

For KCC Use: 11-18-06  
 Effective Date: \_\_\_\_\_  
 District # 3  
 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 11 18 2006  
 month day year

OPERATOR: License# 33770  
 Name: ARES Energy, Ltd.  
 Address: 303 W. Wall St., Suite 900  
 City/State/Zip: Midland, TX 79701  
 Contact Person: Henry N. Clanton  
 Phone: 432.685.1960  
 CONTRACTOR: License# 8273  
 Name: Excell Services, Inc.

<b>Well Drilled For:</b>	<b>Well Class:</b>	<b>Type Equipment:</b>
<input checked="" type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input checked="" type="checkbox"/> Mud Rotary
<input type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Air Rotary
<input type="checkbox"/> OWWO	<input type="checkbox"/> Disposal	<input type="checkbox"/> Cable
<input type="checkbox"/> Seismic; # of Holes _____	<input checked="" type="checkbox"/> Wildcat	
<input type="checkbox"/> Other _____	<input type="checkbox"/> Infield	
	<input type="checkbox"/> Pool Ext.	
	<input type="checkbox"/> 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: RECEIVED

Bottom Hole Location: KANSAS CORPORATION COMMISSION

KCC DKT #: NOV 13 2006

CONSERVATION DIVISION  
 WICHITA, KS

**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: 11/10/2006 Signature of Operator or Agent: Henry N. Clanton Title: Managing Partner

**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 - 053-21194-0000  
 Conductor pipe required None feet  
 Minimum surface pipe required 330 feet per Alt. 1  
 Approved by: RHC 11-13-06  
 This authorization expires: 5-13-07  
 (This authorization void if drilling not started within 6 months of approval date.)  
 Spud date: \_\_\_\_\_ Agent: \_\_\_\_\_

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

Spot App NW SW SE Sec. 27 Twp. 17 S. R. 10  East  West  
915 feet from  N /  S Line of Section  
2,170 feet from  E /  W Line of Section  
 Is SECTION  Regular  Irregular?

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

County: Ellsworth  
 Lease Name: Schepmann Well #: 5-27  
 Field Name: Wildcat

Is this a Prorated / Spaced Field?  Yes  No

Target Formation(s): Arbuckle

Nearest Lease or unit boundary: 915 feet

Ground Surface Elevation: 1,840 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: 310

Depth to bottom of usable water: 310

Surface Pipe by Alternate:  1  2

Length of Surface Pipe Planned to be set: 350 feet

Length of Conductor Pipe required: None

Projected Total Depth: 3,500 feet

Formation at Total Depth: Arbuckle

Water Source for Drilling Operations:

Well  Farm Pond Other  \_\_\_\_\_

DWR Permit #: N/A

(Note: Apply for Permit with DWR )

Will Cores be taken?  Yes  No

If Yes, proposed zone: N/A

87  
17  
10W

### 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 - 053-21194-0000  
Operator: ARES Energy, Ltd.  
Lease: Schepmann  
Well Number: 5-27  
Field: Wildcat

Location of Well: County: Ellsworth  
915 feet from  N /  S Line of Section  
2,170 feet from  E /  W Line of Section  
Sec. 27 Twp. 17 S. R. 10  East  West

Number of Acres attributable to well: \_\_\_\_\_  
QTR / QTR / QTR of acreage: \_\_\_\_\_ - SW - SE

Is Section:  Regular or  Irregular

If Section is Irregular, locate well from nearest corner boundary.

