

EFFECTIVE DATE: 4-14-99

State of Kansas

DISTRICT # 1

NOTICE OF INTENTION TO DRILL

SGA? Yes No

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

Spot TOW of N/2 SW SE

East

Expected Spud Date 04 month 12 day 99 year

~~990 FSL & 2050 FEE~~ Sec 12. Twp 27. S, Rg 10. X West

990 feet from South / North line of Section

2050 feet from East / West line of Section

IS SECTION REGULAR IRREGULAR?

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

County: Kingman

Lease Name: Kelly Well #: No. 1

Field Name: DRISSEN

Is this a Prorated/Spaced Field? yes no

Target Formation(s): Chase Group

Nearest lease or unit boundary: 590'

Ground Surface Elevation: 1775 (Actual) 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: 160

Depth to bottom of usable water: 180

Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be set: 200

Length of Conductor pipe required: N.R.

Projected Total Depth: 1800

Formation at Total Depth: Winfield Dolomite

Water Source for Drilling Operations:

well farm pond other

DWR Permit #: Sterling will apply to DWR for

Will Cores Be Taken? yes no

If yes, proposed zone:

OPERATOR: License # 31191

Name: R & B Oil & Gas

Address: P.O. Box 195

City/State/Zip: Attica, Kansas 67009-0195

Contact Person: Randy Newberry, President

Phone: (316) 254-7814

CONTRACTOR: License #: 5142

Name: Sterling Drilling Company, Rig #8

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 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: 04-05-99 Signature of Operator or Agent: [Signature] Steve E. McClain Title: President

FOR KCC USE:
 API # 15- 095-217510000
 Conductor pipe required NONE feet
 Minimum surface pipe required 200 feet per Alt. X
 Approved by: [Signature] 4-9-99
 This authorization expires: 10-9-99
 (This authorization void if drilling not started within 6 months of effective date.)
 Spud date: Agent:

RECEIVED
KANSAS CORP COM.
APR 15 1999
04-06-99

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

12
27
10W

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 R & B Oil & Gas
 LEASE Kelly
 WELL NUMBER No. 1
 FIELD _____

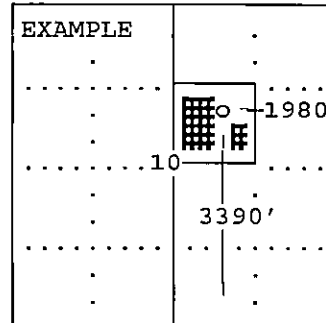
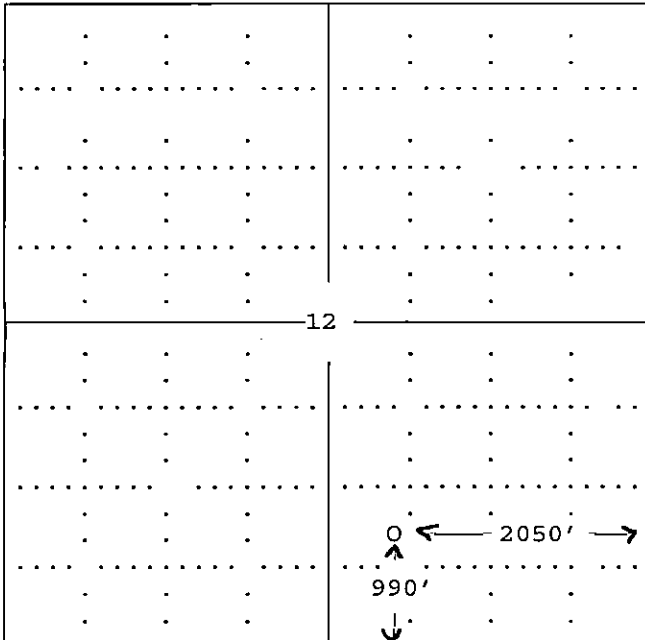
LOCATION OF WELL: COUNTY Kingman
990 feet from south/north line of section
2050 feet from east/west line of section
 SECTION 12 TWP 27S RG 10W

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: _____ NE _____ NW X 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.