

For KCC Use:

Effective Date: 3-20-06District # 1SGA? ☐ 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

All blanks must be Filled

Expected Spud Date April 7 2006
month day year

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

CONTRACTOR: License# 5822 ✓
 Name: VAL Energy Inc.

Well Drilled For: ☒ Oil ☐ Gas ☐ OWWO ☐ Seismic; # of Holes ☐ Other
 Well Class: ☒ Infield ☐ Pool Ext. ☐ Wildcat ☐ Other
 Type Equipment: ☒ 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 ☒ No

If Yes, true vertical depth: _____

Bottom Hole Location: _____

KCC DKT #: _____

Spot Approx. 25' S & 125' W of
 sw ne NW NW Sec. 19 Twp. 18 S. R. 30
520 feet from ☒ N / ☐ S Line of Section
700 feet from ☐ E / ☒ W Line of Section
 Is SECTION ☒ Regular ☐ Irregular?

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

County: Lane
 Lease Name: Unruh Well #: 2-19
 Field Name: Wildcat

Is this a Prorated / Spaced Field? ☐ Yes ☒ NoTarget Formation(s): Lansing, Cherokee, MississippianNearest Lease or unit boundary: 520'Ground Surface Elevation: 2910' est feet MSLWater well within one-quarter mile: ☐ Yes ☒ NoPublic water supply well within one mile: ☐ Yes ☒ NoDepth to bottom of fresh water: 200 ft ✓Depth to bottom of usable water: 1400 ft 1180' ✓Surface Pipe by Alternate: ☐ 1 ☒ 2Length of Surface Pipe Planned to be set: 350 ftLength of Conductor Pipe required: noneProjected Total Depth: 4800'Formation at Total Depth: Mississippian

Water Source for Drilling Operations:

☐ Well ☐ Farm Pond ☒ Other haul

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 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: 3/14/06 Signature of Operator or Agent: Jay G. Schweikert Title: Operations Engineer

Jay G. Schweikert

For KCC Use ONLY

API # 15 - 101-21919-00-00Conductor pipe required NONE feetMinimum surface pipe required 200' feet per Alt. KC 2Approved by: JPW 3-15-06This authorization expires: 9-15-06

(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: _____

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

RECEIVED
 KANSAS CORPORATION COMMISSION
 MAR 15 2006
 CONSERVATION DIVISION
 WICHITA, KS

19
 18
 30w.

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: UnruhWell Number: 2-19Field: Wildcat

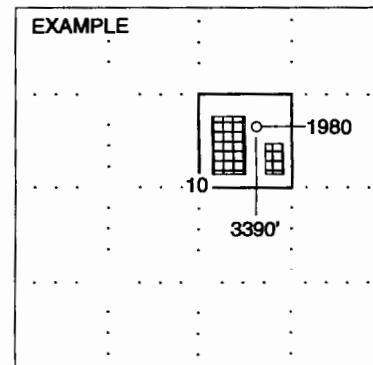
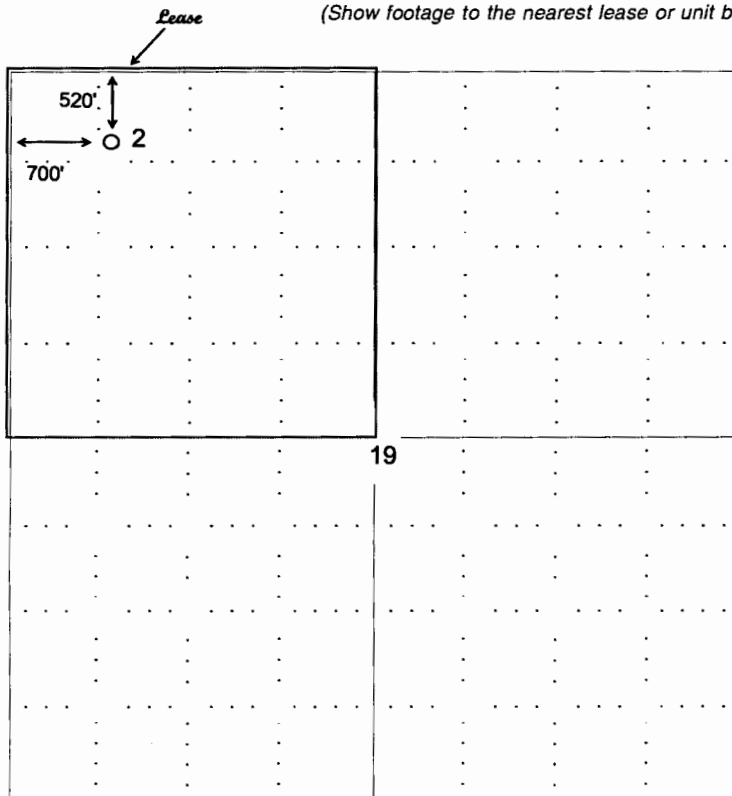
Number of Acres attributable to well: _____

QTR / QTR / QTR of acreage: sw ne - NW - NW

Location of Well: County: _____ Lane _____

_____ 520 _____ feet from ☒ N / ☐ S Line of Section_____ 700 _____ feet from ☐ E / ☒ W Line of SectionSec. 19 Twp. 18 S. R. 30 ☐ East ☒ WestIs 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).