

OWWO

For KCC Use: Effective Date: 10-12-05 District #: 2 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: October 22, 2005

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

CONTRACTOR: License# 5929 Name: Duke Drilling Co., Inc.

Well Drilled For: Oil, Gas, OWWO, Seismic; # of Holes, Other. Well Class: Enh Rec, Storage, Disposal, Infield, Pool Ext, Wildcat, Other. Type Equipment: Mud Rotary, Air Rotary, Cable.

If OWWO: old well information as follows: Operator: Gear Petroleum Co. Well Name: Clouse "B" #1 Original Completion Date: 01/17/1978 Original Total Depth: 3905

Directional, Deviated or Horizontal wellbore? Yes No. If Yes, true vertical depth: Bottom Hole Location: KCC DKT #:

Spot C NE NE Sec. 13 Twp. 28 S. R. 06 East West. 660 feet from N / S Line of Section. 660 feet from E / W Line of Section. Is SECTION Regular Irregular?

County: Kingman Lease Name: Clouse Well #: 7 RE Field Name: Hedrick Is this a Prorated / Spaced Field? Yes No. Target Formation(s): Mississippian Nearest Lease or unit boundary: 660 Ground Surface Elevation: 1452 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: 50 Depth to bottom of usable water: 180 Surface Pipe by Alternate: 1 2 Length of Surface Pipe Planned to be set: already @ 210' w/ 185 sks Length of Conductor Pipe required: None Projected Total Depth: 3950 ft. Formation at Total Depth: Mississippian Water Source for Drilling Operations: Well Farm Pond Other. DWR Permit #: Will Cores be taken? Yes No. If Yes, proposed zone:

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 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. 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: 10/6/05 Signature of Operator or Agent: Jay G. Schweikert Title: Operations Engineer

For KCC Use ONLY API # 15 - 15 - 095 - 20671 - 00 - 01 Conductor pipe required NONE feet Minimum surface pipe required 206 set feet per Alt. (i) Approved by: RSP 10-7-05 This authorization expires: 4-7-06 (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:

RECEIVED OCT 07 2005 KCC WICHITA

13 20 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

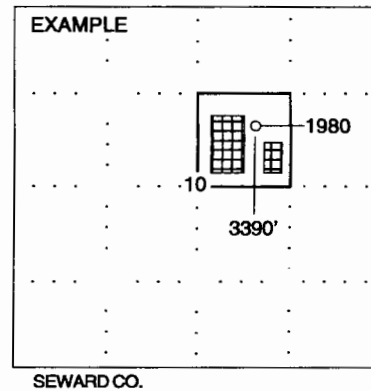
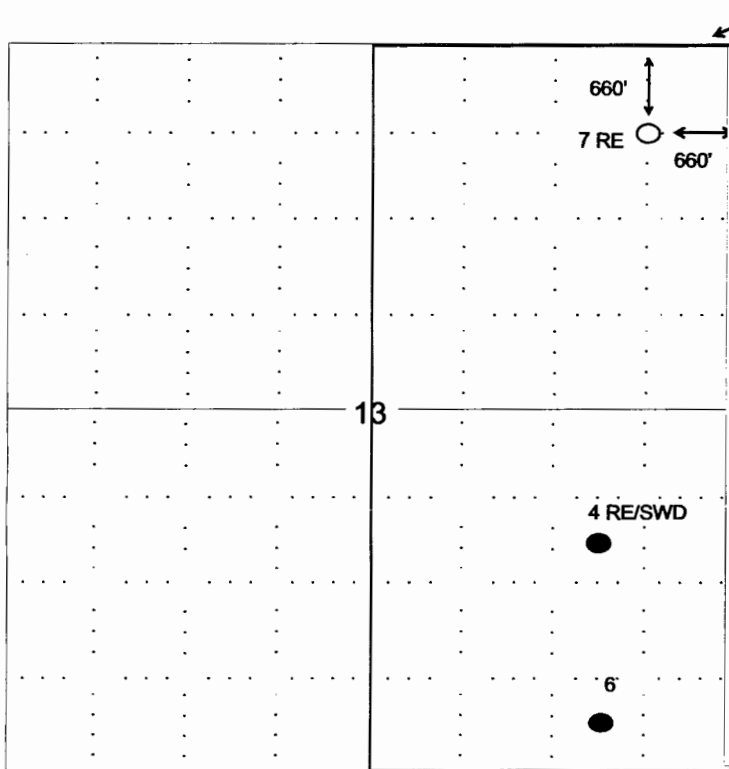
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please 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 - 095 - 20,671 - 00 - 01
 Operator: Lario Oil & Gas Co.
 Lease: Clouse
 Well Number: 7 RE
 Field: Hedrick
 Number of Acres attributable to well: 40
 QTR / QTR / QTR of acreage: C - NE - NE

Location of Well: County: Kingman
660 feet from N / S Line of Section
660 feet from E / W Line of Section
 Sec. 13 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 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: (C0-7 for oil wells; CG-8 for gas wells).