

FOR KCC USE:

HOR.

FORM C-1 7/91

EFFECTIVE DATE: 3-24-99

FORM MUST BE TYPED

DISTRICT # 1

FORM MUST BE SIGNED

SEA7...Yes...XNo

State of Kansas
NOTICE OF INTENTION TO DRILL

ALL BLANKS MUST BE FILLED

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

Expected Spud Date 4 month 5 day 99 year

Spot 10 N of C NW Sec 12 Twp 20 S, Rg 40 East X West

OPERATOR: License # 32340
Name: Bluegrass Energy, Inc.
Address: 5727 S. Lewis St. 260
City/State/Zip: Pulsa, OK 74405
Contact Person: Mark Repasky
Phone: 918-743-8060

1250 feet from SW corner / North line of Section
1320 feet from SW corner / West line of Section
IS SECTION X REGULAR _____ IRREGULAR?

(NOTE: Locate well on the Section Plat on Reverse Side)
County: Greeley
Lease Name: Watson Well #: E. 2-H
Field Name: Bradshaw

CONTRACTOR: License #: ADVISE ON ACO-1
Name: Unknown

Is this a Prorated/Spaced Field? ... yes X no
Target Formation(s): Winfield
Nearest lease or unit boundary: 1250
Ground Surface Elevation: 3552 feet MSL

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

Water well within one-quarter mile: ... yes X no
Public water supply well within one mile: X yes ... no
Depth to bottom of fresh water: 200 feet 220
Depth to bottom of usable water: 250 feet 1400 TOP OF PERMIAN

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

* Surface Pipe by Alternate: X 1 X 2
Length of Surface Pipe Planned to be set: 300 feet
Length of Conductor pipe required: none
Projected Total Depth: 3000 feet
Formation at Total Depth: Lower Ft. Riley
Water Source for Drilling Operations:
... well ... farm pond X other

Directional, Deviated or Horizontal wellbore? X. yes ... no
If yes, true vertical depth: 3000
Bottom Hole Location: 2120 FwL, 1250 fnl

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

DOCKET NO. 195,272-C (C-28,522)

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:

* ALT 1 WOULD REQUIRE A MIN. OF 1,420' OF SURFACE CASING.
ALT 2 WILL REQUIRE A MIN. OF 240' OF SURFACE CASING.

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: _____ Signature of Operator or Agent: Paul Wack Title: President

FOR KCC USE:
API # 15- 071-207070100
Conductor pipe required NONE feet
Minimum surface pipe required 240 feet per Alt. X(2)
Approved by: JK 3-19-99
This authorization expires: 9-19-99
(This authorization void if drilling not started within 6 months of effective date.)
Spud date: _____ Agent: _____

2-10-99
KANSAS CORP SERV
17 APR 20
40 W

- MEMBER 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.

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 Bluegrass Energy
 LEASE Watson
 WELL NUMBER E 2-H
 FIELD Bradshaw

LOCATION OF WELL: COUNTY Greeley
 1250 feet from ~~south~~/north line of section
 2120 feet from ~~west~~/east line of section
 SECTION 12 TWP 20S RG 40W

PBHL

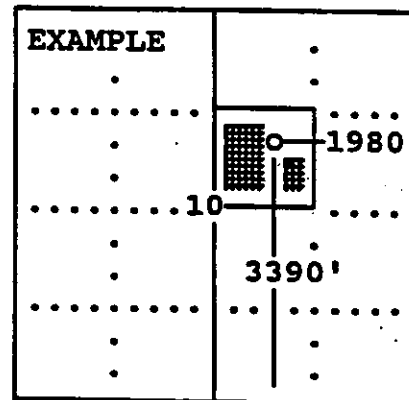
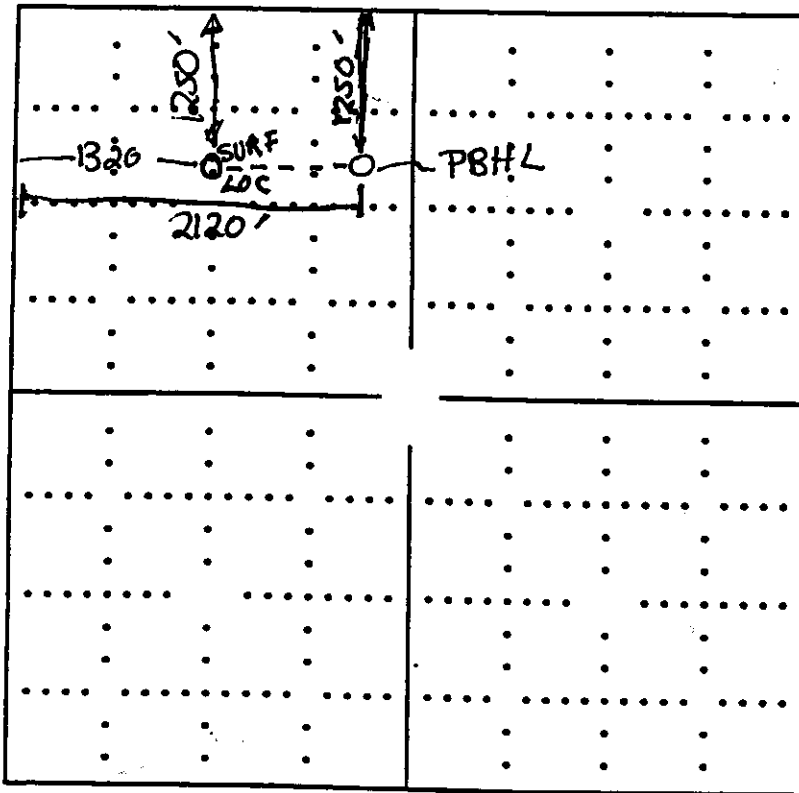
NUMBER OF ACRES ATTRIBUTABLE TO WELL 640
 QTR/QTR/QTR OF ACREAGE _____

IS SECTION X 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.)



