

For KCC Use: 4-12-03
 Effective Date: _____
 District # _____
 SGA? Yes No

**KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION
 NOTICE OF INTENT TO DRILL**

Form C-1
 December 2002
**Form must be Typed
 Form must be Signed
 All blanks must be Filled**

Must be approved by KCC five (5) days prior to commencing well

Expected Spud Date April 10 2003
month day year

Spot Ap 100'S & 60'E of
E/2 NE NW Sec. 24 Twp. 31 S S. R. 13 W East West
560 feet from N / S Line of Section
2370 feet from E / W Line of Section

OPERATOR: License# 31406
 Name: Prairie Resources, Inc.
 Address: 1016 Amanda Pines Drive
Parker, CO 80138
 City/State/Zip: _____
 Contact Person: Robert W. Packard
 Phone: (303) 840-3313

Is SECTION Regular Irregular?
 (Note: Locate well on the Section Plat on reverse side)
 County: Barber
 Lease Name: Clarke Well #: 2-24
 Field Name: Nurse

CONTRACTOR: License# 5929
 Name: Duke Drilling Co., Inc.

Is this a Prorated / Spaced Field? Yes No
 Target Information(s): Mississippi
 Nearest Lease or unit boundary: 560' (UNIT)

Well Drilled For:	Well Class:	Type Equipment:
<input checked="" type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input type="checkbox"/> Infield
<input checked="" type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input checked="" type="checkbox"/> Pool Ext.
<input type="checkbox"/> OWWO	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat
<input type="checkbox"/> Seismic; # of Holes _____	<input type="checkbox"/> Other _____	<input type="checkbox"/> Cable
<input type="checkbox"/> Other _____		

Ground Surface Elevation: 1810' Estimated _____ feet MSL
 Water well within one-quarter mile: Yes No
 Public water supply well within one mile: Yes No
 Depth to bottom of fresh water: 150'
 Depth to bottom of usable water: 180'
 Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 200'
 Length of Conductor Pipe required: None
 Projected Total Depth: 4650'
 Formation at Total Depth: Simpson
 Water Source for Drilling Operations:
 Well Farm Pond Other _____
 DWR Permit #: _____

If OWWO: old well information as follows:
 Operator: _____
 Well Name: _____
 Original Completion Date: _____ Original Total Depth: _____
 Directional, Deviated or Horizontal wellbore? Yes No
 If Yes, true vertical depth: _____
 Bottom Hole Location: _____
 KCC DKT #: _____

(Note: Apply for Permit with DWR)
 Will Cores be taken? Yes 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 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.
 Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC District 3 area, alternate ii cementing must be completed within 30 days of the spud date or the well shall be plugged. **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: March 30, 2003 Signature of Operator or Agent: Robert W. Packard Title: President

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For KCC Use ONLY
 API # 15 - 007-2273900-00
 Conductor pipe required NONE feet
 Minimum surface pipe required 200 feet per Alt. (1)
 Approved by: RJP 4-7-03
 This authorization expires: 10-7-03
 (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.
- If this permit has expired (See: authorized expiration date) please check the box below and return to the address below.

Well Not Drilled - Permit Expired
 Signature of Operator or Agent: _____
 Date: _____

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

24
 21
 132

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 and 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: Prairie Resources, Inc.
 Lease: Clarke
 Well Number: 2-24
 Field: Nurse
 Number of Acres attributable to well: 160
 QTR / QTR / QTR of acreage: NE NE NW

Location of Well: County: Barber
 _____ 560 feet from N / S Line of Section
 _____ 2370 feet from E / W Line of Section
 Sec. 24 Twp. 31 S S. R. 13 W East West

