

NOTICE OF INTENTION TO DRILL

(see rules on reverse side)

Expected Spud Date... 2 22 88
month day year

API Number 15-135-23220-0000

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

NE SW SW Sec 27 Twp 18 S, Rg 24 East
West
990 Ft. from South Line of Section
4290 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 990 feet
County Ness

Lease Name Stanley Well # 2
Ground surface elevation 2285 est. feet MSL

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

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 800
Surface pipe by Alternate: 1 2

If OWWO: old well info as follows:

Operator
Well Name
Comp Date Old Total Depth

Surface pipe planned to be set 200+
Conductor pipe required
Projected Total Depth 4325 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 2-10-88 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 2-12-88 Approved By Da 2-12-88

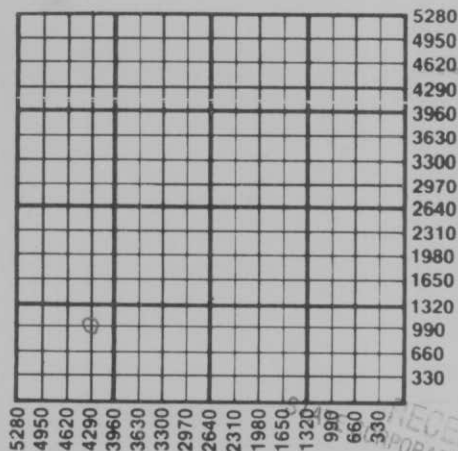
EFFECTIVE DATE: 2-17-88

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.



RECEIVED
CORPORATION COMMISSION
FEB 12 1988
CIVIL DIVISION
Wichita, Kansas

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