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Form C-1

December 2002

For KCC Use: Effective Date: 8-8-06 District # 1 SGA? [X] Yes [] No

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

KCC WICHITA

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 August 26, 2006 month day year

OPERATOR: License# 6569 Name: Carmen Schmitt Inc. Address: PO Box 47 City/State/Zip: Great Bend, KS 67530 Contact Person: Jacob Porter Phone: 620-793-5100

CONTRACTOR: License# 4958 Name: Mallard JV, Inc.

Spot SE SW NE Sec. 31 Twp. 21 S. R. 15 2970 feet from 1650 feet from Is SECTION Regular Irregular?

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

County: Pawnee Lease Name: Null Well #: 1 Field Name: WC

Is this a Prorated / Spaced Field? Target Formation(s): LKC, Simpson, Arbuckle

Nearest Lease or unit boundary: 330' South Ground Surface Elevation: -1975 feet MSL

Water well within one-quarter mile: Public water supply well within one mile:

Depth to bottom of fresh water: 180 Depth to bottom of usable water: 180

Surface Pipe by Alternate: Length of Surface Pipe Planned to be set: 200

Length of Conductor Pipe required: -0- Projected Total Depth: 3950

Formation at Total Depth: Arbuckle Water Source for Drilling Operations:

Well Farm Pond Other DWR Permit #: 20060225

(Note: Apply for Permit with DWR)

Will Cores be taken? If Yes, proposed zone:

Well Drilled For: Oil, Gas, OWWO, Seismic, Other Well Class: Enh Rec, Storage, Disposal, Other Well 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? 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: July 31, 2006 Signature of Operator or Agent: Jacob L Porter Title: Operations Manager

For KCC Use ONLY API # 15 - 145-21546-0000 Conductor pipe required None feet Minimum surface pipe required 200 feet per Alt. 1 Approved by: PM 8-3-06 This authorization expires: 2-3-07 (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 - Permit Expired

Signature of Operator or Agent: Date:

31 21 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

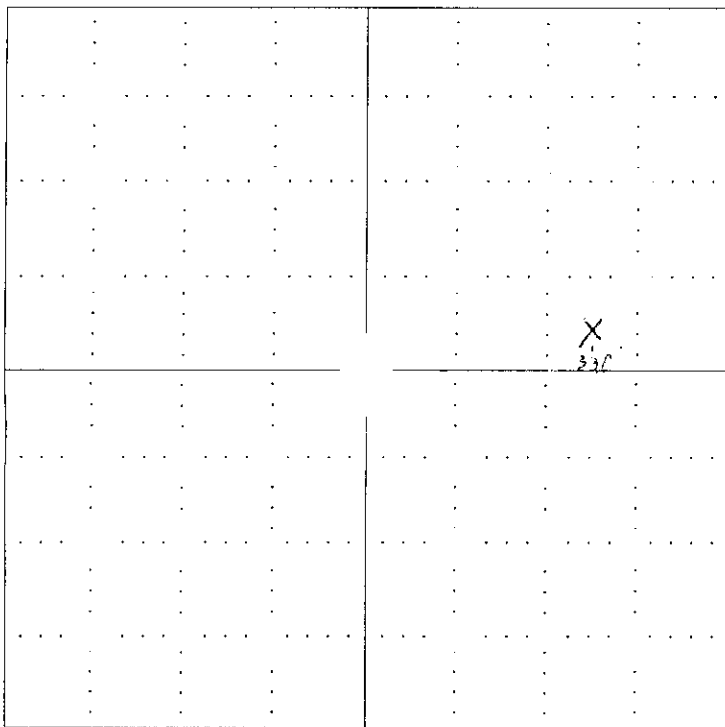
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please 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 - 145-21546-0000
 Operator: Carmen Schmitt Inc.
 Lease: Mull
 Well Number: 1
 Field: WC
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: SE - SW - NE

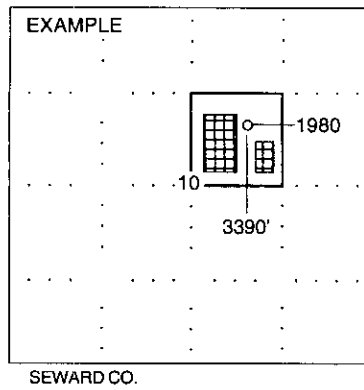
Location of Well: County: Pawnee
 _____ feet from N / S Line of Section
 _____ feet from E / W Line of Section
 Sec. 31 Twp. 21 S. R. 15 East West
 Is Section: Regular or Irregular
If Section is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

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.)*



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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
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT**

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: Carmen Schmitt Inc.		License Number: 6569
Operator Address: PO Box 47, Great Bend, KS 67530		
Contact Person: Jacob Porter		Phone Number: (620) 793 - 5100
Lease Name & Well No.: Mull #1		Pit Location (QQQQ): _____ SE _____ SW _____ NE Sec. 31 Twp. 21s R. 15 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 2970 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 1650 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section _____ PAWNEE _____ 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: 1500 (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input 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 and bentonite
Pit dimensions (all but working pits): _____ 100 _____ Length (feet) _____ 100 _____ Width (feet) _____ N/A: Steel Pits Depth from ground level to deepest point: 4 _____ (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. visual inspection RECEIVED AUG 01 2006 KCC WICHITA
Distance to nearest water well within one-mile of pit ~1500 feet Depth of water well 112 feet		Depth to shallowest fresh water 28 feet. Source of information: _____ measured <input checked="" type="checkbox"/> 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: Bentonite Number of working pits to be utilized: 4 Abandonment procedure: Evaporate and backfill _____ 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.		
_____ July 31, 2006 _____ Date		_____ <i>Jacob L Porter</i> _____ Signature of Applicant or Agent

15-145-21546-0000

KCC OFFICE USE ONLY		RFASX
Date Received: 8/1/06	Permit Number: _____	Permit Date: 8/3/06 Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR
BRIAN J. MOLINE, CHAIR
ROBERT E. KREHBIEL, COMMISSIONER
MICHAEL C. MOFFET, COMMISSIONER

August 3, 2006

Mr. Jacob Porter
Carmen Schmitt, Inc.
PO Box 47
Great Bend, KS 67530

Re: Drilling Pit Application
Mull Lease Well No. 1
NE/4 Sec. 31-21S-15W
Pawnee County, Kansas

Dear Mr. Porter:

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.

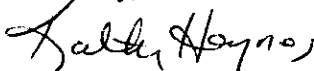
If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

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: File