

OWWO

For KCC Use: Effective Date: 10-14-06 District # 2 SGA? 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: October 12, 2006 month day year

Spot NW NW SW Sec. 11 Twp. 28 S. R. 05 East West 2310 feet from N/S Line of Section 330 feet from E/W Line of Section

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

Is SECTION Regular Irregular? County: Kingman Lease Name: P. Brown C Well #: 2-11 RE/SWD Field Name: Broadway

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

Is this a Prorated / Spaced Field? Target Formation(s): Mississippian & Arbuckle Nearest Lease or unit boundary: 330

Well Drilled For: Oil Gas OWO Seismic; # of Holes Other Well Class: Enh Rec Storage Disposal Wildcat Other Type Equipment: Mud Rotary Air Rotary Cable

Ground Surface Elevation: 1410 est. feet MSL Water well within one-quarter mile: Public water supply well within one mile: Depth to bottom of fresh water: 150 Depth to bottom of usable water: 180

If OWWO: old well information as follows: Operator: Champlin Oil & Refining Co.'s Well Name: Ruby S Brown #1 Original Completion Date: 02/27/53 Original Total Depth: 3883

Surface Pipe by Alternate: 2 Length of Surface Pipe Planned to be set: 250' 160 Length of Conductor Pipe required: None Projected Total Depth: 4650 ft. Formation at Total Depth: Arbuckle

Directional, Deviated or Horizontal wellbore? If Yes, true vertical depth: Bottom Hole Location: KCC DKT #:

Water Source for Drilling Operations: Well Farm Pond Other DWR Permit #: Will Cores be taken? 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:

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- 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: 9/12/06 Signature of Operator or Agent: Jay G. Schweikert Title: Operations Engineer

For KCC Use ONLY API # 15 - 095-01480-00-01 Conductor pipe required: None feet Minimum surface pipe required: 160 feet per Alt. X(2) Approved by: 10-9-06 This authorization expires: 4-9-07 (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:

11 28 SW

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 - 095-01480-0001
 Operator: Lario Oil & Gas Co.
 Lease: P. Brown C
 Well Number: 2-11 RE/SWD
 Field: Broadway
 Number of Acres attributable to well: 40
 QTR / QTR / QTR of acreage: NW - NW - SW

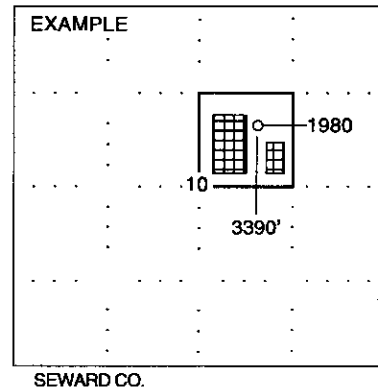
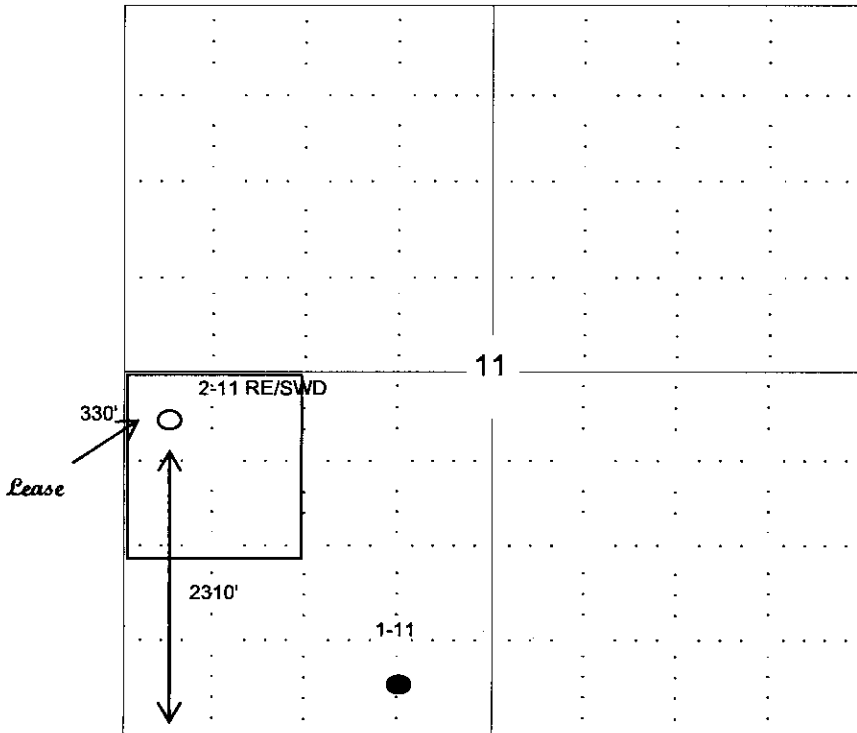
Location of Well: County: Kingman
2310 feet from N / S Line of Section
330 feet from E / W Line of Section
 Sec. 11 Twp. 28 S. R. 05 East West

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.

