

EFFECTIVE DATE

6-30-96

State of Kansas

FORM MUST BE TYPED

DISTRICT# 4

NOTICE OF INTENTION TO DRILL

FORM MUST BE SIGNED

SGA?...Yes...No

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

ALL BLANKS MUST BE FILLED

EXPECTED SPUD DATE: 07 05 96 month day year

Spot / C SE NE Sec 05 Twp 01 S, Rg 36 EW WEST

Operator: License#: 06926

1980 feet from South / (North) Line of Section 660 feet from (East) / West Line of Section

Name: ADVANTAGE RESOURCES INC.

IS SECTION XX REGULAR IRREGULAR?

Address: 1775 SHERMAN STREET, #1375

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

City/State/Zip: DENVER CO. 80203

COUNTY: RAWLINS

Contact Person: EDWARD J. ACKMAN

LEASE NAME: SPEARS WELL#: 8-5

Phone: 303-831-1912

Field Name: EXPLORATORY

CONTRACTOR: License # 31730

Name: NEBRASKA DRILLING COMPANY

Is this a Prorated/Spaced Field? yes XX no

Target Formation(s): LANSING KC

Well Drilled For: Well Class: Type Equipment:

Nearest lease or unit boundary: 660

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

Ground Surface Elevation: 3165 feet MSL

Water well within one-quarter mile: yes XX no

Public water supply well within one mile: yes XX no

Depth to bottom of fresh water: 120

Depth to bottom of usable water: 170

Surface Pipe by Alternate: XX 1 2

Length of Surface Pipe Planned to be set: 220

Length of Conductor Pipe required: NONE

Projected Total Depth: 4400

Formation at Total Depth: MARMITON- MARMATON

If OWWO: old well information as follows:

Operator:

Well Name:

Comp. Date: Old Total Depth

Water Source for Drilling Operations:

well farm pond XX other

DWR Permit#

Directional, Deviated or Horizontal wellbore? yes XX no

Will Cores Be Taken? yes XX no

If yes, true vertical depth:

If yes, proposed zone:

Bottom Hole Location

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A.S. 55-10 et. seq.

It is agreed that the following minimum requirements will be met:

RECEIVED

WILL COMPLY WITH K.S.A.S. 55-10

06-25-1996 JUN 25 1996

- 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 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: 06/25/1996

Signature of Operator or Agent: Laura M. Eads Title AGENT

SEARCH INC., 316-265-5415

1657

FOR KCC USE:

API # 15- 153-208110000

Conductor Pipe required NONE feet

Minimum surface pipe required 220 feet per Alt. (1) X

Approved by: JK 6-25-96

This Authorization expires: 12-25-96

(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 hour 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: KCC Conservation Office, Wichita State Office Building, 130 S. Market, Room 2078 Wichita, Ks 67202

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