

For KCC Use:
 Effective Date: 5-24-06
 District # 3
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION

RECEIVED
 KANSAS CORPORATION COMMISSION
 MAY 18 2006
 CONSERVATION DIVISION
 WICHITA, KS

Form C-1
 December 2002
 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 June 05 2006
month day year

OPERATOR: License# 6044
 Name: Steibar Oil Corporation, Inc.
 Address: 155 North Market, Suite #500
 City/State/Zip: Wichita, KS 67202
 Contact Person: Roscoe L. Mendenhall
 Phone: 316 / 264-8378

CONTRACTOR: License# 32701
 Name: C&G Drilling, Inc.

Spot East West
SW/4 - SE/4 - SE/4 Sec. 23 Twp. 32 S. R. 10
330 feet from N / S Line of Section
990 feet from E / W Line of Section
 Is SECTION Regular Irregular?

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

County: Chautauqua
 Lease Name: Arrington Well #: 5
 Field Name: Landon-Floyd

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

Nearest Lease or unit boundary: 330'
 Ground Surface Elevation: 1077 feet MSL

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

Depth to bottom of fresh water: 110 FL
 Depth to bottom of usable water: 480 FV

Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 125 FL

Length of Conductor Pipe required: None
 Projected Total Depth: 2100 FL

Formation at Total Depth: Mississippian
 Water Source for Drilling Operations:
 Well Farm Pond Other _____

DWR Permit #: _____
 (Note: Apply for Permit with DWR)

Will Cores be taken? Yes No

If Yes, proposed zone: _____

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

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 #: _____

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: 05/18/06 Signature of Operator or Agent: Roscoe L. Mendenhall Title: Petroleum Engineer

Roscoe L. Mendenhall

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 - 019-26734-0000
 Conductor pipe required None feet
 Minimum surface pipe required 40 feet per Alt. X(2)
 Approved by: Rut 5-19-06
 This authorization expires: 11-19-06
 (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

23
32
10E

MAY 18 2006

Side Two

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

CONSERVATION DIVISION
WICHITA, KS

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 - 019-26734-0000
 Operator: Stelbar Oil Corporation, Inc.
 Lease: Arrington
 Well Number: 5
 Field: Landon-Floyd
 Number of Acres attributable to well: 10
 QTR / QTR / QTR of acreage: NW/4 - SE/4 - SE/4

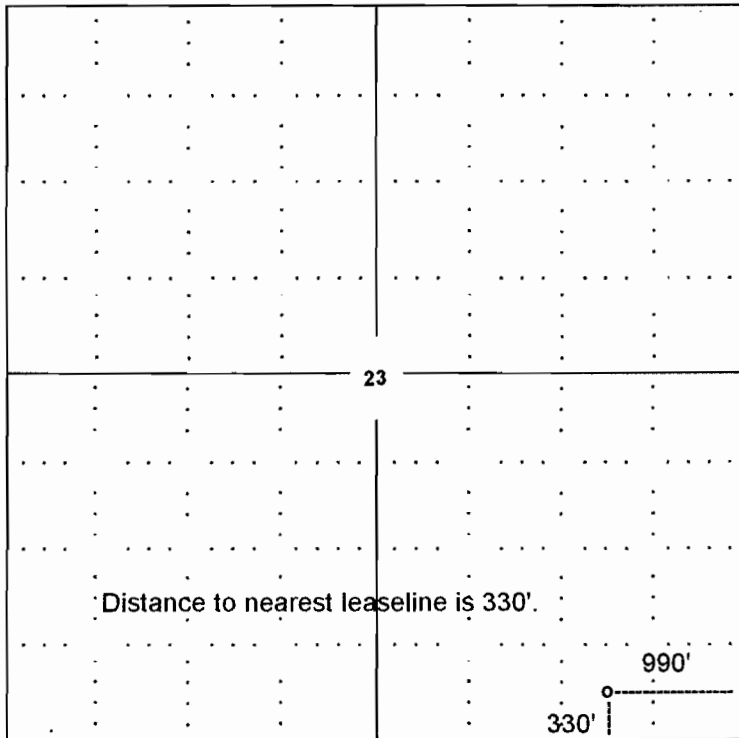
Location of Well: County: Chautauqua
330 feet from N / S Line of Section
990 feet from E / W Line of Section
 Sec. 23 Twp. 32 S. R. 10 East West

Is Section: Regular or Irregular

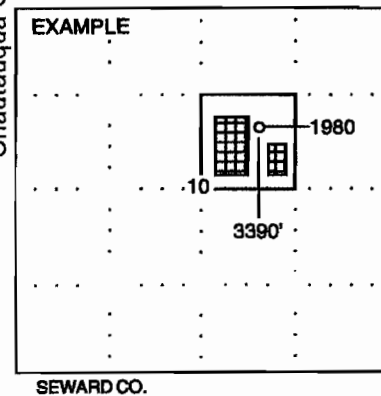
If Section is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

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.)*



Section 23-T32S-R10E
Chautauqua County, Kansas



NOTE: In all cases locate the spot of the proposed drilling location.

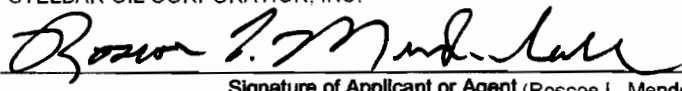
In plotting the proposed location of the well, you must show:

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).

MAY 18 2006

APPLICATION FOR SURFACE PIT CONSERVATION DIVISION
WICHITA, KS

Submit In Duplicate

Operator Name: Stelbar Oil Corporation, Inc.		License Number: 6044
Operator Address: 155 North Market, Suite #500, Wichita, KS 67202		
Contact Person: Roscoe L. Mendenhall		Phone Number: (316) 264 - 8378
Lease Name & Well No.: Arrington #5		Pit Location (QQQQ): SW/4 - SE/4 - SE/4 - _____ Sec. 23 Twp. 32S R. 10 <input checked="" type="checkbox"/> East <input type="checkbox"/> West _____ Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section _____ Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Chautauqua _____ County
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input checked="" type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <small>(If WP Supply API No. or Year Drilled)</small>	Pit Is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 3200 _____ (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ mg/l <small>(For Emergency Pits and Settling Pits only)</small>
Is the bottom below ground level? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Artificial Liner? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	How is the pit lined if a plastic liner is not used? Natural Clays
Pit dimensions (all but working pits): _____ 60 _____ Length (feet) _____ 60 _____ Width (feet) _____ N/A: Steel Pits Depth from ground level to deepest point: _____ 5 _____ (feet)		
if the pit is lined give a brief description of the liner material, thickness and installation procedure.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.
Distance to nearest water well within one-mile of pit N/A feet Depth of water well _____ feet	Depth to shallowest fresh water 180 feet. Source of information: _____ measured _____ well owner _____ electric log <input checked="" type="checkbox"/> KDWR	
Emergency, Settling and Burn Pits ONLY: Producing Formation: _____ Number of producing wells on lease: _____ Barrels of fluid produced daily: _____ Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No	Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: Drilling Mud. Number of working pits to be utilized: Three (3). Abandonment procedure: Allow pits to dry and backfill with soil. _____ Drill pits must be closed within 365 days of spud date.	
I hereby certify that the above statements are true and correct to the best of my knowledge and belief. STELBAR OIL CORPORATION, INC. 05/18/06 _____ Date  Signature of Applicant or Agent (Roscoe L. Mendenhall, Pet. Eng.)		
KCC OFFICE USE ONLY		
Date Received: 5/19/06 Permit Number: _____ Permit Date: 5/19/06 Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

15-019-26734-0000