

For KCC Use:
Effective Date: 3-21-06
District # 1
SGA? [X] 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 April 7 2006
month day year

OPERATOR: License# 31980
Name: Lotus Operating Co. LLC
Address: 100 S. Main, Suite 420
City/State/Zip: Wichita, Kansas 67202
Contact Person: Tim Hellman
Phone: 316-262-1077

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

Well Drilled For: Oil, Gas, OAWO, Seismic, Other
Well Class: Enh Rec, Storage, Disposal, 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?
Bottom Hole Location:
KCC DKT #:

Spot S/2 S/2 SE Sec. 5 Twp. 29 S. R. 15
380' feet from N / S Line of Section
1210' feet from E / W Line of Section
Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)
County: Pratt
Lease Name: Carver Well #: 1
Field Name: Springvale Northwest
Is this a Prorated / Spaced Field?
Target Formation(s): Lansing, Mississippi, Viola
Nearest Lease or unit boundary: 380
Ground Surface Elevation: 2015 TOPO feet MSL
Water well within one-quarter mile:
Public water supply well within one mile:
Depth to bottom of fresh water: 460-180
Depth to bottom of usable water: 200
Surface Pipe by Alternate: 1 2
Length of Surface Pipe Planned to be set: 250
Length of Conductor Pipe required: NA
Projected Total Depth: 5050
Formation at Total Depth: Arbuckle
Water Source for Drilling Operations: Well Farm Pond Other Other
DWR Permit #:
Will Cores be taken?
If Yes, proposed zone:

AFFIDAVIT

RECEIVED
KANSAS CORPORATION COMMISSION
MAR 15 2006

CONSERVATION DIVISION
WICHITA, KS

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;
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.

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

Date: 3/14/2006 Signature of Operator or Agent: Title: Managing Member

For KCC Use ONLY
API # 15 - 151-22233-00-00
Conductor pipe required NONE feet
Minimum surface pipe required 220' feet per Alt. 1
Approved by: DPW 3-16-06
This authorization expires: 9-16-06
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:

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

5
29
15W

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: Lotus Operating Co. LLC
 Lease: Carver
 Well Number: 1
 Field: Springvale Northwest

Number of Acres attributable to well: 10
 QTR / QTR / QTR of acreage: S/2 - S/2 - SE

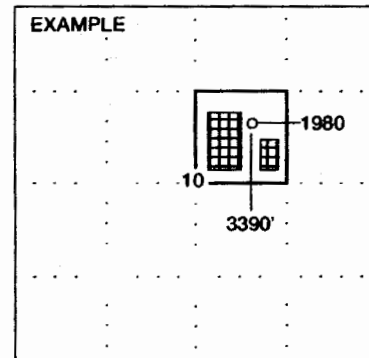
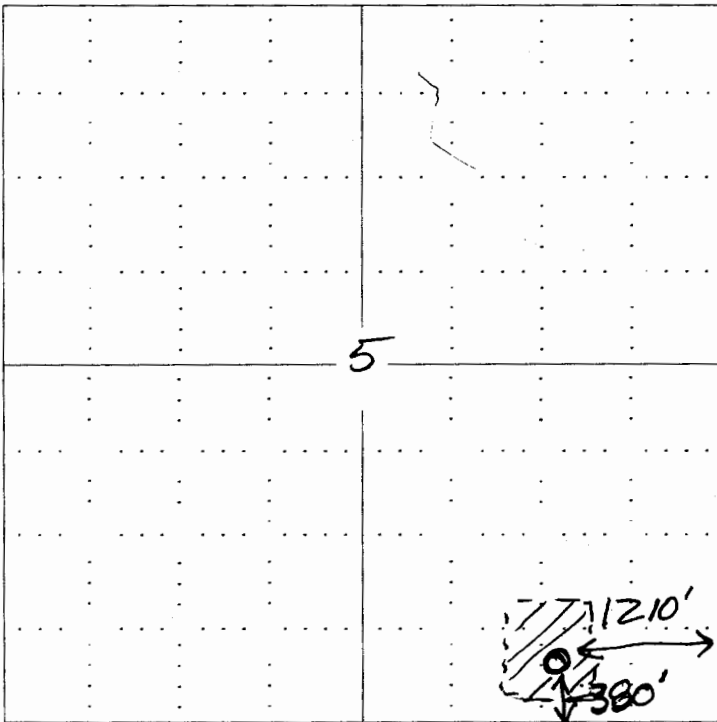
Location of Well: County: Pratt
 380' _____ feet from N / S Line of Section
 1210' _____ feet from E / W Line of Section
 Sec. 5 Twp. 29 S. R. 15 East West

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 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 15, 2006

Mr. Tim Hellman
Lotus Operating Co., LLC
100 S. Main Ste 420
Wichita, KS 67202

Re: Drilling Pit Application
Carver Lease Well No. 1
SE/4 Sec. 05-29S-15W
Pratt County, Kansas

Dear Mr. Hellman:

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 as soon as practical after drilling operations have ceased.

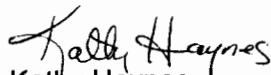
If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

The fluids should be taken to an authorized disposal well. Please call the District Office at (620) 225-8888 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
Department of Environmental Protection and Remediation

cc: Steve Durrant
File