Is Section: Regular or Irregular

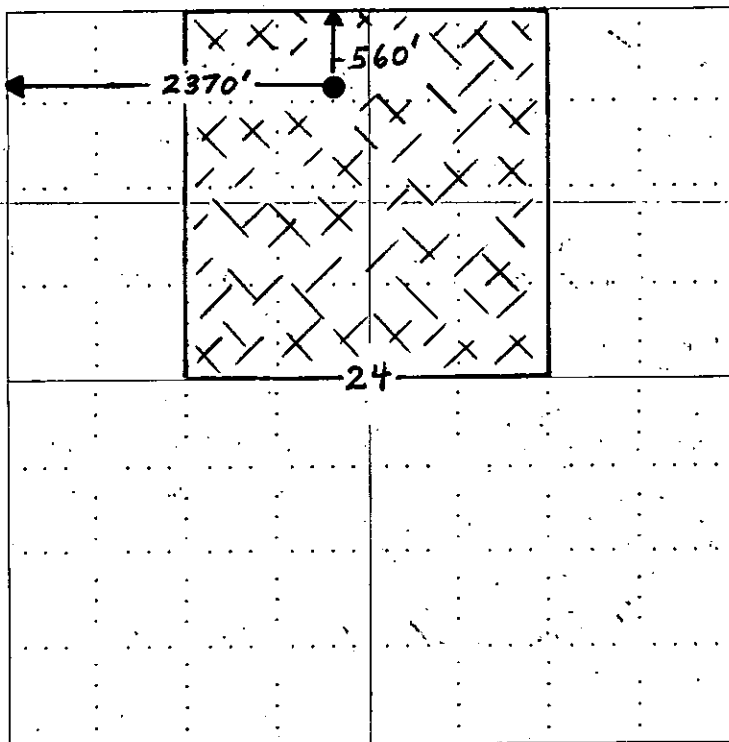
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

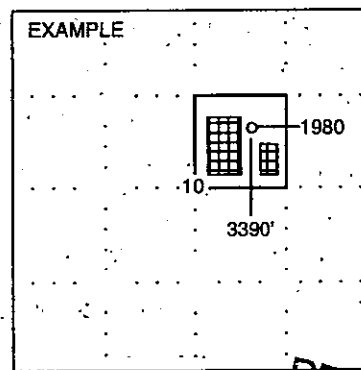
PLAT

(Show location of the well and shade attributable acreage for prorated or spaced wells.)

(Show footage to the nearest lease or unit boundary line.)



NOTE: In all cases locate the spot of the proposed drilling location.



SEWARD CO.

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KCC WICHITA

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.
3. The distance to the nearest lease or unit boundary line.
4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (CO-7 for oil wells; CG-8 for gas wells).

Prairie Resources, Inc

Barber Co.

24.31.13w



OIL AND GAS LEASE

State of Kansas, Barber Co, KS
This instrument was filed for record in
the public records of Barber County, Kansas,
on the 10th day of April, 2003, at 10:00 AM.
Recorded in Public Records of Barber County,
Kansas, Book 24, Page 31.
Notary Public for Barber County, Kansas
[Signature]

AGREEMENT, made and entered into September 10, 2002, by and between: Clarke Corporation, P. O. Box 187, Medicine Lodge, Kansas 67134, Party of the first part, hereinafter called lessor (whether one or more) and Prairie Resources, Inc., 1016 Amanda Plaza Drive, Parker, Colorado 80134, Party of the second part, hereinafter called lessee.

WITNESSETH, That the said lessor, for and in consideration of One Thousand and Six Hundred DOLLARS (\$1,600.00), cash in hand paid, receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of lessee to be paid, kept and performed, has granted, demised, leased, and let and by those presents does grant, demise, lease, and let unto said lessor, for the sole and only purpose of mining and operating for oil and gas, and laying pipe lines, and building tanks, power stations and structures thereon to produce, save, and take care of said products, all that certain tract of land, together with any reversionary rights herein, situated in the County of Barber, State of Kansas, containing one hundred and sixty (60) acres more or less and described as follows, to-wit:

The east half of the northwest quarter (80 acres) and the west half of the northeast quarter (80 acres) of Section 24, Township 31 South, Range 13 West.

It is agreed that this lease shall remain in full force for a term of one (1) year from this date, and as long thereafter as oil or gas, or either of them, is produced from said land by the lessee, or the premises are being developed or operated.

In consideration of the premises the said lessor covenants and agrees:
1st. To deliver to the credit of lessor, free of cost, in the pipeline to which he may connect his wells, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd. To pay lessor on gas, including casinghead gas or other gaseous substance, produced from said land and sold by lessee to other persons, one-eighth (1/8) of the amount realized by lessee based upon the sales price at the mouth of the well; if the sale does not occur at the well, the royalty shall be one-eighth (1/8) of the market value at the mouth of the well. To pay lessor on gas, including casinghead gas and other gaseous substances, produced from said land and used by lessee or its affiliates for any purpose whatsoever, or for the extraction or manufacture of any product, the market value at the mouth of the well of one-eighth (1/8) of the gas so used by lessee.

If no well be commenced on said land on or before September 10, 2003, this lease shall terminate as to both parties. Lessee may at any time execute and deliver to Lessor, or place of record, a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

Should the first well drilled on the above described land be a dry hole then, and in that event, if a second well is not commenced on said land on or before September 10, 2003, this lease shall terminate as to both parties.

