

* Approval Date
CORRECTED
4-20-07

For KCC Use:
Effective Date: 4-4-07
District # 4
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 May 7, 2007
month day year

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

CONTRACTOR: License# 30606
Name: Murfin Drilling Co., Inc.

Well Drilled For: Oil Gas OWWO Seismic; # of Holes Other
 Enh Rec Storage Disposal
Well Class: Infield Pool Ext. Wildcat Other
Type Equipment: 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 30' N & 30' W of _____ East
NW SE SW Sec. 24 Twp. 11 S. R. 18 West
1020 feet from N / S Line of Section
1620 feet from E / W Line of Section

Is SECTION Regular Irregular?

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

County: Ellis

Lease Name: Marshall E' Well #: 29

Field Name: Bemis-Shutts

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Arbuckle

Nearest Lease or unit boundary: 1020'

Ground Surface Elevation: 1928 est 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: 180'

Depth to bottom of usable water: 780' 600'

Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be set: 250'

Length of Conductor Pipe required: None

Projected Total Depth: 3950'

Formation at Total Depth: Arbuckle

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: 3/28/07 Signature of Operator or Agent: Jay G. Schweikert Title: Jay G. Schweikert, Operations Engineer

For KCC Use ONLY
API # 15 - 051-25637-0000
Conductor pipe required None feet
Minimum surface pipe required 200 feet per Alt. **X**
Approved by: But 3-30-07 / But 4-2-07
This authorization expires: 9-30-07
(This authorization void if drilling not started within 6 months of approval date.)
Spud date: _____ Agent: _____

Remember to:

- File Drill Pit Application (form GDP-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. **RECEIVED**

Well Not Drilled - Permit Expired
Signature of Operator or Agent: _____ Date: MAR 30 2007

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

KCC WICHITA

* WAS: Approved 3-30-08
IS: Approved 3-30-07