

P. U.

EFFECTIVE DATE: 7-14-91 must be approved by the K.C.C. five (5) days prior to commencing well

Expected Spud Date July 8th 1991
month day year

ADD NW. SW.. NW. Sec 36.. Twp 25S S, Rg 5.. X East West
3520 feet from South line of Section
4950 feet from East line of Section
(Note: Locate well on Section Plat on Reverse Side)

OPERATOR: License # 5822
Name: VAL Energy, Inc
Address: Box 322
City/State/Zip: Haysville, Ks 67060
Contact Person: K. Todd Allam
Phone: 316-522-1560

County: Reno
Lease Name: VANN Well #: 1
Field Name: unknown
Is this a Prorated Field? yes X no

CONTRACTOR: License #: 5822
Name: VAL Energy, INC

Target Formation(s): Viola
Nearest lease or unit boundary: 330
Ground Surface Elevation: NA feet MSL

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

Domestic well within 330 feet: yes X no
Municipal well within one mile: yes X no
Depth to bottom of fresh water: 150'
Depth to bottom of usable water: 180'
Surface Pipe by Alternate: X 1 ... 2
Length of Surface Pipe Planned to be set: 200'

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

Length of Conductor pipe required: ...
Projected Total Depth: 4125
Formation at Total Depth: Arbuckle
Water Source for Drilling Operations:
... well XX farm pond ... other

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

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

** Prorated for Mississippi AFFIDAVIT * 200' of surface pipe required*

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. The appropriate district office shall be notified before setting surface pipe;
2. 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;
3. 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;
4. The appropriate district office will be notified before well is either plugged or production casing is cemented in;
5. 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: 7-5-91 Signature of Operator or Agent: K. Todd Allam Title: President

FOR KCC USE:

API # 15- 155-21,171-0000
 Conductor pipe required None feet
 Minimum surface pipe required 200 feet per Alt. (1)
 Approved by: MLW 7-9-91
 EFFECTIVE DATE: 7-14-91
 This authorization expires: 1-9-92
 (This authorization void if drilling not started within 6 months of effective date.)
 Spud date: _____ Agent: _____

RECEIVED
 STAFF APPROPRIATION DIVISION
 JUL 11 8 1991
 300 25 SW

WALKER

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.

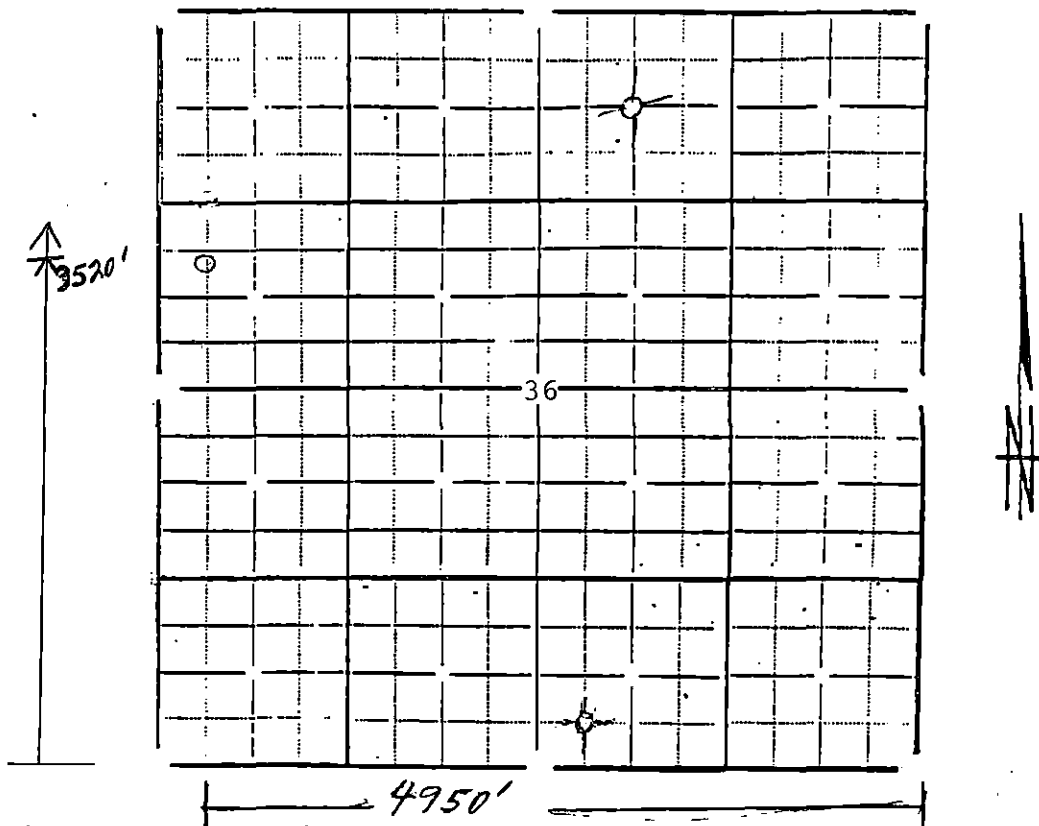
PLAT OF ACREAGE ATTRIBUTABLE TO A WELL

State Corporation Commission, Conservation Division
 200 Colorado Derby Bldg. Wichita, Kansas 67202

OPERATOR VAL Energy, Inc. LOCATION OF WELL:
 LEASE VANN 3520 feet north of SE corner
 WELL NUMBER 1 4950 feet west of SE corner
 FIELD unknown NW/4 Sec. 36 T25S R 5W E/W
 COUNTY Reno
 NO. OF ACRES ATTRIBUTABLE TO WELL 10 IS SECTION xx REGULAR IRREGULAR?
 DESCRIPTION OF ACREAGE NW/4 IF IRREGULAR, LOCATE WELL FROM NEAREST CORNER BOUNDARY.

NOTE: If plat depicted is insufficient for your circumstances, you may attach your own scaled or surveyed plat.

PLAT



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 partial sections, 4 sections, 16 sections, etc.;
- 2) the well's location relative to the location of other wells producing from the same common source of supply in adjoining drilling units, pursuant to K.A.R. 82-3-108, 82-3-207, 82-3-312, or special orders of the Commission;
- 3) the distance of the proposed drilling location from the section's east and south lines; and
- 4) the distance to the nearest lease or unit boundary line.

I hereby certify that the statements made herein are true and to the best of my knowledge and belief.

Signature of Operator or Agent K. J. Allen

Date 7-5-91 Title President