

EFFECTIVE DATE: 10-28-98

State of Kansas

DISTRICT # 7

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 10.....27.....98.....
month day year

Spot 130' N of NE SE NE East
3760' F&L & 330' F&L Sec ..22. Twp .28.. S, Rg .7... West

OPERATOR: License # 3880
Name: KC Resources, Inc.
Address: P.O. Box 1118
City/State/Zip: Cardiss, CA 92007
Contact Person: Rod Horlamb
Phone: (405) 834-3429

3760..... feet from South / North line of Section
330..... feet from East West line of Section
IS SECTION X REGULAR IRREGULAR?

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

County: Kingman

Lease Name: Alameda Well #: 1-2

Field Name: Alameda

Is this a Prorated/Spaced Field? yes X.. no

Target Formation(s): Mississippian

Nearest lease or unit boundary: 330

Ground Surface Elevation: 1581 (actual)..... feet MSL

Water well within one-quarter mile: yes X.. no

Public water supply well within one mile: yes X.. 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: 250

Length of Conductor pipe required: N.R.

Projected Total Depth: 4500

Formation at Total Depth: Arbuckle

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

DWR Permit #: Steve E. McClain will apply to DWR for.....

Will Cores Be Taken?: yes X.. no

If yes, proposed zone:

CONTRACTOR: License #: 5142
Name: Sterling Drilling Company

Well Drilled For: Well Class: Type Equipment:

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

If OWWO: old well information as follows:

Operator:

Well Name:

Comp. Date: Old Total Depth

Directional, Deviated or Horizontal wellbore? yes X.. 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: 10-20-98..... Signature of Operator or Agent: Steve E. McClain..... Steve E. McClain Title..President.....

FOR KCC USE:
 API # 15- 095-217490000
 Conductor pipe required NONE feet
 Minimum surface pipe required 200 feet per Alt. (1)X
 Approved by: JK 10-23-98
 This authorization expires: 4-23-99
 (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: Kansas State Corporation Commission, Wichita State Office Bldg., 130 S. Market, Room 2078, Wichita, KS 67202-3802

72 28 7W
 10-22-98
 KANSAS CORP COM
 REC'D NOV 11 1998

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- _____
 OPERATOR _____
 LEASE _____
 WELL NUMBER _____
 FIELD _____

LOCATION OF WELL: COUNTY Kingman
 _____ 3760 feet from south/north line of section
 _____ 330 feet from east/west line of section
 SECTION 22 TWP 28S RG 7W

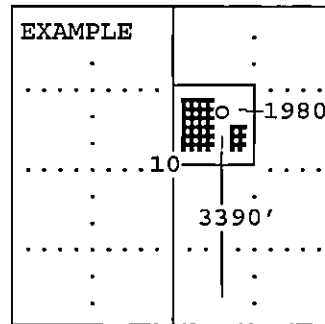
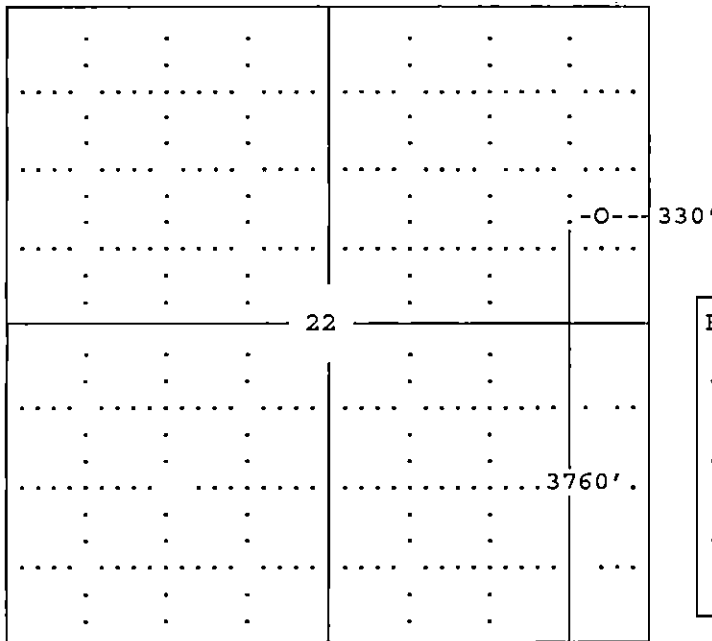
NUMBER OF ACRES ATTRIBUTABLE TO WELL _____
 QTR/QTR/QTR OF ACREAGE _____ - _____ - _____

IS SECTION X REGULAR or _____ IRREGULAR
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.)



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.

RECEIVED
 ANSAS O&AP DIVISION
 100 001 22 A 11:55