

CARD MUST BE TYPED

State of Kansas

CARD MUST BE SIGNED ✓

NOTICE OF INTENTION TO DRILL

(see rules on reverse side)

Expected Spud Date. 8 14 87
month day year

API Number 15— 135-23162-0000

150' So. of _____ East

OPERATOR: License # 5161

C. SW. SW. Sec. 27. Twp. 18. S. Rg. 24. X West

Name Palomino Petroleum

510 Ft. from South Line of Section

Address Route 5, Box 51-C

4620 Ft. from East Line of Section

City/State/Zip Newton, KS 67114

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

Contact Person Bob Watchous

Nearest lease or unit boundary line 510 feet

Phone (316) 283-0232

County Ness

CONTRACTOR: License # 4958

Lease Name Stanley Well # 1

Name Mallard JV, Inc.

Ground surface elevation 2300 est. feet MSL

City/State McPherson, KS 67460

Domestic well within 330 feet: yes X no

Well Drilled For: Well Class: Type Equipment:

Municipal well within one mile: yes X no

X Oil Storage Infield X Mud Rotary

Depth to bottom of fresh water. 80

 Gas Inj X Pool Ext. Air Rotary

Depth to bottom of usable water 800

 OWWO Expl Wildcat Cable

Surface pipe by Alternate: 1 2 X

If OWWO: old well info as follows:

Surface pipe planned to be set 200+

Operator _____

Conductor pipe required _____

Well Name _____

Projected Total Depth 4325 feet

Comp Date _____ Old Total Depth _____

Formation Miss.

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

Date 8-3-87 Signature of Operator or Agent Bob Watchous

Title _____ Owner _____

For KCC Use:

Conductor Pipe Required _____ feet; Minimum Surface Pipe Required 200 feet per Alt. 1 (2)

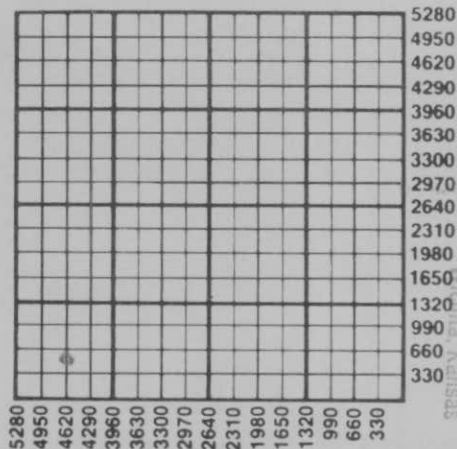
This Authorization Expires 2-4-88 Approved By DQ 8-4-87

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.



CONSERVATION DIVISION
Wichita, Kansas

AUG 4 1987

STATE CORPORATION COMMISSION

RECEIVED

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