

UPDATE

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION NOTICE OF INTENT TO DRILL

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MAY 24 2006

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

For KCC Use:
Effective Date: 5-30-06
District #: 3
SGA? Yes No

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

KCC WICHITA

Expected Spud Date: 6/5/2006
month day year

OPERATOR: License# 32912
Name: Carroll Energy, LLC
Address: 2198 Valley High Dr
City/State/Zip: Independence, KS 67301
Contact Person: Terry Carroll
Phone: (620) 331-7166

CONTRACTOR: License# 33374
Name: L & S Well Service, LLC

Well Drilled For: Oil Gas OWWO Seismic: # of Holes Other
Well Class: Enh Rec Storage Disposal Other
Type Equipment: Infield Pool Ext Wildcat Other
 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 NE NE SW Sec. 7 Twp. 29S S. R. 16E East West
2296 feet from N / S Line of Section
2929 feet from E / W Line of Section
Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)
County: Wilson
Lease Name: LOUIA Well #: C-1
Field Name: Fredonia

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

Nearest Lease or unit boundary: 360'
Ground Surface Elevation: 848 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: 100'+
Depth to bottom of usable water: 300'+

Surface Pipe by Alternate: 1 2
Length of Surface Pipe Planned to be set: 20'

Length of Conductor Pipe required: _____
Projected Total Depth: 1200'

Formation at Total Depth: Mississippi
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: _____

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: 05/22/2006 Signature of Operator or Agent: _____ Title: Operating Manager

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KCC WICHITA

For KCC Use ONLY
API # 15 - 205-26685-0000
Conductor pipe required None feet
Minimum surface pipe required 20 feet per Alt. Y(2)
Approved by: Rut 5-25-06
This authorization expires: 11-25-06
(This authorization void if drilling not started within 6 months of approval 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 - _____
Signature of Operator or Agent: _____
Date: 6-29-06

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

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29
16E