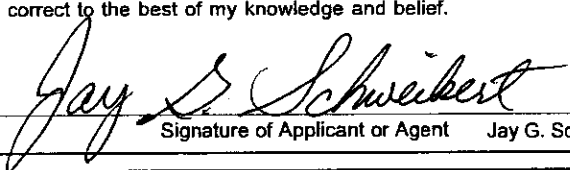
In plotting the proposed location of the well, you must show:

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
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT**

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: Lario Oil & Gas Company		License Number: 5214
Operator Address: 301 South Market		Wichita, KS 67202
Contact Person: Jay G. Schweikert		Phone Number: (316) 265 - 5611
Lease Name & Well No.: P. Brown C #2-11 RE/SWD		Pit Location (QQQQ): _____ NW _____ NW _____ SW Sec. 11 Twp. 28 R. 05 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 2310 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 330 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Kingman 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 W/P Supply API No. or Year Drilled)</small>	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 4500 (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?
Pit dimensions (all but working pits): 80 Length (feet) 80 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.
		RECEIVED SEP 14 2006 KCC WICHITA
Distance to nearest water well within one-mile of pit 2840 feet Depth of water well 34 feet		Depth to shallowest fresh water 20 feet. Source of information: <input checked="" type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input 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 Mud Number of working pits to be utilized: 2 Abandonment procedure: Allow for evaporation. Fill in & cover pits. 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.		
9/12/06 Date	 Signature of Applicant or Agent Jay G. Schweikert	
KCC OFFICE USE ONLY		
Date Received: 9/14/06	Permit Number: _____	Permit Date: 9/18/06 Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

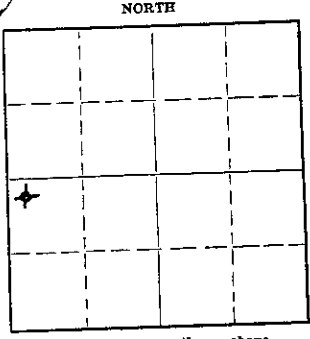
10-00-08110-560-51

WELL PLUGGING RECORD

15-095-01480-00-00

Information Completely
Furnished by
Operator
After Report to
Conservation Division
Conservation Commission
Bitting Building
Topeka, Kansas

Kingman County. Sec. 11 Twp. 15 Rge. (E) 5 (W)
Location as "NE/CNW 1/4 SW 1/4" or footage from lines
Lease Owner Champlin Refining Company
Lease Name Ruby S. Brown Well No. 1
Office Address E. D. Draper #552, Tulsa, Oklahoma
Character of Well (completed as Oil, Gas or Dry Hole) Dry Hole
Date well completed February 20 1953
Application for plugging filed February 20 1953
Application for plugging approved February 20 (Herball) 1953
Plugging commenced February 20 1953
Plugging completed February 20 1953
Reason for abandonment of well or producing formation



Locate well correctly on above Section Plat
Name of Conservation Agent who supervised plugging of this well Ruel Durkee
Producing formation Depth to top Bottom Total Depth of Well 3883 Feet
Show depth and thickness of all water, oil and gas formations.

CASING RECORD

OIL, GAS OR WATER RECORDS

Formation	Content	From	To	Size	Put In	Pulled Out
				8.5/8" ID	120'	None

Describe in detail the manner in which the well was plugged, indicating where the mud fluid was placed and the method or methods used in introducing it into the hole. If cement or other plugs were used, state the character of same and depth placed, from feet to feet for each plug set.

Filled hole with heavy rotary mud from 3883' T.D. to 150' and set Halliburton plug at 150' and pumped in 15 sacks of cement on top of plug then filled hole with heavy rotary mud from top of cement to 30' and set Halliburton plug and capped well with 10 sacks cement in top filling hole from 30' to bottom of cellar.

(If additional description is necessary, use BACK of this sheet)

Name of Plugging Contractor Ben E. Brack Oil Company (rotary tools)
Address Great Bend, Kansas

STATE OF Kansas, COUNTY OF Barton, ss.
(employee of owner) or (owner or operator) of the above-described well,
being first duly sworn on oath, says: That I have knowledge of the facts, statements, and matters herein contained and the log of the above-described well as filed and that the same are true and correct. So help me God.

(Signature) S. P. Haec
P.O. Box 167, Ellinwood, Kansas
(Address)

SUBSCRIBED AND SWORN to before me this 25th day of February 1953
N. Kenneth Stein
Notary Public.

My commission expires Sept. 10, 1955 20-8390-3 6-51-20M

PLUGGING
FILE SEC 11 T 38 R 524
BOOK PAGE 21 LINE 21

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

ROBERT E. KREHBIEL, COMMISSIONER

MICHAEL C. MOFFET, COMMISSIONER

October 9, 2006

Jay G. Schweikert
Lario Oil & Gas Co.
301 South Market
Wichita, KS

RE: P.Brown C #2-11RE/SWD, NW NW SW Sec. 11-T28S-R5W Kingman County, Kansas

Dear Mr. Schweikert:

The Kansas Corporation Commission (KCC) has received your request, dated September 12, 2006, for an exception to Table 1 surface pipe requirements for the above-referenced well, which was drilled and plugged as the Ruby S. Brown #1 in 1953. From your request, the KCC understands that Lario Oil & Gas Co. desires to re-enter this well, which has 160' of surface pipe set. The Table 1 minimum surface pipe requirement setting depth for wells drilled in Kingman County is 200'. The surface pipe set in this previously plugged well does not meet the present surface pipe setting depth requirements.

After review of this matter by technical staff it was determined that:

1. Bedrock at this location is the Permian Ninnescah Shale.
2. Depth to bedrock is approximately 20 feet.
3. The depth of the deepest water well of record within a one mile radius is 103 feet.

Based on this information, an exception is granted for the Table 1 Minimum Surface Casing Requirements with the following stipulation:

1. Upon completion of the well, the production or long string casing nearest the formation wall shall be cemented from a depth of at least 250' back to the surface
2. In the event the well is dry and no additional production pipe has been cemented in-place, plugging will be performed according to KCC rules per KCC District #2 requirements.

Very Sincerely Yours,


M. L. Korphage
Director

cc: D. Louis - Dist #2 ✓