

NOTICE OF INTENTION TO DRILL

(see rules on reverse side)

Starting Date January 8, 1986
 month day year

API Number 15- 101-21, 272-0000

OPERATOR: License # 5161
 Name Palomino Petroleum
 Address Route 5 Box 51-C
 City/State/Zip Newton, Kansas 67114
 Contact Person Bob Watchous
 Phone (316) 283-0232

NE NE SE Sec. 33 Twp. 16 S. Rg. 29 East
 West
 2310 Ft. from South Line of Section
 330 Ft. from East Line of Section

(Note: Locate well on Section Plat on reverse side)

CONTRACTOR: License # 5476
 Name DNB Drilling Co., Inc.
 City/State Wichita, Kansas 67208

Nearest lease or unit boundary line 330 feet
 County Lane

Well Drilled For: Well Class: Type Equipment:
 Oil SWD Infield Mud Rotary
 Gas Inj Pool Ext. Air Rotary
 OWWO Expl Wildcat Cable

Lease Name Schmied Well # 1
 Ground surface elevation 2805 est. feet MSL

If OWWO: old well info as follows:

Domestic well within 330 feet: yes no
 Municipal well within one mile: yes no
 Surface pipe by Alternate: 1 2
 Depth to bottom of fresh water 100 / 50
 Depth to bottom of usable water 1200
 Surface pipe planned to be set 240+
 Projected Total Depth 4600 feet
 Formation Miss.

Operator
 Well Name
 Comp Date Old Total Depth.....

I certify that well will comply with K.S.A. 55-101, et seq., plus eventually plugging hole to KCC specifications.

cementing will be done immediately upon setting production casing.
 Date 12-27-85 Signature of Operator or Agent *Bob Watchous* Title Owner

Bob Watchous

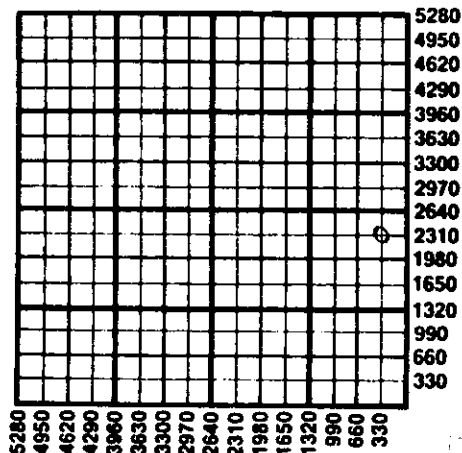
For KCC Use:
 Conductor Pipe Required feet; Minimum Surface Pipe Required feet per Alt. 1 (2)
 This Authorization Expires Approved By

Must be filed with the K.C.C. five (5) days prior to commencing well
This card void if drilling not started within six (6) months of date received by K.C.C.

Important procedures to follow:

1. Notify District office before setting surface casing.
2. Set surface casing by circulating cement to the top.
3. File completion forms ACO-1 with K.C.C. within 90 days of well completion, following instructions on ACO-1, side 1, and including copies of wireline logs.
4. Notify District office 48 hours prior to old well workover or re-entry.
5. Prior to filing Intent, prepare a proposed plugging plan in case well is D & A, then obtain approval of plan when calling district office prior to setting surface pipe.
6. Submit plugging report (CP-4) to K.C.C. after plugging is completed.
7. Obtain an approved injection docket number before disposing of salt water.
8. Notify K.C.C. within 10 days when injection commences or terminates.
9. If an alternate 2 completion, cement in the production pipe from below any usable water to surface within 120 days of spud date.

A Regular Section of Land 1 Mile = 5,280 Ft.



State Corporation Commission of Kansas
Conservation Division
200 Colorado Derby Building
Wichita, Kansas 67202
(316) 263-3238

570 8 1985

STATE CORPORATION COMMISSION