Without impairment of lessor's rights under the warranty in event of failure of title, it is agreed that if lessor owns an interest in said land less than the entire fee simple estate, then the royalties to be paid lessor shall be reduced proportionately.

Lessee shall have the right to use, free of cost, gas, oil, and water produced on said land for its operation thereon, except water from wells of lessor, with the right to use so much of the surface of said land as is necessary to carry out the purposes hereinbefore set out for the economical operation of said land above or conjointly with other land.

When requested by lessor, lessee shall bury his pipe lines below plow depth.
No well shall be drilled nearer than two hundred (200) feet to the house or barn now on said premises, without the written consent of the lessor.

Lessee shall pay for damages caused by its operations to growing crops on said land.
Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with the like effect as if such well had been completed within the term of years herein first mentioned.

Lessee shall have the right as to all or any part of the land described herein, without lessor's privity, to combine the gas leasehold estate and the lessor's gas royalty estate created by this lease with the gas rights in any other lease or leases located in the vicinity thereof, whether owned by lessee or some other person or corporation, so as to create by the combination of such leases one or more operating units or units thereon so created by said forty (40) acres each. In the event such operating unit or units thereon so created by lessee, lessee agrees to accept and shall receive out of the production from such operating unit or units, such portion of the royalty as the number of acres out of this lease placed in any such operating unit or units bears to the total number of acres included in such operating unit or units. The commencement of a well, or the completion of a well to production, on any portion of an operating unit shall have the same effect under the terms of this lease as if a well were commenced, or completed, on the land embraced by this lease.

If the estate of either party herein is transferred, and the privilege of transferring in whole or in part is expressly allowed, or if the rights hereunder of either party herein are vested by descent or devise, the covenants hereof shall extend to and be binding on the heirs, devisees, executors, administrators, successors, or assigns, but no change in the ownership of said land or of any right hereunder shall be binding on the lessee until after lessee has been furnished with the original or a certified copy thereof of any transfer by lessor or with a certified copy of the will of lessor together with a transcript of the probate thereof or, in the event lessor dies intestate and his estate is being administered, with a transcript of the administration proceedings or, in the event of the death of lessor and no administration being had on the estate, with an instrument satisfactory to lessee executed by lessor's heirs authorizing payment or deposit for deposit to their credit as hereinafter provided, at least thirty days before said royalties are payable or due, and it is hereby agreed, at least thirty days before said royalties are payable or due, that if the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the royalties due from him or them, such default shall not operate to defeat or affect this lease in so far as it operates to such default shall not operate to defeat or affect this lease in so far as it operates to the parts of said lands upon which the said lessor or any assignee thereof shall make the payments of said royalties. In case lessor assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment. If the leased premises are now or hereafter owned in severalty or in separate tracts, the premises, nevertheless, may be developed and operated as an entirety, and the royalties shall be paid to each separate owner in the proportion that the acreage owned by him bears to the entire leased area. There shall be no obligation on the part of the lessee to effect wells on separate tract into which the land covered by this lease may hereafter be divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks for the oil produced from such separate tracts.

Lessee hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redress for lessor by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of

payment by lessor, and be subrogated to the rights of the holder thereof and may reimburse itself from any royalties accruing hereunder.

The terms, covenants, and conditions hereof shall run with said land and herewith and shall be binding upon the parties hereto, their heirs, administrators, devisees, executors, successors and assigns. This instrument is binding upon any one who subscribes their name hereto whether named in the body of this lease or not, and regardless of whether any owner of any other interests subscribe their names hereto. However, all express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lease held liable for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

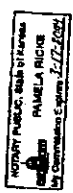
Signed and delivered as of the day and year first above written.

[Signature]

Acknowledgment For Individual:

State of Kansas
County of LeFlore
Before me, the undersigned, a Notary Public, within and for the county and state, on this 17 day of September, 2002, personally appeared Robert H. Beckel and Zhanna Beckel to me personally known to be the identical persons who executed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the purposes therein set forth. IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires: 2-17-2004 Pamela Beckel
Notary Public



Acknowledgment For Corporation:

State of Kansas
County of LeFlore
Before me, the undersigned, a Notary Public, within and for the county and state, on this 17 day of September, 2002, personally appeared Elizabeth Chadwick and Robert Paul Beckel to me personally known to be the identical person who executed the within and foregoing instrument as its President and acknowledged to me that he executed the same as his free and voluntary act and deed for the purposes therein set forth. IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires: 2-17-2004 Pamela Beckel
Notary Public

