

For KCC Use: 12-5-2000
Effective Date: 12-5-2000
District # 4
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

LOST HOLE
P&A

Form C-1
September 1999
Form must be Typed
Form must be Signed
All blanks must be Filled

NOTICE OF INTENT TO DRILL

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

Expected Spud Date NOV -22- 2000
month day year

Spot APPROX W/2 SW
SW - NW - SW Sec. 32 Twp. 7S S. R. 39 East West
1360' feet from (S) / N (circle one) Line of Section
500' feet from E / (W) (circle one) Line of Section
Is SECTION Regular Irregular?

OPERATOR: License# 30282
Name: Lobo Production, Inc.
Address: 6715 Road 22
City/State/Zip: Goodland, KS 67735
Contact Person: John Sanders
Phone: 785-899-5684

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

County: Sherman
Lease Name: Schilders Well #: 5-32
Field Name: Goodland Gas Field

CONTRACTOR: License# 484 32746
Name: Schaal Drilling

Is this a Prorated / Spaced Field? Yes No

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

Target Information(s): Niobrara
Nearest Lease or unit boundary: 500'
Ground Surface Elevation: 3627.7 feet MSL

Water well within one-quarter mile: Yes No
Public water supply well within one mile: Yes No

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

Depth to bottom of fresh water: 250'
Depth to bottom of usable water: 300'

Directional, Deviated or Horizontal wellbore? Yes No

Surface Pipe by Alternate: X 1 2
Length of Surface Pipe Planned to be set: 350'

If Yes, true vertical depth: _____

Length of Conductor Pipe required: none
Projected Total Depth: 1200'

Bottom Hole Location: _____

Producing Formation Target: 1000-1100'
Water Source for Drilling Operations:
Well _____ Farm Pond _____ Other City Water

KCC DKT #: _____

DWR Permit #: _____

(Note: Apply for Permit with DWR)

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. 55-101, 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. *In all cases, NOTIFY district office* prior to any cementing.

RECEIVED
STATE CORPORATION COMMISSION

I hereby certify that the statements made herein are true and to the best of my knowledge and belief.

Date: 11/17/00 Signature of Operator or Agent: Carol L. Sanders Title: Sec/Conservation Division

NOV 20 2000

11/20/00
Wichita, Kansas

For KCC Use ONLY

API # 15 - 181-20313-0000
Conductor pipe required NONE feet
Minimum surface pipe required 350 feet per Alt. (1)
Approved by: JK 11-30-2000
This authorization expires: 5-30-2001
(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.

