

NOTICE OF INTENTION TO DRILL

Must be approved by the K.C. five (5) days prior to commencing well

Expected Spud Date 5.....22.....91.....
month day year

NE. SE... ..SE Sec 32.. Twp 19.. S, Rg 24.. X East West ✓

.....990..... feet from South line of Section ✓
.....330..... feet from East line of Section ✓

OPERATOR: License # 7076 ✓
Name: Black Diamond Oil, Inc. ✓
Address: 3004 Broadway Ave. ✓
City/State/Zip: Hays, Ks, 67601 ✓
Contact Person: Kenneth Vehige ✓
Phone: 913 625-5891 ✓

(Note: Locate well on Section Plat on Reverse Side)

County: Ness ✓
Lease Name: Schmalzried Well #: 1 ✓
Field Name: Hair NW ✓

CONTRACTOR: License #: 8241 ✓
Name: Emphasis Oil Operations ✓

Is this a Prorated Field? yes X no ✓
Target Formation(s): Mississippi ✓
Nearest lease or unit boundary: 330 ✓

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

Ground Surface Elevation: 2320 feet MSL ✓
Domestic well within 330 feet: yes X no ✓
Municipal well within one mile: yes X no ✓

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

Depth to bottom of fresh water: 250 ✓
Depth to bottom of usable water: 750 ✓
Surface Pipe by Alternate: 1 X 2 ✓
Length of Surface Pipe Planned to be set: 250 ✓
Length of Conductor pipe required: N/A ✓
Projected Total Depth: 4425' ✓

Directional, Deviated or Horizontal wellbore? yes X no
If yes, total depth location:

Formation at Total Depth: Mississippi ✓
Water Source for Drilling Operations:
... well X farm pond 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. The appropriate district office shall be notified before setting surface pipe;
 2. The minimum amount of surface pipe as specified above 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;
 3. If the well is dry, a plugging proposal shall be submitted to the district office. An agreement between the operator and the district office on plug length and placement is necessary prior to plugging;
 4. The appropriate district office will be notified before well is either plugged or production casing is cemented in;
 5. 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: 5/9/91 Signature of Operator or Agent: Kenneth Vehige Title: Owner/Operator

FOR KCC USE:
API # 15- 135-23,577-0000
Conductor pipe required None feet
Minimum surface pipe required 250 feet per Alt. ● (2)
Approved by: MPL 25-15-91
EFFECTIVE DATE: 5-20-91
This authorization expires: 11-15-91
(This authorization void if drilling not started within 6 months of effective date.)
Spud date: _____ Agent: _____

RECEIVED
STATE CORPORATION COMMISSION
MAY 15 1991
CONSERVATION DIVISION
Wichita, Kansas

32
19
MFE
BT
CS

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.

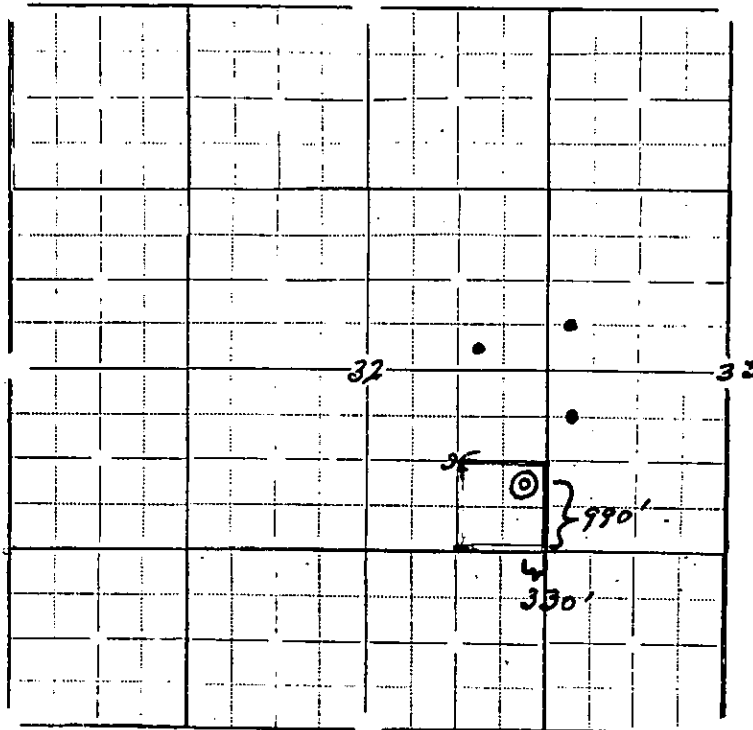
PLAT OF ACREAGE ATTRIBUTABLE TO A WELL

State Corporation Commission, Conservation Division
200 Colorado Derby Bldg. Wichita, Kansas 67202

OPERATOR Black Diamond Oil, Inc. LOCATION OF WELL:
 LEASE Schmalzried _____ 990 _____ feet north of SE corner
 WELL NUMBER 1 _____ 330 _____ feet west of SE corner
 FIELD Hair NW _____ Sec. 32 T 19 R 24 XW
 COUNTY Ness _____
 NO. OF ACRES ATTRIBUTABLE TO WELL 10 IS SECTION X REGULAR _____ IRREGULAR?
 DESCRIPTION OF ACREAGE SE/4 Se/4 IF IRREGULAR, LOCATE WELL FROM NEAREST
 CORNER BOUNDARY.

NOTE: If plat depicted is insufficient for your circumstances, you may attach your own scaled or surveyed plat.

PLAT



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 partial sections) 4 sections, 16 sections, etc.;
- 2) the well's location relative to the location of other wells producing from the same common source of supply in adjoining drilling units, pursuant to K.A.R. 82-3-108, 82-3-207, 82-3-312, or special orders of the Commission;
- 3) the distance of the proposed drilling location from the section's east and south lines; and
- 4) the distance to the nearest lease or unit boundary line. 330'

I hereby certify that the statements made herein are true and to the best of my knowledge and belief.

Signature of Operator or Agent *Keith Velje*
 Date 5/9/91 Title Owner/Operator