

For KCC Use: 11-4-07
 Effective Date: 2
 District # 2
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION

Form C-1

December 2002

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 11-4-07
 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# 33350
 Name: Southwind Drilling, Inc.

Well Drilled For:	Well Class:	Type Equipment:
<input checked="" type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input type="checkbox"/> Infield
<input checked="" type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input checked="" type="checkbox"/> Pool Ext.
<input type="checkbox"/> OWWO	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat
<input type="checkbox"/> Seismic; # of Holes	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> Mud Rotary
<input type="checkbox"/> Other		<input type="checkbox"/> Air Rotary
		<input type="checkbox"/> 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 NE Sec. 3 Twp. 28 S. R. 5
 SW SE NE West
2210 2084 per survey feet from N / S Line of Section
 990 feet from E / W Line of Section
 Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)
 County: Kingman
 Lease Name: Fearey Well #: 4-3
 Field Name: Broadway
 Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Mississippian
 Nearest Lease or unit boundary: 330'
 Ground Surface Elevation: 1427' 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: 50'
 Depth to bottom of usable water: 25-180'
 Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 250'
 Length of Conductor Pipe required: none
 Projected Total Depth: 4100'
 Formation at Total Depth: Simpson
 Water Source for Drilling Operations:
 Well Farm Pond Other _____
 DWR Permit #: 20040165

(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: 10/8/07 Signature of Operator or Agent: Jay Schweikert Title: Jay G. Schweikert, Operations Engineer

For KCC Use ONLY
 API # 15 - 095-22124-0000
 Conductor pipe required None feet
 Minimum surface pipe required 200 feet per All 1
 Approved by: RW#10-30-07
 This authorization expires: 10-30-08
 (This authorization void if drilling not started within 1/2 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: _____

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

3
28
5W

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 - 095-22124-0000
 Operator: Lario Oil & Gas Company
 Lease: Fearey
 Well Number: 4-3
 Field: Broadway
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: SW - SE - NE

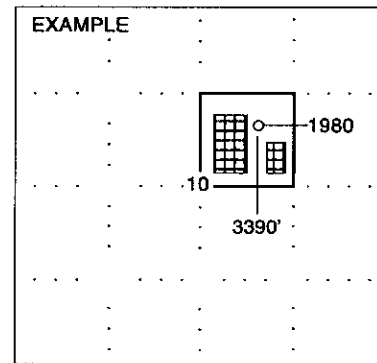
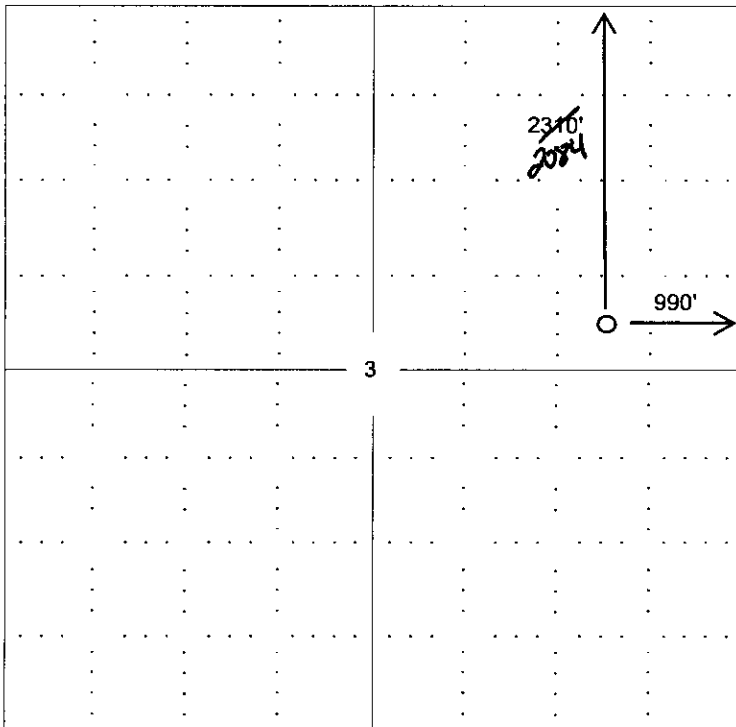
Location of Well: County: Kingman
2310 2084 feet from N / S Line of Section
 990 feet from E / W Line of Section
 Sec. 3 Twp. 28 S. R. 5 East West

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.)



SEWARD CO.

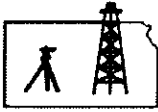
NOTE: In all cases locate the spot of the proposed drilling locaton.

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).

15-095-22124-0000

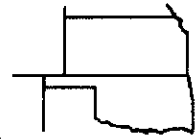
OCT 30 2007



CONSERVATION DIVISION
WICHITA, KS

b101907-a
PLAT NO.

ROBINSON SERVICES
Oil Field & Construction Staking
P.O. Box 2324
Garden City, Kansas 67846
Office/Fax: (620) 276-6159
Cell: (620) 272-1499



7148
INVOICE NO.

Lario Oil & Gas Company

OPERATOR

Kingman County, KS

COUNTY

3 28s 5w
Sec. Twp. Rng.

