

For KCC Use:
 Effective Date: 10-23-00
 District # 1
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION

Form C-1
 September 1999
 Form must be Typed
 Form must be Signed
 All blanks must be Filled

NOTICE OF INTENT TO DRILL

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

Expected Spud Date October 19 2000
month day year

OPERATOR: License# 31021 ✓
 Name: Castelli Exploration, Inc.
 Address: 9500 Westgate Drive, Suite 101
 City/State/Zip: Oklahoma City, Oklahoma 73162
 Contact Person: Mr. Thomas P. Castelli
 Phone: 405-722-5511

CONTRACTOR: License# 5822 ✓
 Name: Val Energy, Inc.

Spot _____ East
 _____ SE SE Sec. 21 Twp. 33 S. R. 16 West
660' _____ feet from (S) / (N) (circle one) Line of Section
660' _____ feet from (E) / (W) (circle one) Line of Section
 Is SECTION Regular Irregular?

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

County: Comanche
 Lease Name: Merrill Ranch Well #: 1-21R
 Field Name: Ham

Is this a Prorated / Spaced Field? Yes No ✓

Target Formation(s): Mississippian
 Nearest Lease or unit boundary: 660' ✓

Ground Surface Elevation: 1780' _____ 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: 100' ✓

Depth to bottom of usable water: 180' ✓

Surface Pipe by Alternate: X 1 2 ✓

Length of Surface Pipe Planned to be set: 600' ✓

Length of Conductor Pipe required: _____

Projected Total Depth: 5100' ✓

Formation at Total Depth: Mississippian

Water Source for Drilling Operations:
 Well _____ Farm Pond _____ Other X

DWR Permit #: _____

(Note: Apply for Permit with DWR)

Will Cores be taken? Yes No ✓

If Yes, proposed zone: _____

Well Drilled For:	Well Class:	Type Equipment:
<input 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"/> Mud Rotary
<input type="checkbox"/> OWWO	<input type="checkbox"/> Disposal	<input type="checkbox"/> Air Rotary
<input type="checkbox"/> Seismic; _____ # of Holes	<input type="checkbox"/> Wildcat	<input type="checkbox"/> Cable
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other	

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: 10-18-00
 KCC DKT #: OCT 18 2000

✗ LOST CIRCULATION AREA

* SKID LOCATION FROM: CONSERVATION DIVISION
15033 21157000 DPW/ WICHITA, KS

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: October 17, 2000 Signature of Operator or Agent: Thomas P. Castelli Title: President

For KCC Use ONLY
 API # 15 - 033-21160-0000
 Conductor pipe required None feet
 Minimum surface pipe required 200' feet per Alt. (1) X
 Approved by: DPW 10-18-00
 This authorization expires: 4-18-2001
 (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.

21
33
16w

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: _____

Lease: _____

Well Number: _____

Field: _____

Number of Acres attributable to well: _____

QTR / QTR / QTR of acreage: _____ - SE - SE

Location of Well: County: _____

660' _____ feet from S / N (circle one) Line of Section

660' _____ feet from E / W (circle one) Line of Section

Sec. 21 Twp. 33 S. R. 16 East West

Is Section Regular or _____ Irregular

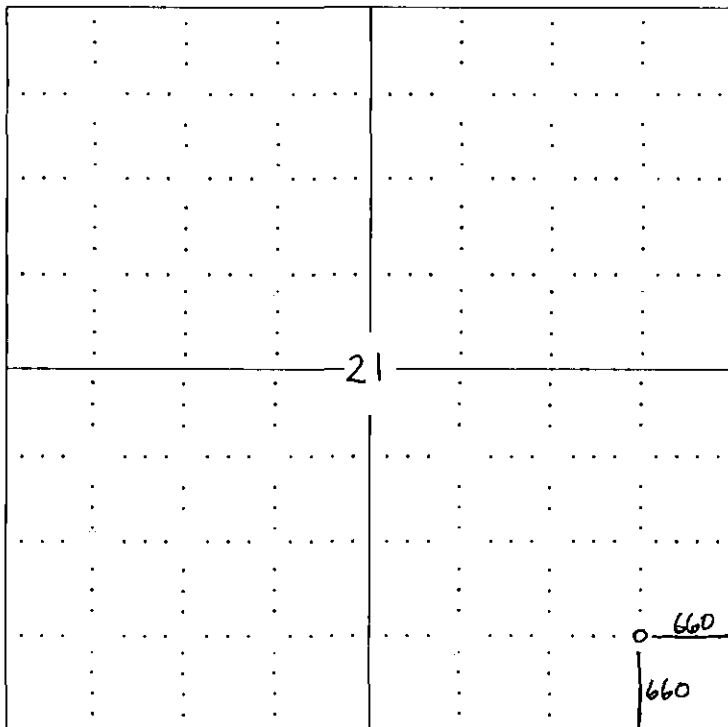
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: ___ NE ___ NW ___ SE ___ SW

PLAT

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

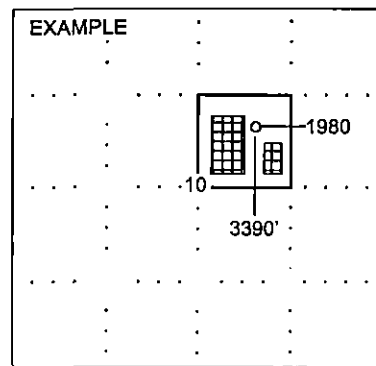
(Show footage to the nearest lease or unit boundary line.)



RECEIVED
KANSAS CORPORATION COMMISSION

OCT 18 2000

CONSERVATION DIVISION
WICHITA, KS



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

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: (C0-7 for oil wells; CG-8 for gas wells).