

For KCC Use: 3-2-03
Effective Date: 3-2-03
District # 1
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL

Form C-1
December 2002
Form must be Typed
Form must be Signed
All blanks must be Filled

Must be approved by KCC five (5) days prior to commencing well

Expected Spud Date March 10, 2003
month day year

OPERATOR: License# 5663
Name: Hess Oil Company
Address: P. O. Box 1009
City/State/Zip: McPherson, KS 67460
Contact Person: Bryan Hess / James C. Hess
Phone: 620-241-4640

CONTRACTOR: License# 4958
Name: Mallard JV, Inc.

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

If OWWO: old well information as follows:
Operator: _____
Well Name: _____
Original Completion Date: _____ Original Total Depth: _____

Directional, Deviated or Horizontal wellbore? Yes No
If Yes, true vertical depth: _____
Bottom Hole Location: _____
KCC DKT #: _____

Spot Ap S/2 SE SWSE
Sec. 14 Twp. 17 S. R. 21
 East West
110 feet from N / S Line of Section
1680 feet from E / W Line of Section
Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)
County: Ness
Lease Name: Shirley Well #: 1
Field Name: Thistle Grove
Is this a Prorated / Spaced Field? Yes No
Target Information(s): Cherokee
Nearest Lease or unit boundary: 960' (unit)
Ground Surface Elevation: 2170 feet MSL
Water well within one-quarter mile: Yes No
Public water supply well within one mile: Yes No
Depth to bottom of fresh water: 180'
Depth to bottom of usable water: 1100'
Surface Pipe by Alternate: 1 2
Length of Surface Pipe Planned to be set: 200'
Length of Conductor Pipe required: na NONE
Projected Total Depth: 4230'
Formation at Total Depth: Mississippi
Water Source for Drilling Operations:
 Well Farm Pond Other _____
DWR Permit #: _____
(Note: Apply for Permit with DWR)
Will Cores be taken? Yes 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 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. Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC District 3 area, alternate II cementing must be completed within 30 days of the spud date or the well shall be plugged. **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: February 24, 2003 Signature of Operator or Agent: [Signature] Title: Mgr.

For KCC Use ONLY
API # 15 - 135-24214-00-00
Conductor pipe required NONE feet
Minimum surface pipe required 200 feet per Alt. → (2)
Approved by: RJP 2-25-03
This authorization expires: 8-25-03
(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.
- If this permit has expired (See: authorized expiration date) please check the box below and return to the address below.
 Well Not Drilled - Permit Expired
Signature of Operator or Agent: _____
Date: _____

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02-25-2003
FEB 25 2003

KCC WICHITA

14
17
21W

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 and 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: Hess Oil Company
 Lease: Shirley
 Well Number: 1
 Field: Thistle Grove

Number of Acres attributable to well: 40
 QTR / QTR / QTR of acreage: _____ - _____ - _____

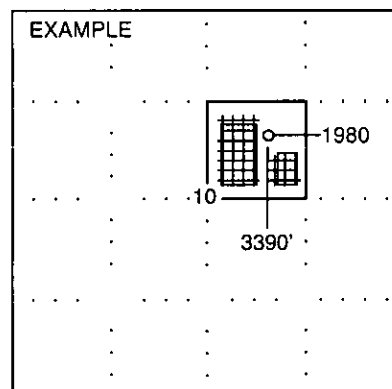
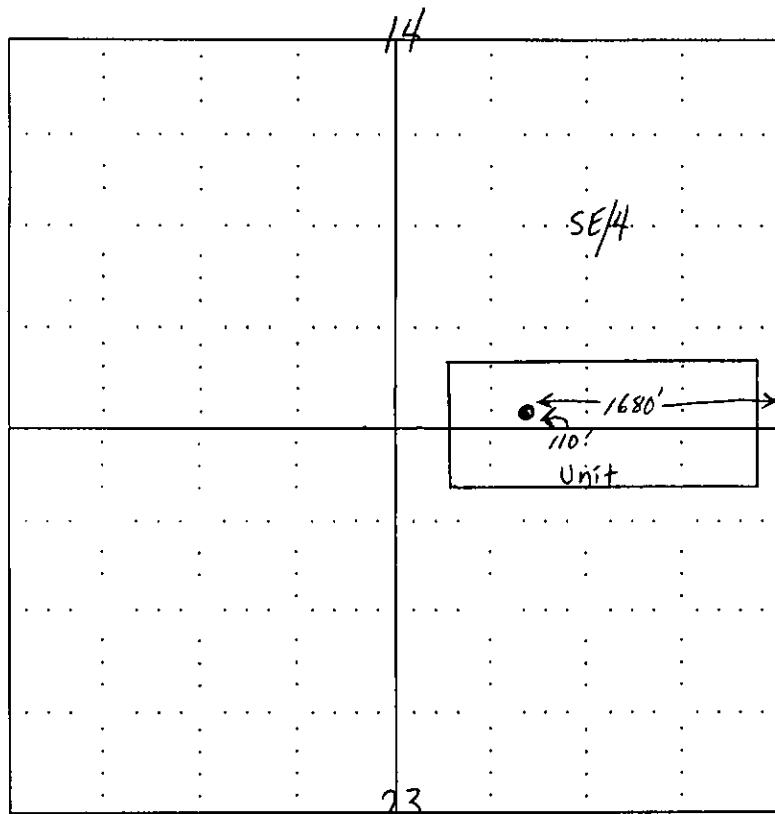
Location of Well: County: Ness
 _____ 110 feet from N / S Line of Section
 _____ 1680 feet from E / W Line of Section
 Sec. 14 Twp. 17 S. R. 21 East West

