

EFFECTIVE DATE: 6-17-97

State of Kansas

DISTRICT # 1

NOTICE OF INTENTION TO DRILL

SGA? Yes X No

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

Expected Spud Date 6 19 97
month day year

Spot SW/4 NE/4 Sec 10 Twp 20 S, Rg 40 East West

OPERATOR: License # 4894
Name: Horseshoe Operating, Inc.
Address: 500 W. Texas, Suite 1190
City/State/Zip: Midland, Tx 79701
Contact Person: S. L. Burns
Phone: (915) 683-1448

1980 feet from South North line of Section
1980 feet from East / West line of Section
IS SECTION X REGULAR IRREGULAR?

(NOTE: Locate well on the Section Plat on Reverse Side)
County: Greeley
Lease Name: Harding Well #: 2
Field Name: Bradshaw

CONTRACTOR: License #: 30606
Name: Murfin Drilling Co., Inc.

Is this a Prorated/Spaced Field? yes X no
Target Formation(s): Winfield
Nearest lease or unit boundary: 1980

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

Ground Surface Elevation: 3571.4 feet MSL
Water well within one-quarter mile: yes X no
Public water supply well within one mile: yes X no

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

Depth to bottom of fresh water: 200-240
Depth to bottom of usable water: 1200-1360
Surface Pipe by Alternate: 1 X 2'

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

Length of Surface Pipe Planned to be set: 350
Length of Conductor pipe required: _____
Projected Total Depth: 3000
Formation at Total Depth: Winfield

Water Source for Drilling Operations:
... well ... farm pond X ... other

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 the provisions of the Kansas Corporation Commission et. seq.
It is agreed that the following minimum requirements will be met:

RECEIVED
6-12-97
JUN 12 1997

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: 6-11-97 Signature of Operator or Agent: _____ Title: Treasurer

FOR KCC USE: 071-206740000
 API # 15- _____
 Conductor pipe required NONE feet
 Minimum surface pipe required 200 feet per Alt. X ②
 Approved by: JK 6-17-97
 This authorization expires: 12-12-97
 (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.

10
30
4005

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 Horseshoe Operating, Inc.
LEASE Harding
WELL NUMBER 2
FIELD Bradshaw

LOCATION OF WELL: COUNTY Greeley
1980 feet from south/north line of section
1980 feet from east/west line of section
SECTION 10 TWP 20S RG 40W

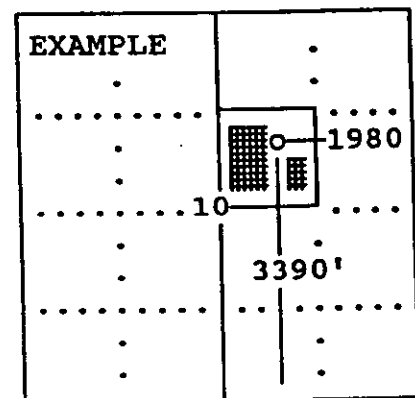
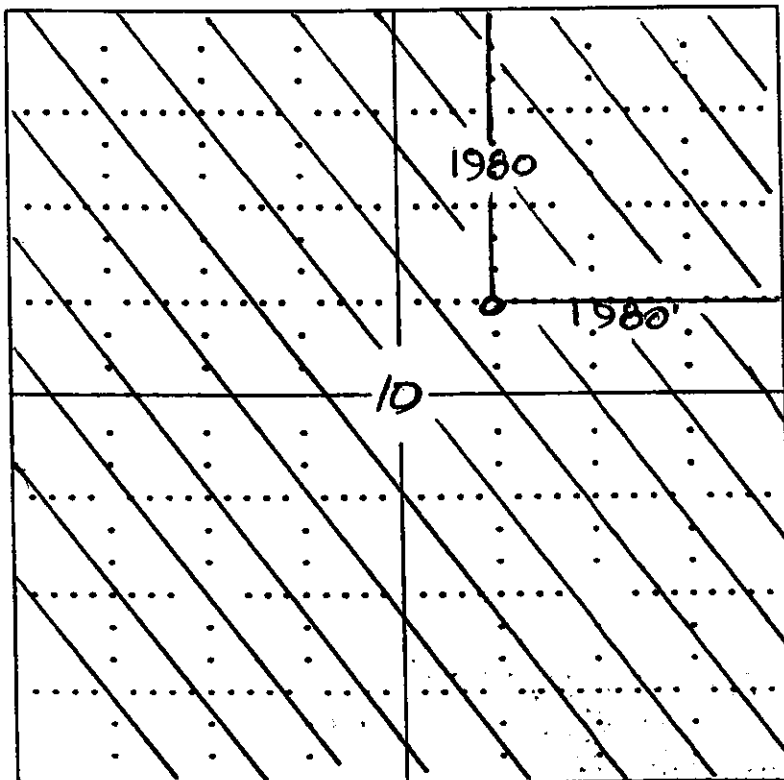
NUMBER OF ACRES ATTRIBUTABLE TO WELL 640
QTR/QTR/QTR OF ACREAGE _____
ALL SECTION 10 20S-40W

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.