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.



ROBINSON SERVICES

1718 Pawnee
Garden City, Kansas 67848
316-276-6159 • Fax 316-276-7593



012799-W
PLAT NO.

3465
INVOICE NO.

Blue Grass Energy

Watson "E" 2-H

Greeley County, Ks. 12 20^S 40^N
COUNTY Sec. Twp. Rng.

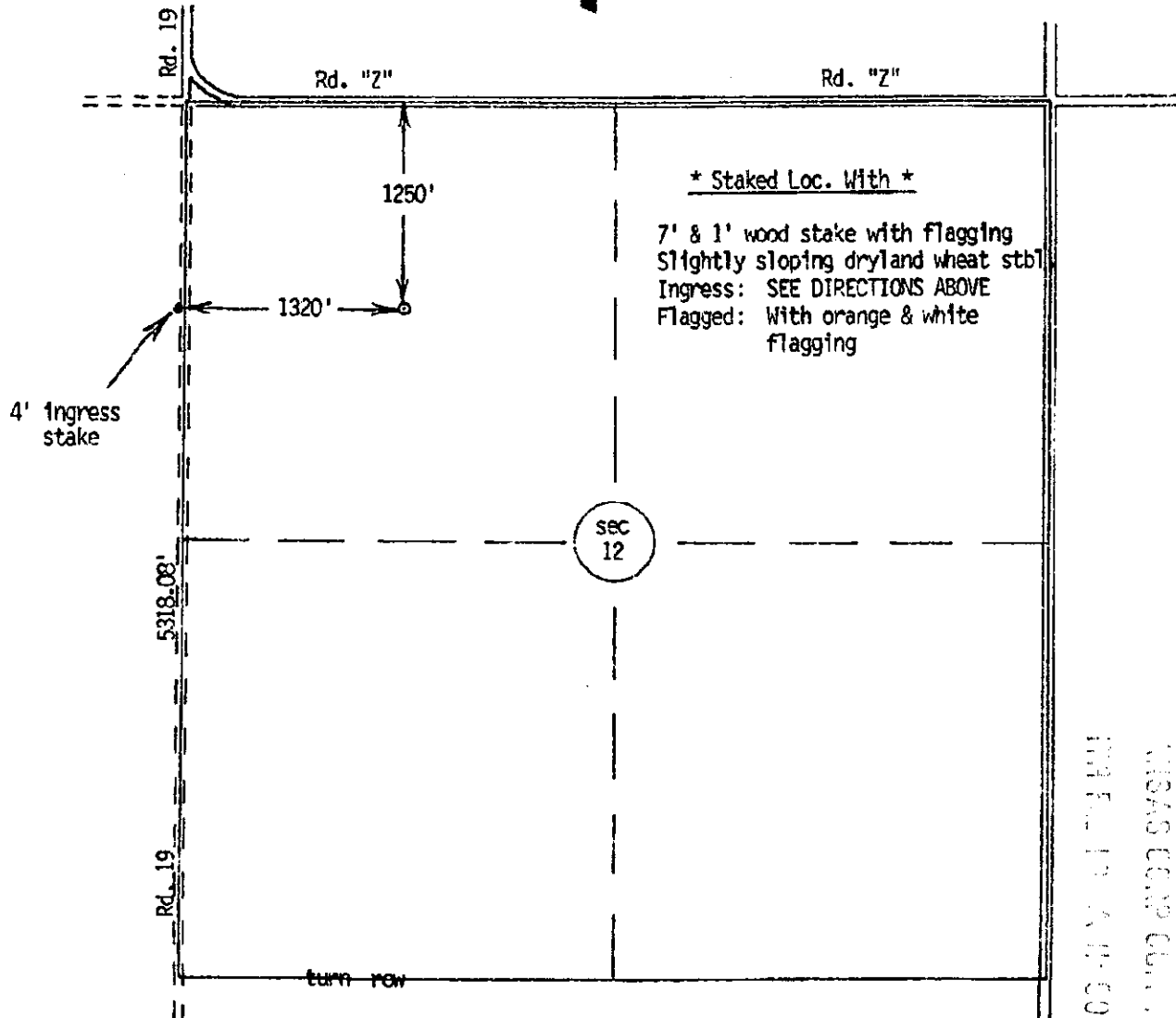
1250'FWL - 1320'FWL
LOCATION

3551.6 gr
ELEVATION

SCALE: 1" = 1000'
DATE: 1/27/99
SURVEYED BY: Burt West
DRAWN BY: Burt west
AUTHORIZED BY: Mark L. / Dave O.



DIRECTIONS: From the South side of Tribune, Ks.
(at the intersections of Hwy 27 & Hwy 96), take
Hwy 27 for 8 miles South - 3 miles East on
Rd. "Y" - 1 1/2 miles South on Rd. 19 to 4'
Ingress stake - 1/2 mile East into through
dryland wheat stbl.



15-071-20707-0100

Surveyed
M&S CORP. OWN.
MAY 19 2 11 00