

For KCC Use: 6.21.04  
 Effective Date: 2  
 District # \_\_\_\_\_  
 SGA?  Yes  No

KANSAS CORPORATION COMMISSION  
 OIL & GAS CONSERVATION DIVISION  
**NOTICE OF INTENT TO DRILL**

Form C-1  
 December 2002  
**Form must be Typed**  
**Form must be Signed**  
**All blanks must be Filled**

Must be approved by KCC five (5) days prior to commencing well

Expected Spud Date 06/21/04  
 month day year

Spot \_\_\_\_\_ East  
 CNW - NE - NE Sec. 19 Twp. 31S S. R. 8W  West  
 330' \_\_\_\_\_ feet from  N /  S Line of Section  
 990' \_\_\_\_\_ feet from  E /  W Line of Section

OPERATOR: License# 32446 4/30/05  
 Name: MERIT ENERGY COMPANY  
 Address: 13727 NOEL RD., STE. 500  
DALLAS, TX 75240  
 City/State/Zip:  
 Contact Person: GALE MCPHERSON  
 Phone: 972-628-1659

Is SECTION  Regular  Irregular?

(Note: Locate well on the Section Plat on reverse side)

CONTRACTOR: License# 5123 6/30/04  
 Name: PICKRELL DRILLING COMPANY, INC.

County: HARPER  
 Lease Name: WASHBON Well #: 3-19  
 Field Name: SPIVEY-GRABBS-BASIL

Is this a Prorated / Spaced Field?  Yes  No

Target Formation(s): MISSISSIPPIAN

Nearest Lease or unit boundary: 330' to the North

Ground Surface Elevation: 1626' 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' 200'

Depth to bottom of usable water: 400' 220'

Surface Pipe by Alternate:  1  2

Length of Surface Pipe Planned to be set: 250'

Length of Conductor Pipe required: NA NONE

Projected Total Depth: 4500'

Formation at Total Depth: MISSISSIPPIAN

Water Source for Drilling Operations:

Well  Farm Pond  Other \_\_\_\_\_

DWR Permit #: TO BE FILED

(Note: Apply for Permit with DWR )

Will Cores be taken?  Yes  No

If Yes, proposed zone: \_\_\_\_\_

RECEIVED

KANSAS CORPORATION COMMISSION

**AFFIDAVIT**

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq. **JUN 15 2004**  
 It is agreed that the following minimum requirements will be met:

CONSERVATION DIVISION  
 WICHITA, KS

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. Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC District 3 area, alternate II cementing must be completed within 30 days of the spud date or the well shall be plugged. **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: 6/14/04 Signature of Operator or Agent: Gale McPherson Title: REGULATORY ANALYST

**For KCC Use ONLY**  
 API # 15 - 077-21488-00.00  
 Conductor pipe required NONE feet  
 Minimum surface pipe required 240 feet per Alt. 1  
 Approved by: RJP 6.16.04  
 This authorization expires: 12.16.04  
 (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.
- If this permit has expired (See: authorized expiration date) please check the box below and return to the address below.

**Well Not Drilled - Permit Expired**

Signature of Operator or Agent: \_\_\_\_\_

Date: \_\_\_\_\_

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

19  
31  
qw

**IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW**

**JUN 15 2004**

*Plat of acreage attributable to a well in a prorated or spaced field*

CONSERVATION DIVISION  
WICHITA, KS

**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 and 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: MERIT ENERGY COMPANY  
Lease: WASHBON  
Well Number: 3-19  
Field: SPIVEY-GRUBBS-BASIL

Location of Well: County: HARPER  
330' \_\_\_\_\_ feet from  N /  S Line of Section  
990' \_\_\_\_\_ feet from  E /  W Line of Section  
Sec. 19 Twp. 31S S. R. 8W  East  West

Number of Acres attributable to well: 40  
QTR / QTR / QTR of acreage: CNW - NE - NE

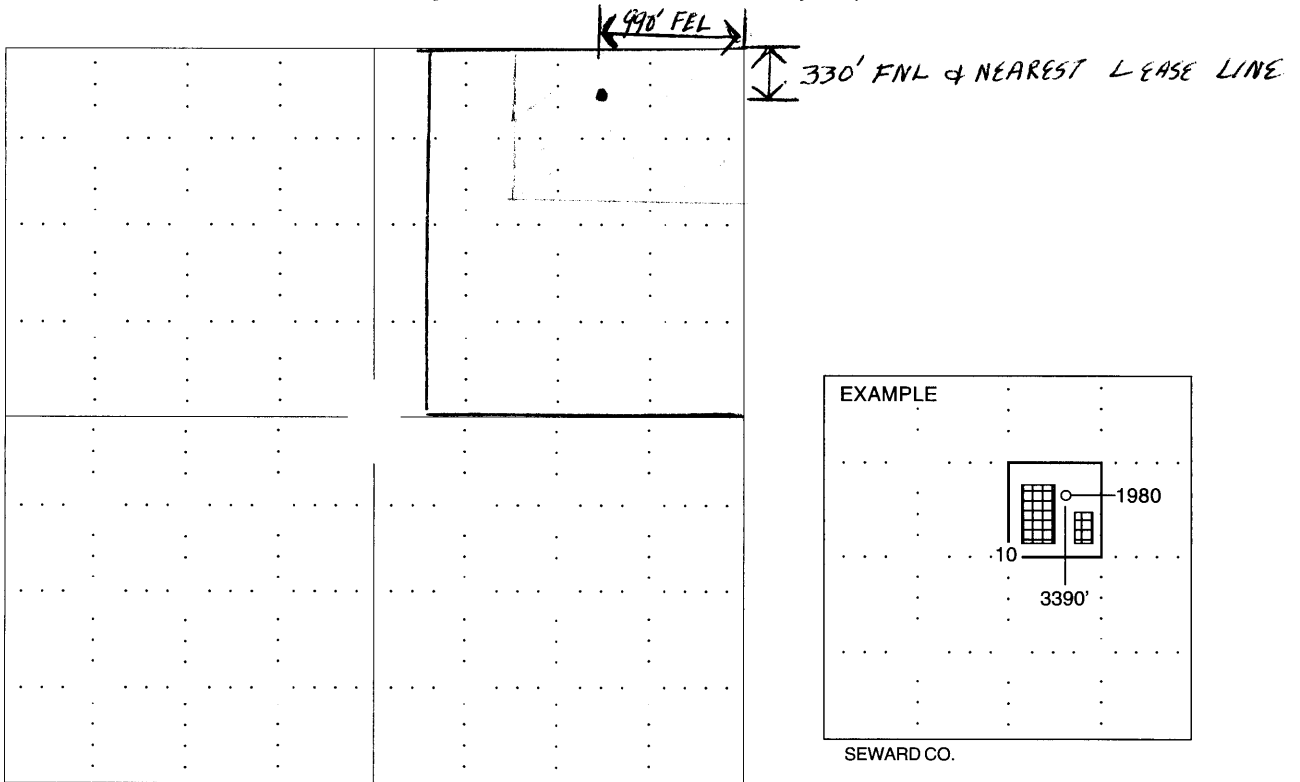
Is Section:  Regular or  Irregular

**If Section is Irregular, locate well from nearest corner boundary.**

Section corner used:  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.)



**NOTE: In all cases locate the spot of the proposed drilling locaton.**

**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.
3. The distance to the nearest lease or unit boundary line.
4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (CO-7 for oil wells; CG-8 for gas wells).

# KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

JOHN WINE, COMMISSIONER

ROBERT E. KREHBIEL, COMMISSIONER

June 16, 2004

Ms. Gale McPherson  
Merit Energy Company  
13727 Noel Rd, Ste 500  
Dallas, TX 75240

Re: Drilling Pit Application  
Washbon Lease Well No. 3-19  
NE/4 Sec. 19-31S-08W  
Harper County, Kansas

Dear Ms. McPherson:

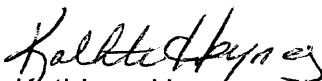
District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and **all pits must be lined with bentonite**. The free fluids must be removed. The fluids are to be removed from the reserve pit as soon as the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred. The fluids should be removed again within 72 hours after drilling operations have ceased.

**If production casing is set all completion fluids shall be removed on a daily basis.**

The fluids should be taken to an authorized disposal well. Please call the District Office at (316) 337-6231 when the fluids have been removed. Also, please file the enclosed CDP-5, Surface Pond Waste Transfer, within 30 days of fluid removal.

**A copy of this letter should be posted in the doghouse along with the approved Intent to Drill.** If you have any questions or concerns please feel free to contact the undersigned at the above address.

Sincerely,



Kathleen Haynes

Environmental Protection and Remediation Department

cc: Doug Louis