

FOR KCC USE:

FORM C-1 7/91

FORM MUST BE TYPED

FORM MUST BE SIGNED

ALL BLANKS MUST BE FILLED

EFFECTIVE DATE: 1-26-97

State of Kansas

DISTRICT # 2

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 22 Jan 97

Spot SF SW NE Sec 16 Twp 31 S Rg 8 West

OPERATOR: License # 7744 Shobar Energy Inc. 346 E Hwy 160 Harper Ks 67058

2310 feet from South / North line of Section 1650 feet from East / West line of Section IS SECTION REGULAR IRREGULAR?

CONTRACTOR: License #: L N 5123 Name: Pickrell Drilling

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

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

Lease Name: Hostetler Well #: 3-16 Field Name: Spivey-Grabs

Is this a Prorated/Spaced Field? Miss yes no Target Formation(s):

Nearest lease or unit boundary: 330 ft Ground Surface Elevation: 1630 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: 100ft Depth to bottom of usable water: 100ft

Surface Pipe by Alternate: 1 0 2 Length of Surface Pipe Planned to be set: 225

Length of Conductor pipe required: 0 Projected Total Depth: 4600

Formation at Total Depth: 4475 Water Source for Drilling Operations: well farm pond other

(APPLY FOR FROM DWR) Will Cores Be Taken?: yes no

If yes, proposed zone:

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

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

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: 1-15-97 Signature of Operator or Agent: Title: pres

FOR KCC USE: API # 15- 077-213170000 Conductor pipe required NONE feet Minimum surface pipe required 200 feet per Alt. 1 2 Approved by: JK 1-21-97 This authorization expires: 7-21-97 (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.

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

16 31 807 1-16-97 P 12 32

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- na
 OPERATOR Shobar Energy Inc.
 LEASE Hostetler
 WELL NUMBER 3-16
 FIELD Spivey-Grabs

LOCATION OF WELL: COUNTY Harper
2310 feet from ~~BOUNDARY~~/north line of section
1650 feet from east/~~WEST~~ line of section
 SECTION 16 TWP 31 RG 8

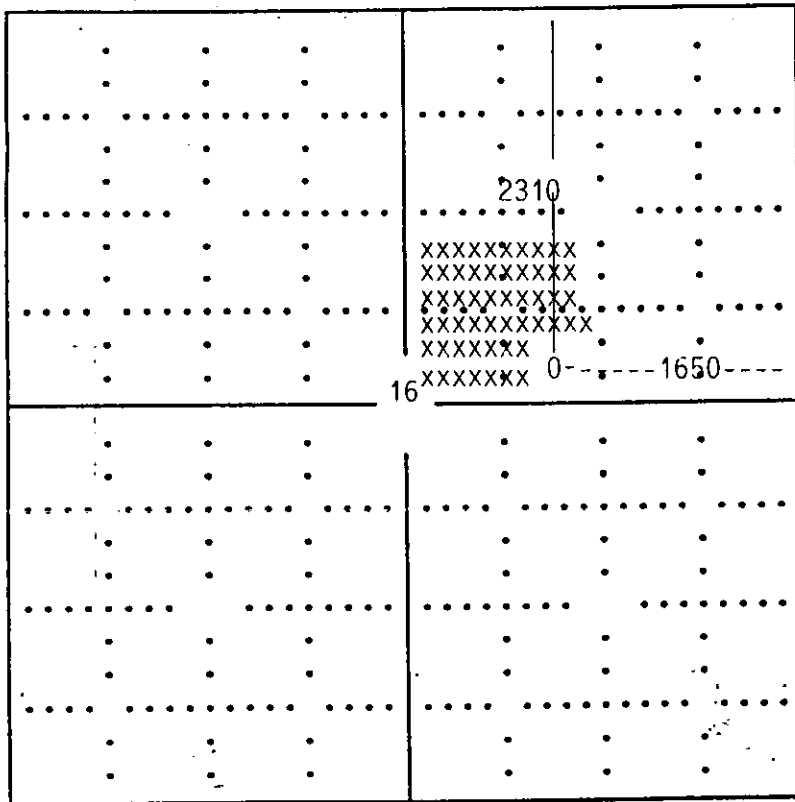
NUMBER OF ACRES ATTRIBUTABLE TO WELL 40
 QTR/QTR/QTR OF ACREAGE SE - SW - NE

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

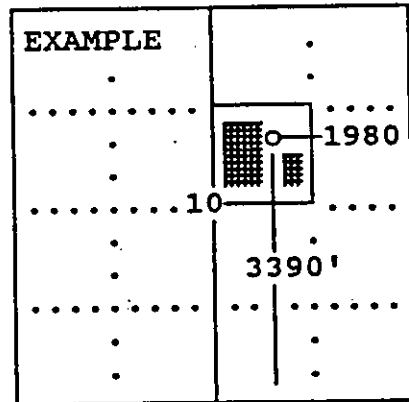
Section corner used: NE NW SE SW

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.)



Harper 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.