Municipal well within one mile: ___yes Xno

If OWWO: old well info as follows:

Operator.....
Well Name.....
Comp Date..... Old Total Depth.....

Depth to bottom of fresh water..... 80
Depth to bottom of usable water 1300
Surface pipe by Alternate: 1 ___ 2 X
Surface pipe planned to be set 200+
Conductor pipe required
Projected Total Depth 4700 feet
Formation..... Miss.

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

Date 1-5-88 Signature of Operator or Agent *Bob Watchous* Title..... Owner

For KCC Use:

Conductor Pipe Required feet; Minimum Surface Pipe Required 200 feet per Alt. X 2
This Authorization Expires..... 7-6-88 Approved By..... RCH 1-6-88

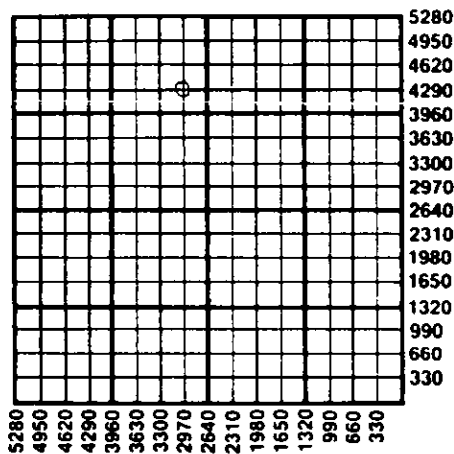
EFFECTIVE DATE: 1-11-88

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.



1-6-88

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