

Must be approved by the K.C.C. five (5) days prior to commencing well

Expected Spud Date 06/30/89 APX N/2 NE. NE Sec 01 Twp 10 S, Rg 19 EE East
month day year

OPERATOR: License # 9159
Name: STERLING EXPLORATION
Address: 12101 FROST ROAD
City/State/Zip: KANSAS CITY MO 64138
Contact Person: JIM BOLINGER
Phone: (913) 796-6593

4950 feet from South line of Section
825 feet from East line of Section
(Note: Locate well on Section Plat Below)

CONTRACTOR: License #: 5786
Name: McGOWAN DRILLING, INC.

County: JEFFERSON
Lease Name: KIMMEL Well #: 1-89
Field Name: McCLOUTH WEST

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

Is this a Prorated Field? ... yes XX no
Target Formation(s): MISSISSIPPI
Nearest lease or unit boundary: 330
Ground Surface Elevation: APX 1000 feet MSL
Domestic well within 330 feet: ... yes XX no
Municipal well within one mile: ... yes XX no
Depth to bottom of fresh water: 50
Depth to bottom of usable water: 100
Surface Pipe by Alternate: 1 XX2
Length of Surface Pipe Planned to be set: 40
Length of Conductor pipe required: *****
Projected Total Depth: 1700
Formation at Total Depth: MISSISSIPPI
Water Source for Drilling Operations:
... well ... farm pond XX other

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

Directional, Deviated or Horizontal wellbore? ... yes XX no
If yes, total depth location:

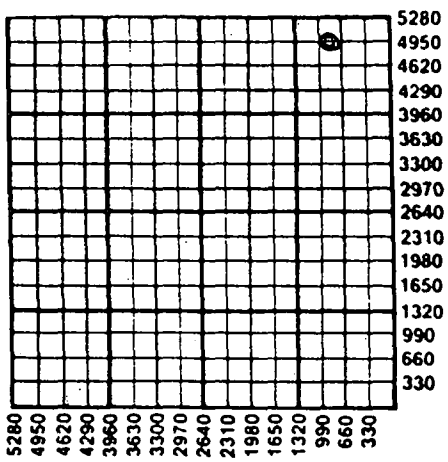
DWR Permit #:
Will Cores Be Taken?: ... yes XX no
If yes, proposed zone:

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:
- The appropriate district office shall be notified before setting surface pipe;
 - The minimum amount of surface pipe as specified above 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;
 - If the well is dry, a plugging proposal shall be submitted to the district office. An agreement between the operator and the district office on plug length and placement is necessary prior to plugging;
 - The appropriate district office will be notified before well is either plugged or production casing is cemented in;
 - 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: 06/26/89 Signature of Operator or Agent: [Signature] Title: AS AGENT



STATE OF KANSAS CONSERVATION COMMISSION
RECEIVED FOR REC USE:
APPL# 15- 087-20,448-00-00
Conductor pipe required NONE feet
Minimum surface pipe required 40' feet per Alt. XX2
Approved by: DPW 6-26-89
EFFECTIVE DATE: 7-02-89
This authorization expires: 12-76-89
(This authorization void if drilling not started within 6 months of effective date.)
Spud date: _____ Agent: _____

JUN 26 1989
6-26-89
CONSERVATION DIVISION
Wichita, Kansas

- 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.