

EFFECTIVE DATE: 8-19-98

State of Kansas

DISTRICT # 4

NOTICE OF INTENTION TO DRILL

SGA? ... Yes. No

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

Expected Spud Date August 15, 1998
month day year

Spot 90'S & 85'E of
E/2. W/2. - NW Sec 26 Twp 11 S, Rg 33w East
X West

OPERATOR: License # 31120
Name: PELICAN HILL OIL & GAS, INC.
Address: 1401 North El Camino Real, Suite 207
City/State/Zip: San Clemente, CA 92672
Contact Person: Allen J. Gross
Phone: (714) 498-2101

1410 feet from ~~XXXX~~ North line of Section
1075 feet from ~~XXXX~~ West line of Section
IS SECTION X REGULAR _____ IRREGULAR?

CONTRACTOR: License #: 31548
Name: Discovery Drilling, Inc.

(NOTE: Locate well on the Section Plat on Reverse Side)
County: Logan
Lease Name: Bertrand Well #: 1
Field Name: Cook South

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

Is this a Prorated/Spaced Field? ... yes no
Target Formation(s): Lansing KC
Nearest lease or unit boundary: 1075'
Ground Surface Elevation: 3131 feet MSL

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

Water well within one-quarter mile: ... yes no
Public water supply well within one mile: ... yes no
Depth to bottom of fresh water: 180' 200'
Depth to bottom of usable water: 1700' 1730'

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

* Surface Pipe by Alternate: ... 1
Length of Surface Pipe Planned to be set: 220' 750'
Length of Conductor pipe required: None
Projected Total Depth: 4750'
Formation at Total Depth: Mississippian
Water Source for Drilling Operations:
... well farm pond ... other

Will Cores Be Taken?: ... yes no
If yes, proposed zone: _____

AFFIDAVIT

* ALT 2 = 50' PAST BOTTOM OF FRESH WATER.

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: August 10, 1998 Signature of Operator or Agent: Thomas J. [Signature] Title: Agent

FOR KCC USE:
 API # 15- 109-206730000
 Conductor pipe required NONE feet
 Minimum surface pipe required 250 feet per Alt. (2)
 Approved by: JK 8-14-98
 This authorization expires: 2-4-99
 (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: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202.

RECEIVED
KANSAS CORP. DIV.
AUG 12 10 12 20

26 11 33W

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.

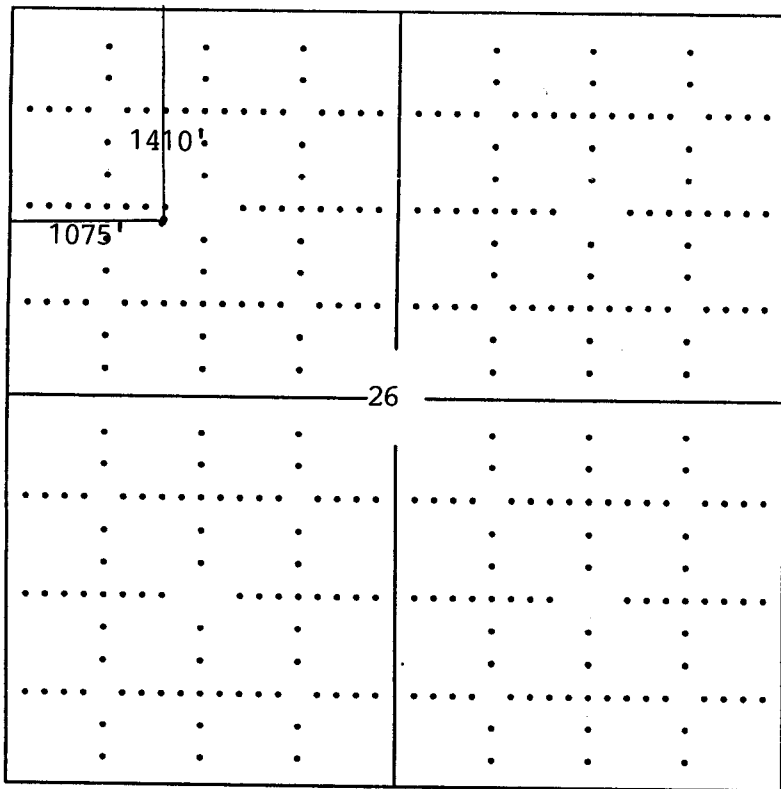
API NO. 15- _____
 OPERATOR PELICAN HILL OIL & GAS, INC. LOCATION OF WELL: COUNTY Logan
 LEASE Bertrand 1410 feet from ~~SOUTH~~/north line of section
 WELL NUMBER 1 1075 feet from ~~EAST~~/west line of section
 FIELD Cook South SECTION 26 TWP 11s RG 33w

NUMBER OF ACRES ATTRIBUTABLE TO WELL _____ IS SECTION X REGULAR or _____ IRREGULAR
 QTR/QTR/QTR OF ACREAGE _____ - _____ - _____ **IF SECTION IS IRREGULAR, LOCATE WELL FROM NEAREST CORNER BOUNDARY.**

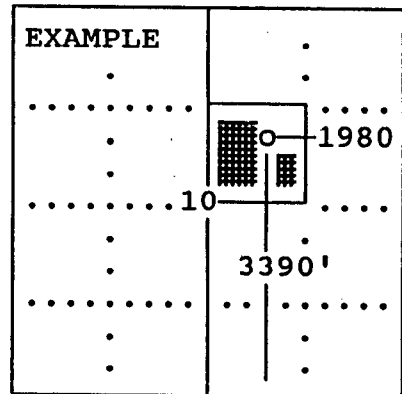
Section corner used: _____ NE _____ NW _____ SE _____ SW

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.)



Logan Co.



SEWARD CO.

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; and
- 3) the distance to the nearest lease or unit boundary line.