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.)



NOTE: In all cases locate the spot of the proposed drilling location.

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.
3. The distance to the nearest lease or unit boundary line.
4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (CO-7 for oil wells; CG-8 for gas wells).

DECLARATION OF UNITIZATION

STATE OF KANSAS) R/V N
NESS COUNTY) SS
FILED FOR RECORD THIS 7 DAY OF Feb
2003 AT 1:15 O'CLOCK PM RECORDED IN
BOOK 279 PAGE 210
REGISTER OF DEEDS
FEE \$6.00 E-REC FUND \$2.00

WHEREAS,

Hess Oil Company

is the owner and holder of the following-described oil and gas leases covering lands situated in Ness County, Kansas:

Table with 5 columns: LESSOR, LESSEE, DATE, LAND DESCRIPTION, BK, PG. It lists two leases from Hess Oil Company, one dated April 29, 2002 and another dated May 10, 2002, both covering 20 acres of land in Ness County, Kansas.

and WHEREAS, said leases provide by their express terms that the owner thereof may pool or combine all or any part of the oil rights under the Northeast Quarter (NE/4) of Section 23, Township 17 South, Range 21 West, Ness County, Kansas with all or any part of the oil rights under the South 55.9 acres in the Southeast Quarter (S 55.9 A, SE/4) of Section 14, Township 17 South, Range 21 West, Ness County, Kansas when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, by the execution and recording of an instrument identifying and describing the pooled acreage in the records of the county in which the lands covered by each lease is located.

NOW THEREFORE, the undersigned, Hess Oil Company, does hereby pool, combine, and unitize said leases insofar and only insofar as the same cover the oil and oil rights only as to form and create a unitized oil leasehold and unit covering the following described lands in Ness County, Kansas:

SHIRLEY UNIT A rectangle tract of land containing forty (40) acres, more or less, located in the Southeast Quarter (SE/4) of Section 14 and the Northeast Quarter (NE/4) of Section 23, all in Township 17 South, Range 21 West, Ness County, Kansas, described as follows: Commencing at a point upon the common section line between said Section 14 and Section 23, 95 feet West of the Northeast Corner of said Section 23, for a point of beginning: Thence South 440 feet, thence West 1980 feet, thence North 880 feet, thence East 1980 feet, thence South 440 feet to the point of beginning.

The royalty provided for under said oil and gas leases, and as unitized herein, with respect to oil from oil wells shall be apportioned among the owners of such royalty on oil produced in the unitized area in the proportion that their interest in the minerals under the lands within such unitized area bear to the minerals under all of the lands in the unitized area. Any well drilled on such unit shall be for all purposes a well under both of said oil and gas leases and shall satisfy the rental provisions of said leases as to all of the lands covered thereby; provided, however, Lessees shall be under no obligation, expressed or implied, to drill more than one oil well on said unit.

Lessees do hereby determine in their judgment that it is necessary and advisable to unitize and combine the oil rights in and under the above described acreage in order to properly develop and operate said lease premises as one unit so as to promote the conservation of oil, gas or other minerals, to the same extent as if said oil leasehold had originally been included in one oil and gas lease, which unitized area is hereby designated as the Shirley Unit.

In the event that either of the above described oil and gas leases shall terminate, by reason of the same not being held by production of oil thereon, or without oil production on any part of the unit herein created, then upon termination of any such lease or leases, this unit shall cease and terminate only as to the oil and gas lease or leases so terminated.

IN WITNESS WHEREOF, this instrument was executed this 4th day of February, 2003.

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FEB 25 2003

KCC WICHITA

STATE OF KANSAS }
COUNTY OF McPHERSON } ss.

This instrument was acknowledged before me this 4th day of February, 2003, by Dick Hess as President of Hess Oil Company.

Hess Oil Company

by Dick Hess, President

NOTARY PUBLIC - State of Kansas
BRYAN K. HESS
My Appt. Exp. 5-26-05

Bryan K Hess
Notary Public
My Comm. Exp: