

For KCC Use: 10-8-05
 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 Sep 30 2005
month day year

Spot N2 N2 S2 Sec. 24 Twp. 28 S. R. 06 East West
2310 feet from N / S Line of Section
2640 feet from E / W Line of Section

OPERATOR: License# 5214
 Name: Lario Oil & Gas Co.
 Address: 301 South Market
 City/State/Zip: Wichita, KS 67202
 Contact Person: Jay G. Schweikert
 Phone: 316-265-5611

Is SECTION Regular Irregular?

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

CONTRACTOR: License# 5123
 Name: Pickrell Drilling Co., Inc.

County: Kingman
 Lease Name: L. Koestner A Well #: 1-24
 Field Name: Hedrick

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Mississippian & Simpson

Well Drilled For:		Well Class:		Type Equipment:	
<input checked="" type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input checked="" type="checkbox"/> Infield	<input checked="" type="checkbox"/> Mud Rotary	<input checked="" type="checkbox"/> Air Rotary	<input type="checkbox"/> Cable
<input checked="" type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Pool Ext.	<input type="checkbox"/> Air Rotary		
<input type="checkbox"/> OWWO	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat			
<input type="checkbox"/> Seismic; _____ # of Holes	<input type="checkbox"/> Other				
<input type="checkbox"/> Other					

Nearest Lease or unit boundary: 330

Ground Surface Elevation: 1345 (est) 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: 160-50

Depth to bottom of usable water: 200-100

Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be set: 280

Length of Conductor Pipe required: None

Projected Total Depth: 4350 ft.

Formation at Total Depth: Simpson

Water Source for Drilling Operations:

Well Farm Pond Other

DWR Permit #: _____

(Note: Apply for Permit with DWR)

Will Cores be taken? Yes No

If Yes, proposed zone: _____

If OWWO: old well information as follows:

Operator: _____

Well Name: _____

Original Completion Date: _____ Original Total Depth: _____

Directional, Deviated or Horizontal wellbore? Yes No

If Yes, true vertical depth: _____

Bottom Hole Location: _____

KCC DKT #: _____

***UNIT INFO ATTACHED**

RECEIVED

AFFIDAVIT

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

SEP - 1 2005

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

KCC WICHITA

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: 8/31/05 Signature of Operator or Agent: Jay G. Schweikert Title: Operations Engineer

For KCC Use ONLY

API # 15 - 095-21993-00-00

Conductor pipe required NONE feet

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

Approved by: RJP 10.3.05

This authorization expires: 4-3-06
 (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: _____

24
28
60

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 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: Lario Oil & Gas Co.
 Lease: L. Koestner A
 Well Number: 1-24
 Field: Hedrick
 Number of Acres attributable to well: 40
 QTR / QTR / QTR of acreage: N2 - N2 - S2

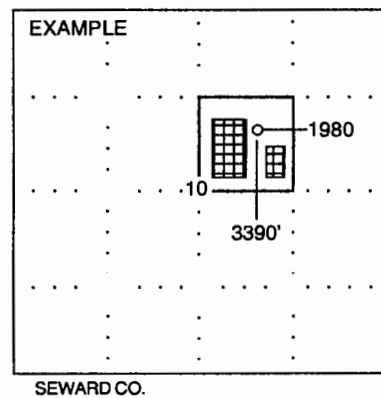
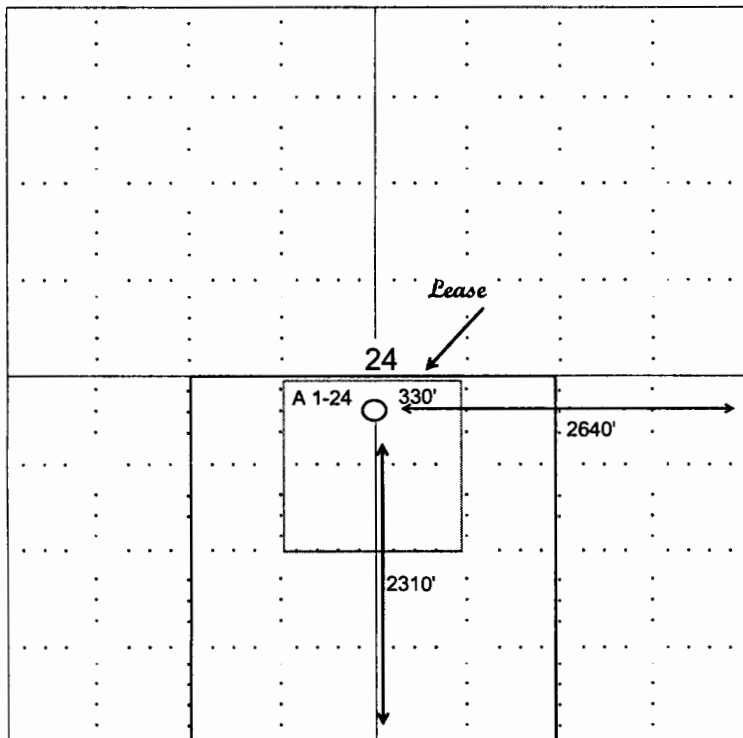
Location of Well: County: Kingman
 _____ 2310 feet from N / S Line of Section
 _____ 2640 feet from E / W Line of Section
 Sec. 24 Twp. 28 S. R. 06 East West

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 location.

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: (C0-7 for oil wells; CG-8 for gas wells).

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

ROBERT E. KREHBIEL, COMMISSIONER

MICHAEL C. MOFFET, COMMISSIONER

October 3, 2005

Mr. Jay Schweikert
Lario Oil & Gas Co.
301 South Market
Wichita, KS 67202

Re: Drilling Pit Application
L. Koestner A Lease Well No. 1-24
S/2 Sec. 24-28S-06W
Kingman County, Kansas

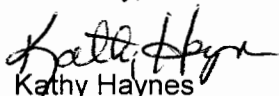
Dear Mr. Schweikert:

District staff has inspected the location and has determined that an unsealed condition will present a pollution threat to water resources.

District staff has instructed that no earthen pits are to be used at the location. Steel pits are to be used. Please inform the Commission in writing as to which disposal well you will utilize to dispose of the contents in the steel pits and the amount of fluid which will be disposed. **If a haul-off pit is necessary please file form CDP-1, Application for Surface Pit.** This location will have to be inspected prior to approval of the haul-off pit application.

If fluids are taken to an authorized disposal well, please call the District Office at (316) 630-4000. Please file form CDP-5, Exploration and Production Waste Transfer, within 30 days of fluid removal. Conservation division forms are available through our office and on the KCC web site: www.kcc.state.ks.us/conservation/forms.

Sincerely,



Kathy Haynes

Environmental Protection and Remediation Department

Cc: D Louis