32
7
39W

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

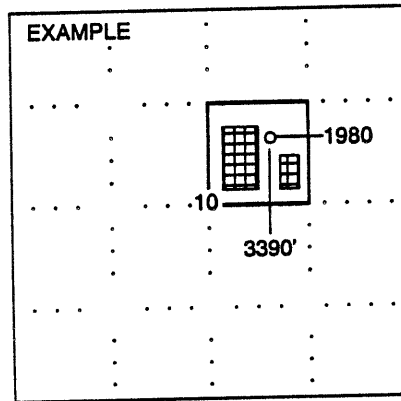
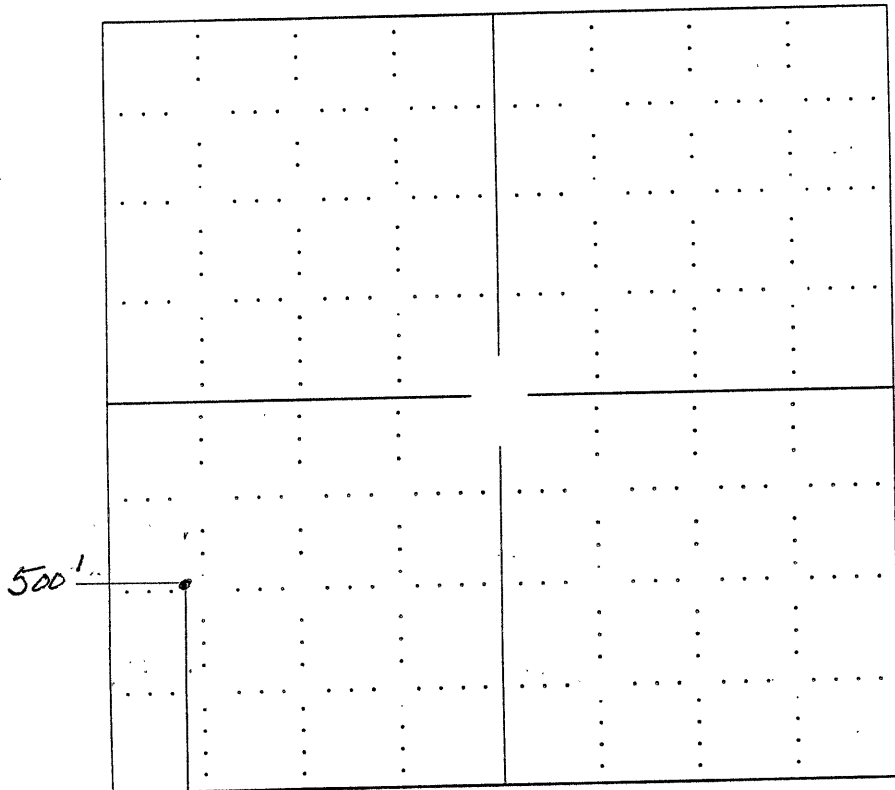
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please 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: _____
 Lease: _____
 Well Number: _____
 Field: _____
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: _____ - _____ - _____

Location of Well: County: _____
 _____ feet from S / N (circle one) Line of Section
 _____ feet from E / W (circle one) Line of Section
 Sec. _____ Twp. _____ S. R. _____ 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.)*



SEWARD CO.

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).

April 16, 2001

PHONE LOG

Re: Lobo Production, Inc. Lic #30282, Schields #5-32

Julie Crow with Lobo Prod. called to ask me about filling out the necessary paperwork for a lost hole in Sherman Co. on their Schields #5-32 in Sec 32-7-39W. I had no knowledge of a lost hole in Sherman Co. so I took what little information Julie had and instructed her to fill out an ACO-1, and CP-4 for the lost hole. I also told her to attach the cement ticket for the plug job with the ACO-1. Julie was able to tell me that the hole was lost on 12-1-2000 at a total depth of 290' due to a lost bit. The rig skidded about 10' south and 5' west and a new hole was drilled without any notification to the district or central office. I confirmed with Herb Deines in District 4 that the original spud call was given on Friday, 12-1-2000. Herb and I suspect that the hole was lost later that day and the decision was made to skid either that evening or next morning which would have been Saturday. John Sanders, owner/operator of Lobo Production Co. will be out of the office until April 23, 2001. I will reach him at that time if he does not contact me this week.

Violations

K.A.R. 82-3-103 Failure to notify the district office before spudding. (The skid job.)

K.A.R. 82-3-103 Drilling without an approved Notice of Intent to Drill. (The skid job.)

K.A.R. 82-3-117 Failure to file Plugging Report within 60 days of plugging. (Lost hole.)

Jeff Klock

VIOLATIONS WERE NOT ENFORCED AFTER DISCUSSION
WITH MYSELF, JOHN McCANNON, & HERB DEINES.
LOBO HAS TURNED IN ALL PAPERWORK FOR THE SCHIELDS 5-32
& WAS WAITING FOR AN API No. ON THE SCHIELDS 5A-32.
SINCE THEY CONTACTED US ABOUT THEIR MISTAKES WE GAVE
THEM A WARNING AND DECIDED NOT TO GO FORWARD WITH
PENALTY RECOMMENDATIONS.

Jeff Klock
6/21/2001