

RECEIVED

OCT 31 2005

KCC WICHITA

Form C-1

December 2002

Form must be Typed

Form must be Signed

All blanks must be Filled

For KCC Use:

Effective Date: 11-14-05

District # 2

SGA? [X] Yes [ ] No

KANSAS CORPORATION COMMISSION

OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL

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

Expected Spud Date November 19, 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: [X] Oil [X] Gas [ ] OWWO [ ] Seismic; # of Holes [ ] Other
Well Class: [X] Enh Rec [ ] Storage [ ] Disposal [ ] Pool Ext [ ] Wildcat [ ] Other
Type Equipment: [X] Mud Rotary [ ] Air Rotary [ ] Cable

If OWWO: old well information as follows:
Operator:
Well Name:
Original Completion Date: Original Total Depth:

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

\* Amended to change location:

Spot NW - SW - NW Sec. 3 Twp. 28 S. R. 05
1650 feet from N / S Line of Section
330 feet from E / W Line of Section
Is SECTION [X] Regular [ ] Irregular?

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

County: Kingman
Lease Name: Hill Well #: 1-3
Field Name: Lansdowne North
Is this a Prorated / Spaced Field? [ ] Yes [X] No
Target Formation(s): Mississippian & Simpson
Nearest Lease or unit boundary: 330
Ground Surface Elevation: 1432 est feet MSL
Water well within one-quarter mile: [ ] Yes [X] No
Public water supply well within one mile: [ ] Yes [X] No
Depth to bottom of fresh water: 150
Depth to bottom of usable water: 180
Surface Pipe by Alternate: [X] 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 [X] Farm Pond Other
DWR Permit #:
Will Cores be taken? [ ] Yes [X] 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: 10/20/05 Signature of Operator or Agent: Jay G. Schweikert Title: Operations Engineer

Jay G. Schweikert
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:

For KCC Use ONLY
API # 15 - 095-22005-0000
Conductor pipe required NONE feet
Minimum surface pipe required 200 feet per Alt. 1
Approved by: RSP11-9-05
This authorization expires: 5-9-06
(This authorization void if drilling not started within 6 months of effective date.)
Spud date: Agent:

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

3
28
5

**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: Hill  
 Well Number: 1-3  
 Field: Lansdowne North  
 Number of Acres attributable to well: 30  
 QTR / QTR / QTR of acreage: NW - SW - NW

Location of Well: County: Kingman  
 \_\_\_\_\_ 1650 feet from  N /  S Line of Section  
 \_\_\_\_\_ 330 feet from  E /  W Line of Section  
 Sec. 3 Twp. 28 S. R. 05  East  West

Is Section:  Regular or  Irregular

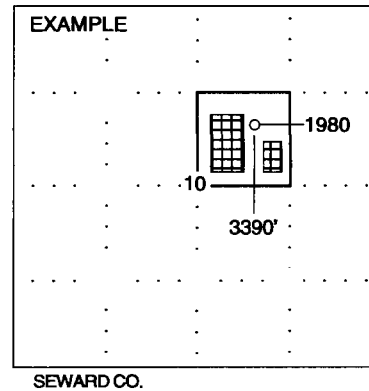
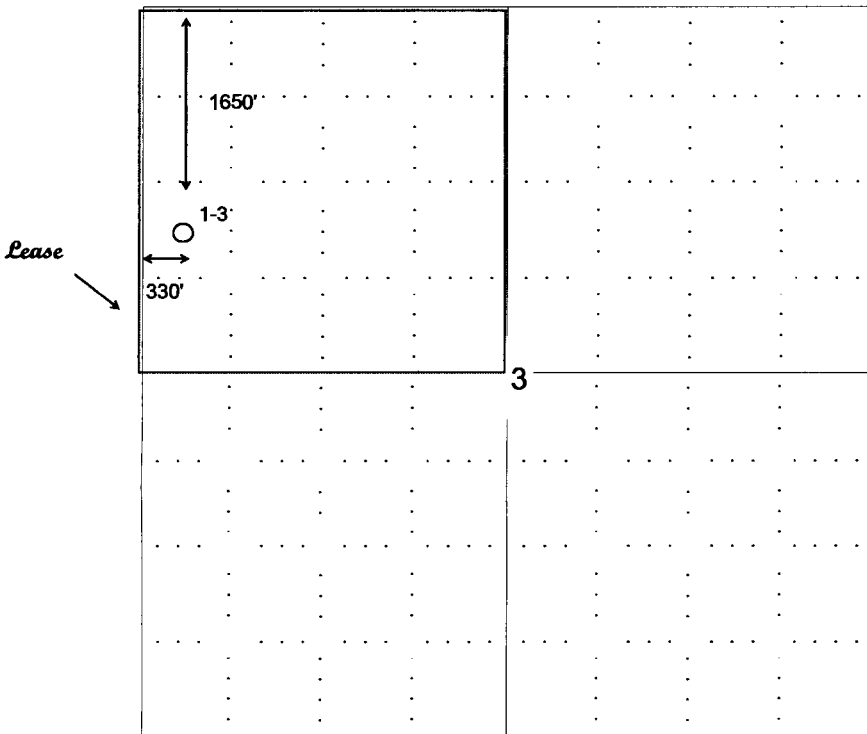
If Section is Irregular, locate well from nearest corner boundary.

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: (CO-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

November 8, 2005

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

Re: Drilling Pit Application  
Hill Lease Well No. 1-3  
NW/4 Sec. 03-28S-05W  
Kingman County, Kansas

Dear Mr. Schweikert:

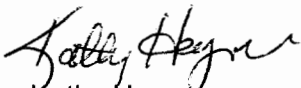
District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as the Hutchinson Salt 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) 630-4000 when the fluids have been removed. 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](http://www.kcc.state.ks.us/conservation/forms).

**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,



Kathy Haynes  
Environmental Protection and Remediation Department

cc: Doug Louis