Fearey #4-3

LEASE NAME

2084' FNL - 990' FEL

LOCATION SPOT

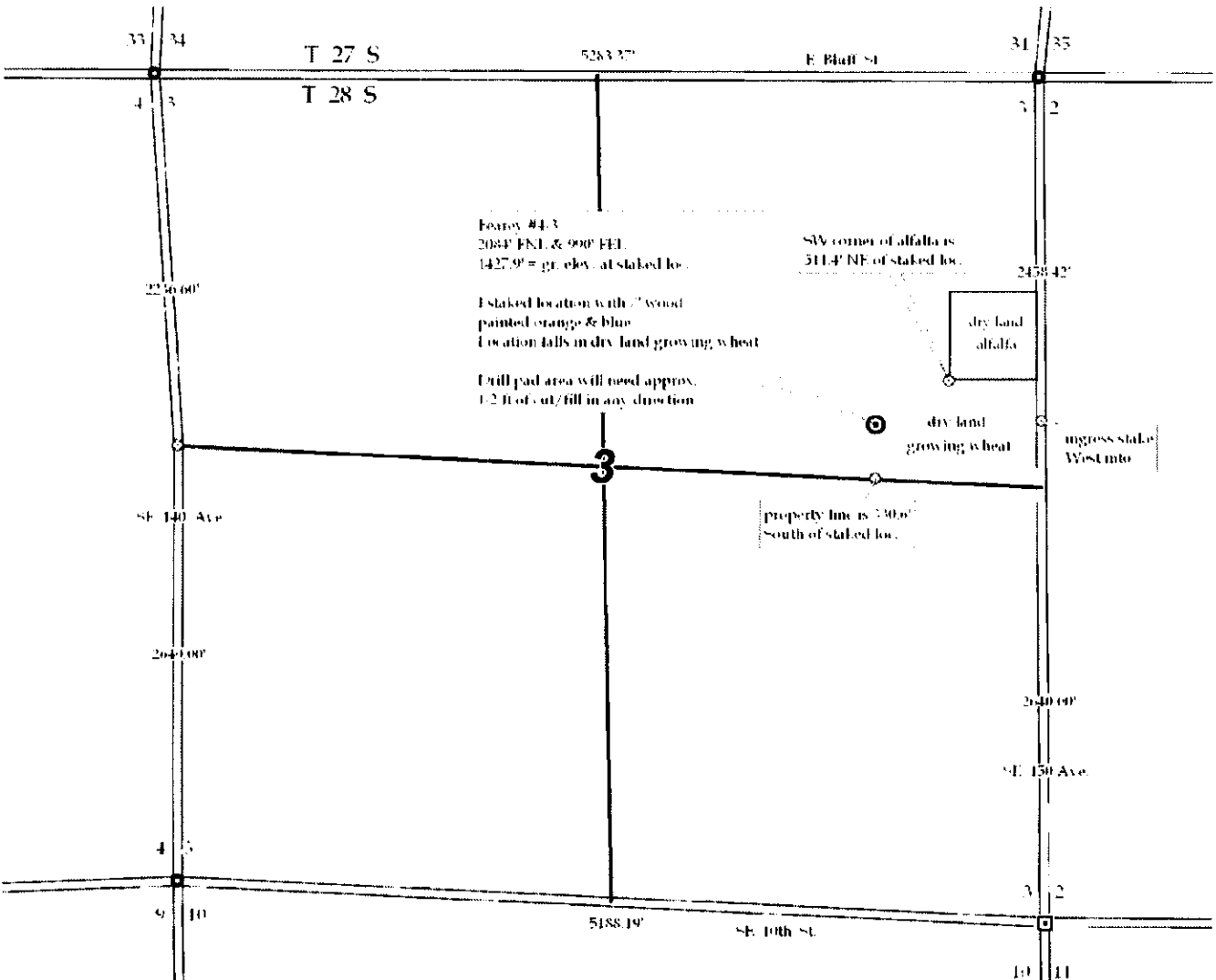
SCALE: 1" = 1000'
DATE: Oct. 19th 2007
MEASURED BY: Burt W.
DRAWN BY: Gabe Q.
AUTHORIZED BY: Jay S.



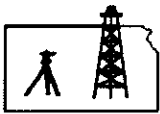
GR. ELEVATION: 1427.9'

Directions: From the South side of Cheney, Ks at the intersection of Main St & 39th St. - Now go 3.6 miles West - Now go 1 mile North to the SE corner of section 3-28s-5w - Now go 0.6 mile North to ingress stake West into - Now go 990' West through dry land growing wheat into staked location.
Final ingress must be verified with land owner or Lario Oil & Gas Company.

This drawing does not constitute a monumented survey or a land survey plat
This drawing is for construction purposes only



15-095-22124-0000



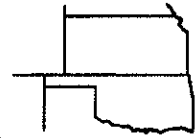
OCT 30 2007

CONSERVATION DIVISION
WICHITA, KS

b101907-a
PLAT NO.

