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MAR 09 2006

KCC WICHITA

For KCC Use: Effective Date: 3-15-06 District #: 4 SGA? 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

Form C-1 December 2002 Form must be Typed Form must be Signed Blanks must be Filled

Expected Spud Date March 19 2006 month day year

Spot 10'S & 44' E of East West N/2 NW Sec. 31 Twp. 15 S. R. 13 670 feet from N/S Line of Section 1364 feet from E/W Line of Section Is SECTION Regular Irregular?

OPERATOR: License# 32826 Name: ALEO Oil Company Address: 1864 NW 20th City/State/Zip: Hoisington, KS 67544 Contact Person: Gerald Michaelis Phone: 620-923-5042

(Note: Locate well on the Section Plat on reverse side) County: Russell Lease Name: Leo Well #: 1 Field Name: Trapp

CONTRACTOR: License# 33350 Name: Southwind Drilling, Inc.

Is this a Prorated / Spaced Field? Yes No Target Formation(s): Arbuckle

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

Nearest Lease or unit boundary: 670' Ground Surface Elevation: est. 1850 feet MSL

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

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

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

Depth to bottom of fresh water: 240' Depth to bottom of usable water: 340'

Surface Pipe by Alternate: 1 2 Length of Surface Pipe Planned to be set: 440'

Length of Conductor Pipe required: NONE Projected Total Depth: 3268'

Formation at Total Depth: Arbuckle Water Source for Drilling Operations: Well Farm Pond Other Water haul

DWR Permit #: (Note: Apply for Permit with DWR) Will Cores be taken? Yes No

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: 03-08-06 Signature of Operator or Agent: Jedd E. Morgan Title: Agent

For KCC Use ONLY API # 15 - 167-23337-00-00 Conductor pipe required NONE feet Minimum surface pipe required 360' feet per Alt. Approved by: DPW 3-10-06 This authorization expires: 9-10-06 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:

31 15 13w

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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: ALEO Oil Company _____

Lease: Leo _____

Well Number: 1 _____

Field: Trapp _____

Number of Acres attributable to well: _____

QTR / QTR / QTR of acreage: _____ - N/2 - NW

Location of Well: County: Russell _____

670 feet from N / S Line of Section

1364 feet from E / W Line of Section

Sec. 31 Twp. 15 S. R. 13 East West

Is Section: Regular or Irregular

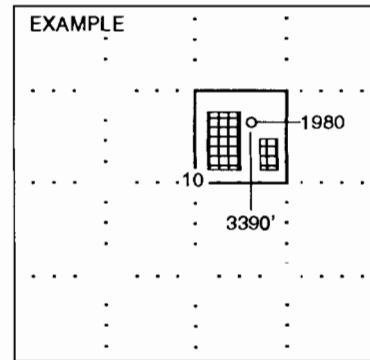
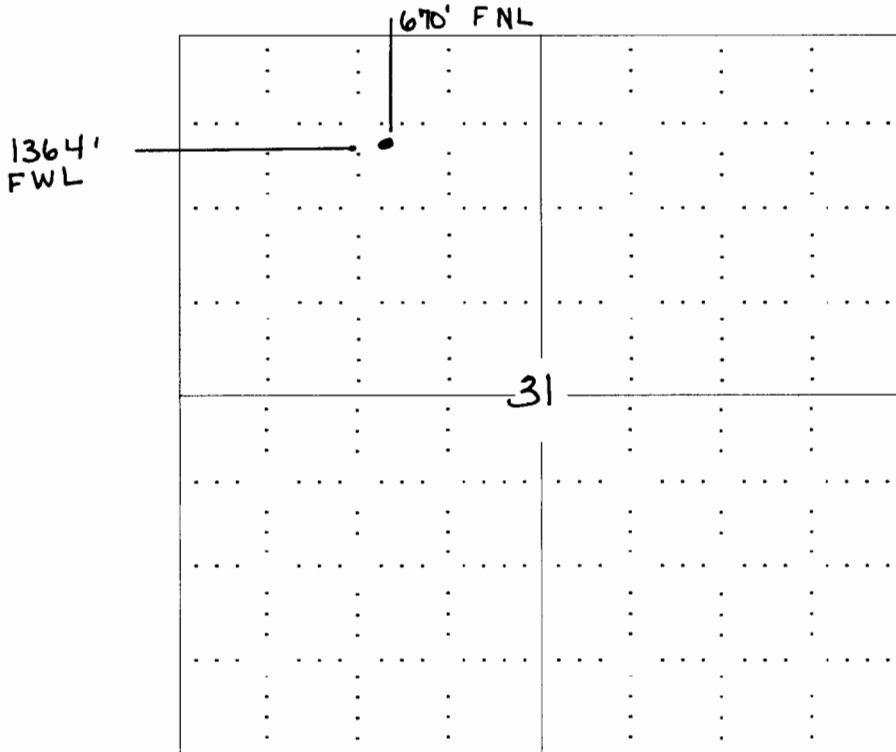
If Section is Irregular, locate well from nearest corner boundary.

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 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: (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

March 9, 2006

Mr. Geraold Michaelis
ALEO Oil Company
1864 NW 20th
Hoisington, KS 67544

RE: Drilling Pit Application
Leo Lease Well No. 1
NW/4 Sec. 31-15S-13W
Russell County, Kansas

Dear Mr. Michaelis:

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 practical after drilling operations have ceased. **Please keep all pits away from any draws.**

If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

The fluids should be taken to an authorized disposal well. Please call the District Office at (785) 625-0550 when the fluids have been removed. Please file form CDP-5 (August 2004), 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.

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: H Deines