Section corner used:  NE  NW  SE  SW

RECEIVED  
KANSAS CORPORATION COMMISSION

NOV 13 2006

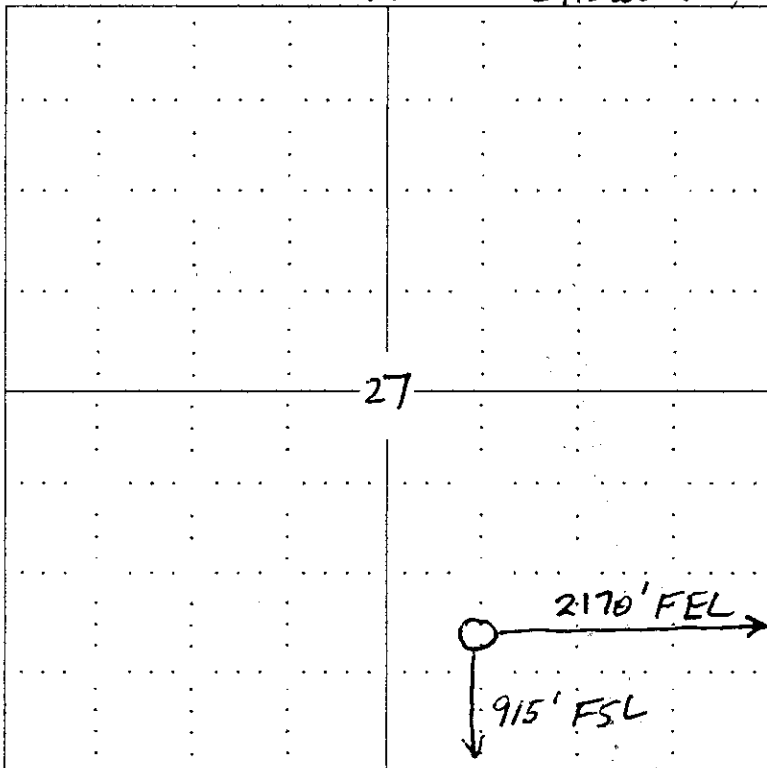
CONSERVATION DIVISION  
WICHITA, KS

### PLAT

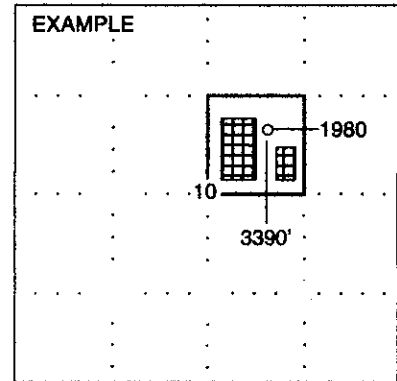
(Show location of the well and shade attributable acreage for prorated or spaced wells.)

(Show footage to the nearest lease or unit boundary line.)

T17S Ellsworth, Co.



915' from nearest lease



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).

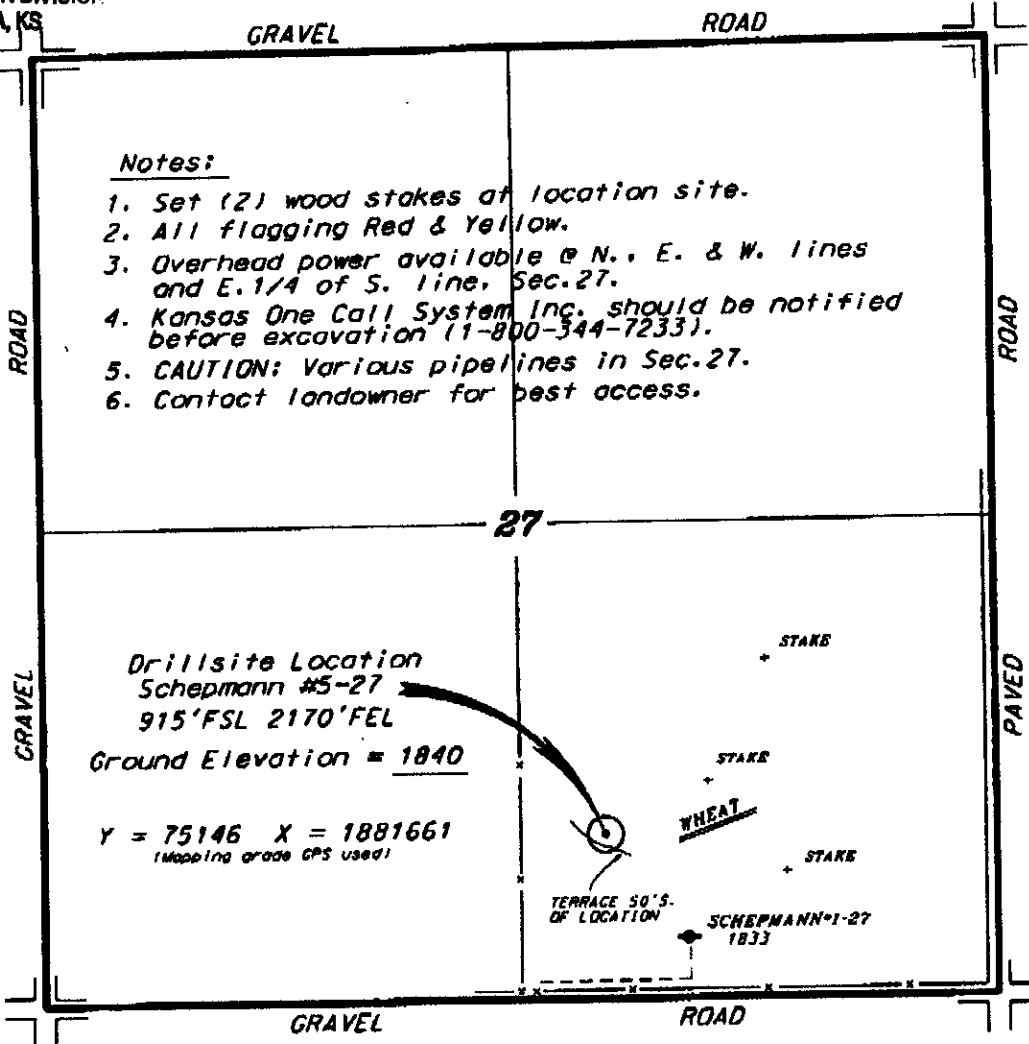
RECEIVED  
KANSAS CORPORATION COMMISSION

