

MAY 29 2007

Form C-1

December 2002

For KCC Use: 6-307
Effective Date:
District #: 2
SGA? [] Yes [X] No

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

CONSERVATION DIVISION WICHITA, KS
Form must be Typed
Form must be Signed
All blanks must be Filled

NOTICE OF INTENT TO DRILL

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

Expected Spud Date: June 4, 2007
month day year

Spot NE/4 - NE/4 - NE/4 Sec. 27 Twp. 18 S. R. 6
425 feet from N / S Line of Section
385 feet from E / W Line of Section

Is SECTION [X] Regular [] Irregular?

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

County: Chase

Lease Name: LIPS Well #: 3-27

Field Name: Lipps

Is this a Prorated / Spaced Field? [] Yes [X] No

Target Formation(s): Kansas City

Nearest Lease or unit boundary: 385' feet MSL

Ground Surface Elevation: 1478

Water well within one-quarter mile: [] Yes [X] No

Public water supply well within one mile: [] Yes [X] No

Depth to bottom of fresh water: 60

Depth to bottom of usable water: 180

Surface Pipe by Alternate: [] 1 [X] 2

Length of Surface Pipe Planned to be set: 200'

Length of Conductor Pipe required: N/A

Projected Total Depth: 1800

Formation at Total Depth: Kansas City

Water Source for Drilling Operations: [] Well [X] Farm Pond [] Other

DWR Permit #: (Note: Apply for Permit with DWR [X])

Will Cores be taken? [] Yes [X] No

If Yes, proposed zone:

OPERATOR: License# 5192
Name: Shawmar Oil & Gas Company, Inc
Address: PO Box 9
City/State/Zip: Marion, KS 66861
Contact Person: Beau J. Cloutier
Phone: 620-382-2932
CONTRACTOR: License# 5192
Name: Shawmar Oil & Gas Company, Inc

Well Drilled For: [X] Oil [] Enh Rec [X] Gas [] Storage [] OWWO [] Disposal [] Seismic; # of Holes [] Other
Well Class: [X] Infield [] Pool Ext. [] Wildcat [] Other
Type Equipment: [X] 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 [X] No

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: May 25, 2007 Signature of Operator or Agent: [Signature] Title: President

For KCC Use ONLY
API # 15 - 017-20897-0000
Conductor pipe required: None feet
Minimum surface pipe required: 200 feet per Alt 1
Approved by: [Signature]
This authorization expires: 11-29-07
(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:

27 18 6E

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 - 017-20897-0000
 Operator: Shawmar Oil & Gas Company, Inc
 Lease: LIPS
 Well Number: 3-27
 Field: Lipps
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: NE/4 - NE/4 - NE/4

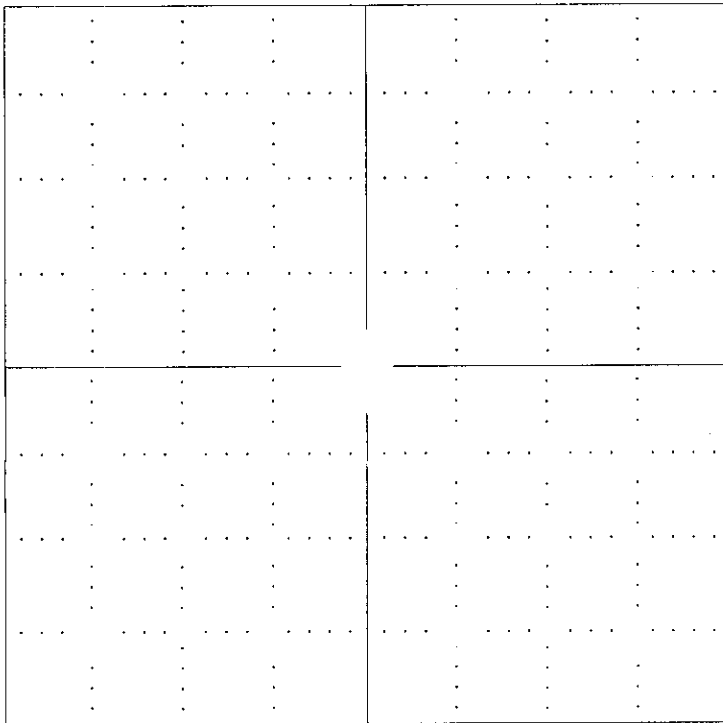
Location of Well: County: Chase
 425 _____ feet from N / S Line of Section
 385 _____ feet from E / W Line of Section
 Sec. 27 Twp. 18 S. R. 6 East West

Is Section: Regular or Irregular

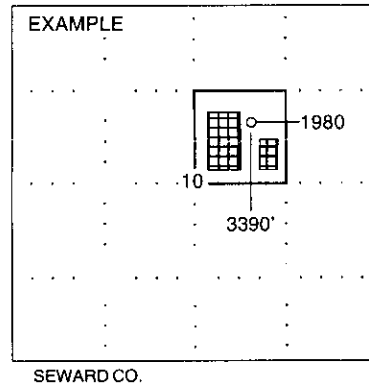
If Section is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

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.)*



RECEIVED
 KANSAS CORPORATION COMMISSION
 MAY 29 2007
 CONSERVATION DIVISION
 WICHITA, KS



NOTE: In all cases locate the spot of the proposed drilling locaton.

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: (C0-7 for oil wells; CG-8 for gas wells).

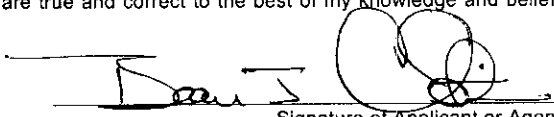
KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

MAY 29 2007

Form CDP-1
April 2004
Form must be Typed

APPLICATION FOR SURFACE PIT CONSERVATION DIVISION
WICHITA, KS

Submit in Duplicate

Operator Name: Shawmar Oil & Gas Co., Inc.		License Number: 5192
Operator Address: PO Box 9, Marion, KS 66861		
Contact Person: Beau J. Cloutier		Phone Number: (620) 382 - 2932
Lease Name & Well No.: Lips #3-27		Pit Location (QQQQ): NE/4 NE/4 NE/4
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 <i>(If WP Supply API No. or Year Drilled)</i>	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 533 (bbls)	Sec. 27 Twp. 18 R. 6 <input checked="" type="checkbox"/> East <input type="checkbox"/> West 425 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 385 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Chase County
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ mg/l <i>(For Emergency Pits and Settling Pits only)</i>
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? clay sides and bottom
Pit dimensions (all but working pits): 45 Length (feet) 8 Width (feet) N/A: Steel Pits Depth from ground level to deepest point: 5 (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 N/A feet Depth of water well 150 feet		Depth to shallowest fresh water 100 feet. Source of information: _____ measured <input checked="" type="checkbox"/> well owner _____ electric log _____ 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: air/mud Number of working pits to be utilized: 2 Abandonment procedure: let dry and cover 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.		
Date May 25, 2007		Signature of Applicant or Agent 

15-017-20097-0000

KCC OFFICE USE ONLY			
Date Received: 5/29/07	Permit Number: _____	Permit Date: 5/29/07	Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No