

FOR KCC USE:

FORM C-1 7/91

FORM MUST BE TYPED

FORM MUST BE SIGNED

ALL BLANKS MUST BE FILLED

EFFECTIVE DATE: 6-24-96

State of Kansas

DISTRICT # 1

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 June 18 1996
month day year

Spot SE SW NW Sec 12 Twp 16 S, Rg 26 East West

OPERATOR: License # 7200
Name: Scott T. Lutz
Address: P.O. Drawer D
City/State/Zip: Shell Knob, MO 65747
Contact Person: Scott T. Lutz
Phone: (501) 443-5430

2310 feet from North line of Section
990 feet from West line of Section
IS SECTION X REGULAR IRREGULAR?

(NOTE: Locate well on the Section Plat on Reverse Side)

County: Ness
Lease Name: Nies Well #: 1
Field Name: Arnold SW

Is this a Prorated/Spaced Field? yes X no

Target Formation(s): Mississippian

Nearest lease or unit boundary: 990

Ground Surface Elevation: 2580 EST feet MSL

Water well within one-quarter mile: yes X no

Public water supply well within one mile: yes X no

Depth to bottom of fresh water: 240

Depth to bottom of usable water: 1150

Surface Pipe by Alternate: 1 X 2

Length of Surface Pipe Planned to be set: 260

Length of Conductor pipe required: None

Projected Total Depth: 4600

Formation at Total Depth: Mississippian

Water Source for Drilling Operations:

... well farm pond X other

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

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

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

Directional, Deviated or Horizontal wellbore? yes X no

If yes, true vertical depth:

Bottom Hole Location:

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. 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: June 18, 1996 Signature of Operator or Agent: Thomas H. [Signature] Title: Agent

FOR KCC USE:
 API # 15- 135-239390000
 Conductor pipe required NONE feet
 Minimum surface pipe required 250 feet per Alt. X (2)
 Approved by: [Signature] 6-24-96
 This authorization expires: 12-24-96
 (This authorization void if drilling not started within 6 months of effective date.)
 Spud date: _____ Agent: _____

Recd 6-24-96
12
16
26W

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.

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 Scott T. Lutz
 LEASE Nies
 WELL NUMBER 1
 FIELD Arnold SW

LOCATION OF WELL: COUNTY Ness
2310 feet from ~~WEST~~/north line of section
990 feet from ~~WEST~~/west line of section
 SECTION 12 TWP 16S RG 26W

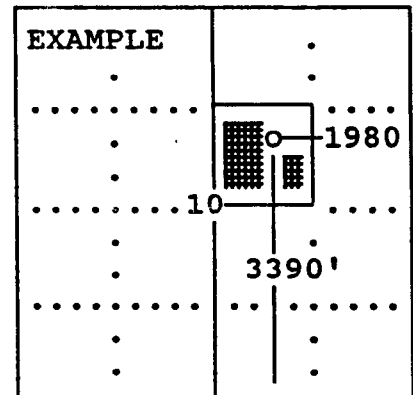
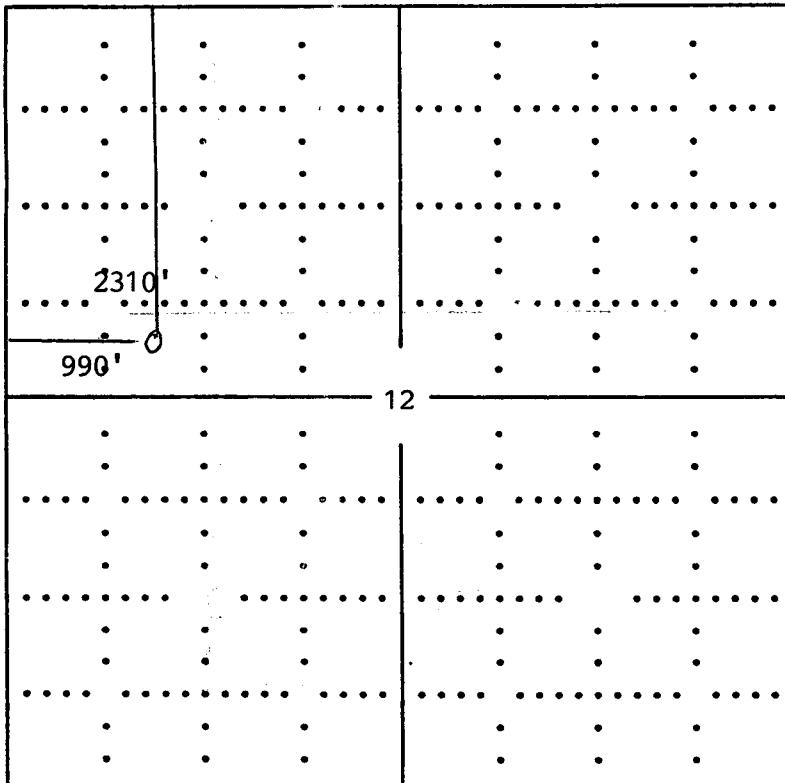
NUMBER OF ACRES ATTRIBUTABLE TO WELL 160
 QTR/QTR/QTR OF ACREAGE SE - SW - NW

IS SECTION X REGULAR or _____ IRREGULAR
IF SECTION IS IRREGULAR, LOCATE WELL FROM NEAREST CORNER BOUNDARY.

Section corner used: _____ NE X 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.

Ness 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.