

EFFECTIVE DATE: 5-5-97

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 5 month 5 day 97 year

Spot NE NW NW Sec 31 Twp 19 S Rg 19 West

OPERATOR: License # 30742 Name: Palomino Petroleum, Inc. Address: 4924 SE 84th St. City/State/Zip: Newton, KS 67114-8827 Contact Person: Klee R. Watchous Phone: (316) 799-1000

330 feet from South North line of Section 990 feet from East West line of Section IS SECTION X REGULAR IRREGULAR?

CONTRACTOR: License #: 6426 Name: Express Well Service, Inc.

(NOTE: Locate well on the Section Plat on Reverse Side) County: Rush Lease Name: Maresch Well #: 1 Field Name: Shiley North

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

Is this a Prorated/Spaced Field? yes X no Target Formation(s): Cherokee Sand Nearest lease or unit boundary: 330 Ground Surface Elevation: 2245 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: 300 Depth to bottom of usable water: 480 BASE OF DAKOTA Surface Pipe by Alternate: 1 X 2 Length of Surface Pipe Planned to be set: 355 Length of Conductor pipe required: None

If OMMO: old well information as follows: Operator: Mull Drilling/Walters Drilling Well Name: #1 West Comp. Date: 10/20/61 Old Total Depth: 4370

Projected Total Depth: 4370 Formation at Total Depth: Miss Water Source for Drilling Operations: well farm pond X other

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: 4/28/97 Signature of Operator or Agent: Klee R. Watchous Title: President

FOR KCC USE: API # 15-165-01002-0000 Conductor pipe required NONE feet Minimum surface pipe required 355 feet per Alt. X(2) Approved by: JK 4-30-97 This authorization expires: 10-30-97 (This authorization void if drilling not started within 6 months of effective date.) Spud date: Agent:

15-165-01002-00-01

4-29-97

31 19 RW

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 _____
 LEASE _____
 WELL NUMBER _____
 FIELD _____

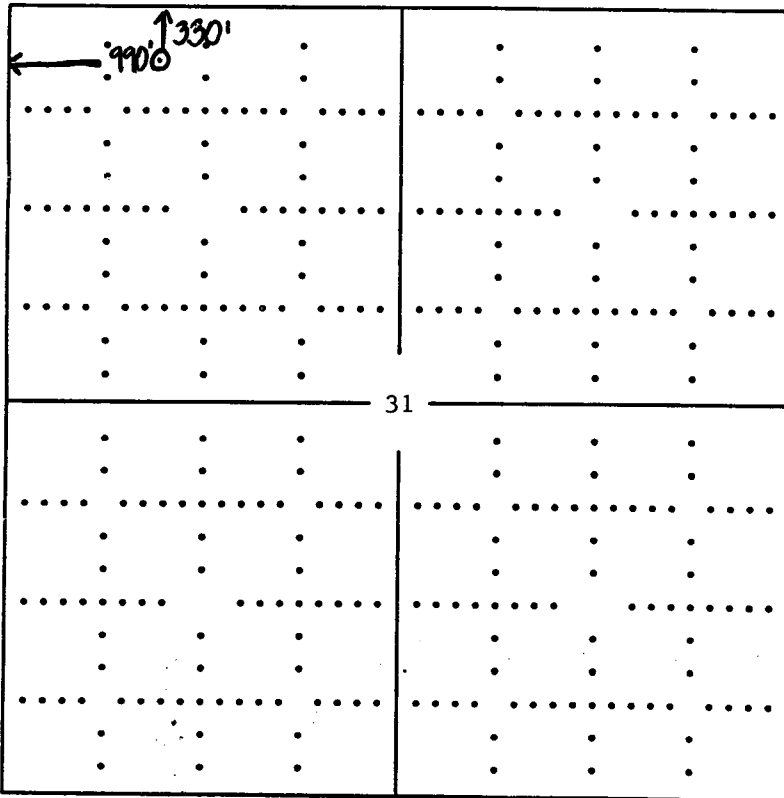
LOCATION OF WELL: COUNTY _____
 _____ feet from south/north line of section
 _____ feet from east/west line of section
 SECTION _____ TWP _____ RG _____

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

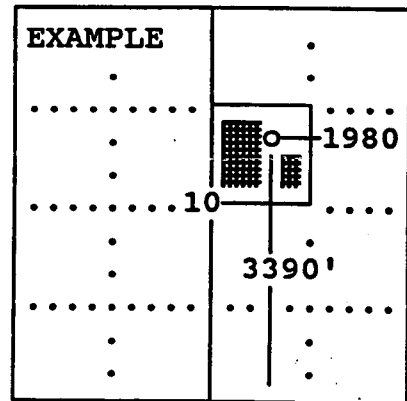
IS SECTION _____ REGULAR or _____ IRREGULAR
IF SECTION IS IRREGULAR, LOCATE WELL FROM NEAREST CORNER BOUNDARY.

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.)



RUSH 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.