NOV 13 2005

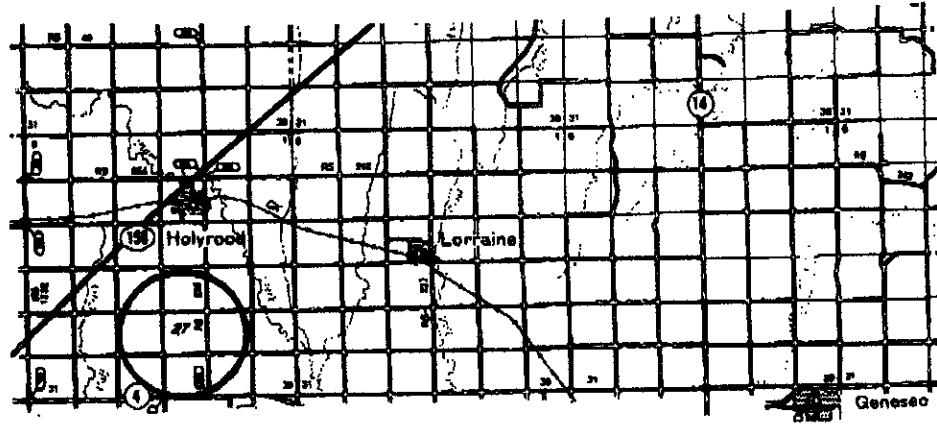
ARES ENERGY, LTD  
SCHEPMANN LEASE  
SE. 1/4, SECTION 27, T17S, R10W  
ELLSWORTH COUNTY, KANSAS

15-053-21194-0000

CONSERVATION DIVISION  
WICHITA, KS



Ingress and egress to location as shown on this plot is per usage only and may not be legally opened for public use. Contact landowner, tenant and county road department for access.



• Controlling data is based upon the best maps and photographs available to us and upon a regular section of land containing 640 acres.  
 • Approximate section lines were determined using the nearest standard of care of oilfield surveyors practicing in the state of Kansas, the section corners, which establish the precise section lines, were not necessarily located, only the approximate location of the drillsite location in the section is here guaranteed. Therefore, the operator securing this service and accepting this plot, and all other parties relying thereon agree to hold Central Kansas Oilfield Services, Inc., its officers and employees harmless from all claims, costs and expenses and said parties released from any liability from negligent or consequential damages.  
 • Elevations derived from National Geodetic Vertical Datum.

Date October 26, 2005

CENTRAL KANSAS OILFIELD SERVICES, INC. (620)792-1977

NOV 13 2006

CONSERVATION DIVISION  
WICHITA, KS

Submit in Duplicate

Operator Name: <b>ARES Energy, Ltd.</b>		License Number: <b>33770</b>
Operator Address: <b>303 W. Wall St., Suite 900, Midland, TX 79701</b>		
Contact Person: <b>Henry N. Clanton</b>		Phone Number: ( <b>432</b> ) <b>685 - 1960</b>
Lease Name & Well No.: <b>Schepmann 5-27</b>		Pit Location (QQQQ): _____ - <b>SW</b> - <b>SE</b> Sec. <b>27</b> Twp. <b>17</b> R. <b>10</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <b>915</b> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <b>2,170</b> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section <b>Ellsworth</b> 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: <b>6,400</b> (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? <b>Native mud and clay</b>
Pit dimensions (all but working pits): <b>80</b> Length (feet) <b>80</b> Width (feet) _____ N/A: Steel Pits Depth from ground level to deepest point: <b>5</b> (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 <b>915</b> feet    Depth of water well <b>143</b> feet		Depth to shallowest fresh water <b>78</b> feet. Source of information: <b>KHKW</b> <input checked="" type="checkbox"/> _____ measured _____ well owner _____ electric log _____ KDWR
<b>Emergency, Settling and Burn Pits ONLY:</b> 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		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> Type of material utilized in drilling/workover: <b>Fresh Water Mud</b> Number of working pits to be utilized: <b>3</b> Abandonment procedure: <b>Allow to dry, then backfill.</b> _____ 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.		
<b>11/10/2006</b> Date		<b>Henry N. Clanton</b> Signature of Applicant or Agent

15-053-21194-0000

KCC OFFICE USE ONLY			
Date Received: <b>11/13/06</b>	Permit Number: _____	Permit Date: <b>11/13/06</b>	Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No