

FOR KCC USE:

FORM C-1 7/91

EFFECTIVE DATE: 8-10-98

FORM MUST BE TYPED

DISTRICT # 7

FORM MUST BE SIGNED

SEAT Yes No

ALL BLANKS MUST BE FILLED

State of Kansas

NOTICE OF INTENTION TO DRILL

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

Expected Spud Date March 2 1998
month day year

Spot NE SW NE Sec 25 Twp 23S S. Rg 8 West

OPERATOR: License # 31160
Name: Phillips Exploration Company L.C.
Address: 2338 Bromfield Circle
City/State/Zip: Wichita, KS 67226
Contact Person: James B. Phillips
Phone: (316) 687-9983

1650 feet from South line of Section
1650 feet from East line of Section
IS SECTION X REGULAR IRREGULAR?

CONTRACTOR: License # 5420
Name: White & Ellis Drilling, Inc.

(NOTE: Locate well on the Section Plat on Reverse Side)
County: Reno
Lease Name: Ayres Well #: 1-25

Well Drilled For: Well Class: Type Equipment:

X Oil ... Enh Rec ... Infield X Mud Rotary
... Gas ... Storage X Pool Ext: ... Air Rotary
... DWVD ... Disposal ... Wildcat ... Cable
... Seismic; ... # of Holes ... Other

Field Name:
Is this a Prorated/Spaced Field? ... yes X no
Target Formation(s): Kinderhook

If DWVD: old well information as follows:

Operator:
Well Name:
Comp. Date: Old Total Depth

Nearest Lease or unit boundary: 990'
Ground Surface Elevation: approx. 1610' feet MSL
Water well within one-quarter mile: X yes X no

Directional, Deviated or Horizontal wellbore? ... yes X no

If yes, true vertical depth:

Bottom Hole Location:

Public water supply well within one mile: ... yes X no
Depth to bottom of fresh water: 90'
Depth to bottom of usable water: 160'

Surface Pipe by Alternate: X 1 2
Length of Surface Pipe Planned to be set: 200' +/-
Length of Conductor pipe required: None

Projected Total Depth: 3800'
Formation at Total Depth: Kinderhook

Water Source for Drilling Operations:
X well ... farm pond ... other

DWR Permit #: Apply for from DWR

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: 2-23-98 Signature of Operator or Agent: Michael J. Conside Title: Sec.-Treas. for White & Ellis

FOR KCC USE: API # 15- 155-214270000
Conductor pipe required NONE feet
Minimum surface pipe required 180 feet per Alt. (1) X
Approved by: JK 8-5-98
This authorization expires: 2-5-99
(This authorization void if drilling not started within 6 months of effective date.)
Spud date: Agent:

2-24-98
FEB 24 1998
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 preparation 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: Conservation Division, 200 Colorado Derby Building, 202 W. First St., Wichita, Kansas 67202-1286.

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.

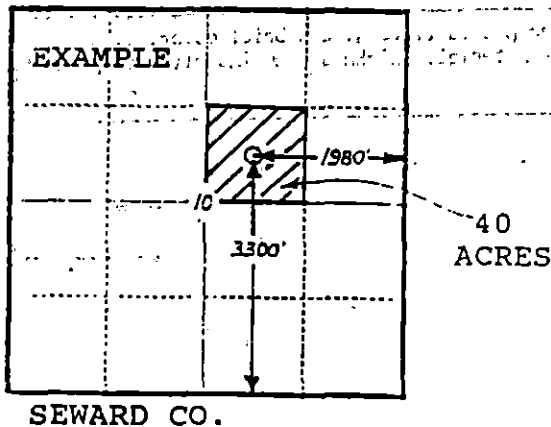
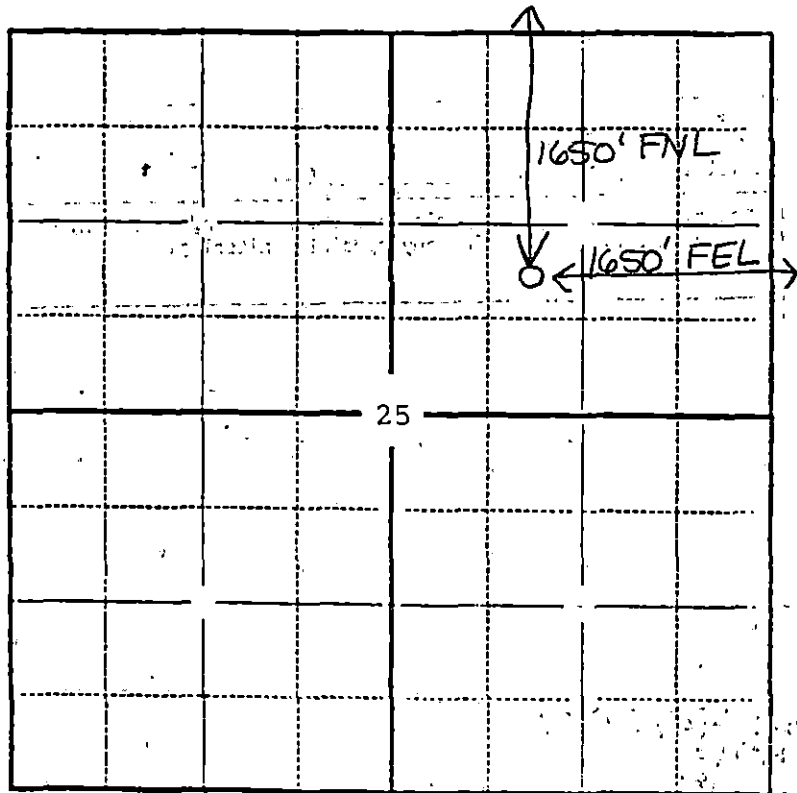
API NO. 15- _____
 OPERATOR Phillips Exploration Co. L.C. LOCATION OF WELL: COUNTY Reno
 LEASE Ayres 1650 feet from ~~west~~/north line of section
 WELL NUMBER 1-25 1650 feet from east/~~west~~ line of section
 FIELD ----- SECTION 25 TWP 23S RG 8W

NUMBER OF ACRES ATTRIBUTABLE TO WELL _____ IS SECTION X REGULAR or _____ IRREGULAR
 QTR/QTR/QTR OF ACREAGE NE - SW - NE IF SECTION IS IRREGULAR, LOCATE WELL FROM NEAREST CORNER BOUNDARY.

Section corner used: X 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.)



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 lines; and
- 3) the distance to the nearest lease or unit boundary line.