

EFFECTIVE DATE: 3-20-95
DISTRICT #
SGA7...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 3 29 95 150' S of C SE SE Sec 8 Twp 17 S, Rg 24 East
month day year Spot of C SE SE Sec 8 Twp 17 S, Rg 24 West

OPERATOR: License # 30742
Name: Palomino Petroleum, Inc.
Address: 4924 SE 84th Street
City/State/Zip: Newton, Kansas 67114-8827
Contact Person: Klee R. Watchous
Phone: (316) 283-0232

CONTRACTOR: License #: 5123
Name: Pickrell Drilling Company, Inc.

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

If OWWO: old well information as follows:
Operator:
Well Name:
Comp. Date: Old Total Depth

Directional, Deviated or Horizontal wellbore? ... yes X no
If yes, true vertical depth:
Bottom Hole Location:

510 feet from South ~~XXXX~~ line of Section
660 feet from East / ~~XXXX~~ line of Section
IS SECTION X REGULAR IRREGULAR?
(NOTE: Locate well on the Section Plat on Reverse Side)
County: Ness
Lease Name: Tilley Well #: 5
Field Name: Dickman
Is this a Prorated/Spaced Field? ... yes X no
Target Formation(s): Miss
Nearest lease or unit boundary: 510
Ground Surface Elevation: 2476 feet MSL
Water well within one-quarter mile: ... yes X no
Public water supply well within one mile: ... yes X no
Depth to bottom of fresh water: 730-180'
Depth to bottom of usable water: 1140-1000'
Surface Pipe by Alternate: 1 X 2
Length of Surface Pipe Planned to be set: 200
Length of Conductor pipe required: None
Projected Total Depth: 4500
Formation at Total Depth: Miss
Water Source for Drilling Operations:
... well ... farm pond X other
DWR Permit #:
Will Cores Be Taken?: ... yes X no
If yes, proposed zone:

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: 3-13-95 Signature of Operator or Agent: Klee R. Watchous Title: President

FOR KCC USE:
API # 15- 135-238690000
Conductor pipe required NONE feet
Minimum surface pipe required 200 feet per Alt. X (2)
Approved by: DPW 3-15-95
This authorization expires: 9-20-95
(This authorization void if drilling not started within 6 months of effective date.)
Spud date: Agent:

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.

Mail to: Conservation Division, 200 Colorado Derby Building, 202 W. First St., Wichita, Kansas 67202-1286.

STATE COMMISSION
RECEIVED
03-14-1995
MAR 14 1995

8
17
2400

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

PLAT OF ACREAGE ATTRIBUTABLE TO A WELL IN A PRORATED OR SPACED FIELD

If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated 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 _____

LOCATION OF WELL: COUNTY _____
 _____ feet from south/north line of section
 _____ feet from east/west line of section
 SECTION _____ TWP _____ RG _____

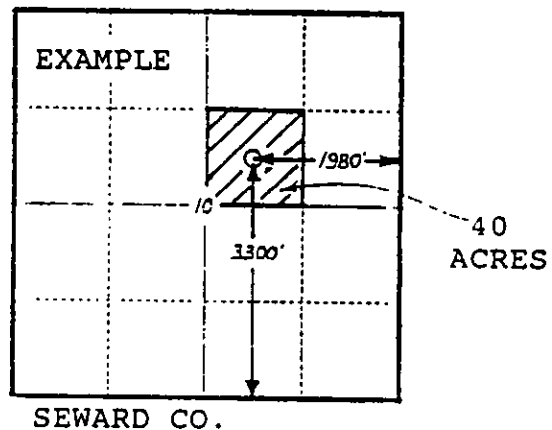
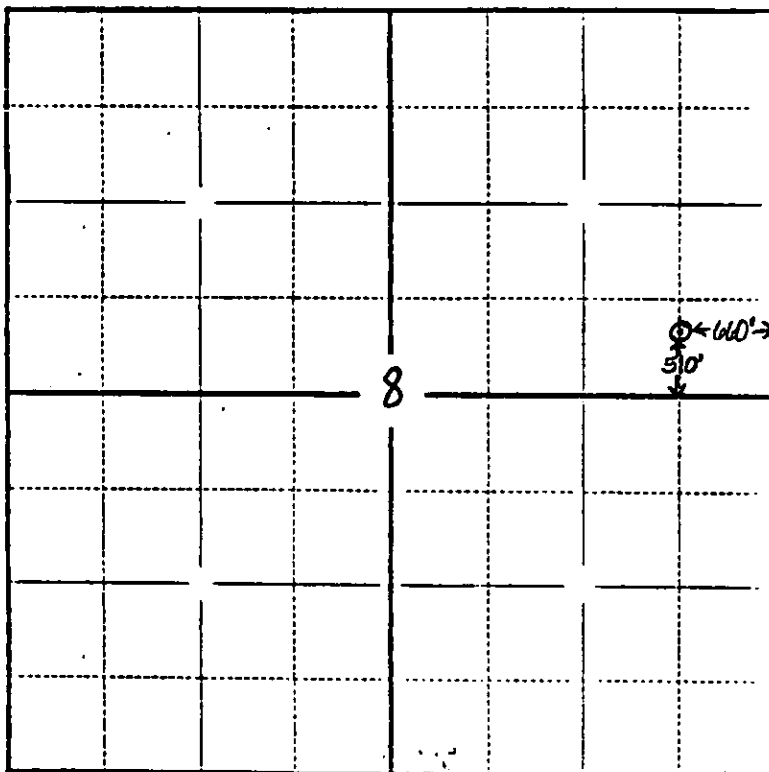
NUMBER OF ACRES ATTRIBUTABLE TO WELL _____
 QTR/QTR/QTR OF ACREAGE _____

IS SECTION _____ REGULAR or _____ IRREGULAR
IF SECTION IS IRREGULAR, LOCATE WELL FROM NEAREST CORNER BOUNDARY.

Section corner used: _____ NE _____ NW _____ SE _____ SW

PLAT

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