ROBINSON SERVICES
Oil Field & Construction Staking
P.O. Box 2324
Garden City, Kansas 67846
Office/Fax: (620) 276-6159
Cell: (620) 272-1499

7148
INVOICE NO.



Lario Oil & Gas Company

OPERATOR

Kingman County, KS

COUNTY

3 28s 5w
Sec. Twp. Rng.

Fearey #4-3

LEASE NAME

2084' FNL - 990' FEL

LOCATION SPOT

SCALE: 1" = 1000'

DATE: Oct. 19th 2007

MEASURED BY: Burt W.

DRAWN BY: Gabe Q.

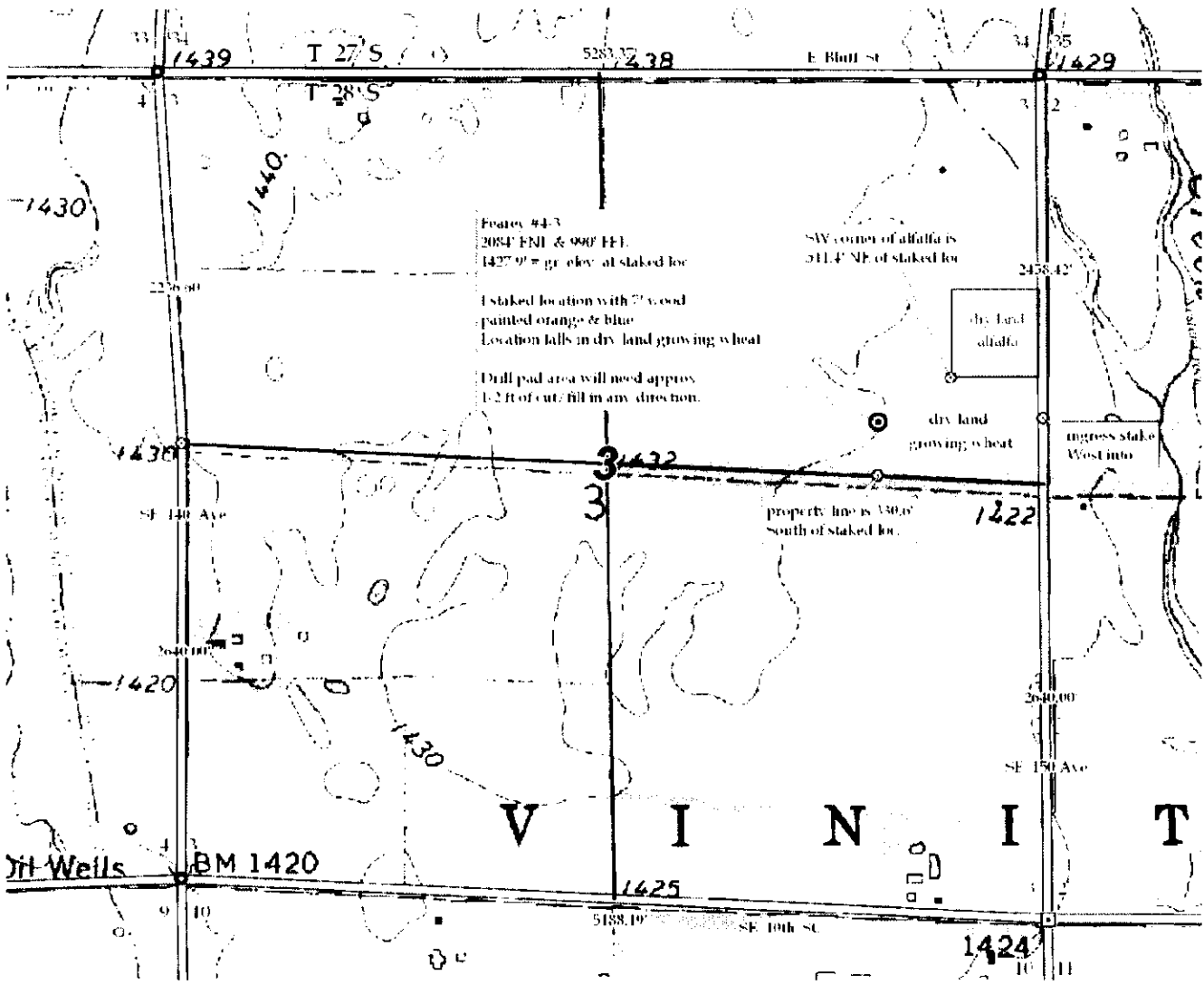
AUTHORIZED BY: Jay S.



GR. ELEVATION: 1427.9'

Directions: From the South side of Cheney, Ks at the intersection of Main St & 39th St. - Now go 3.6 miles West - Now go 1 mile North to the SE corner of section 3-28s-5w - Now go 0.6 mile North to ingress stake West into - Now go 990' West through dry land growing wheat into staked location.
Final ingress must be verified with land owner or Lario Oil & Gas Company.

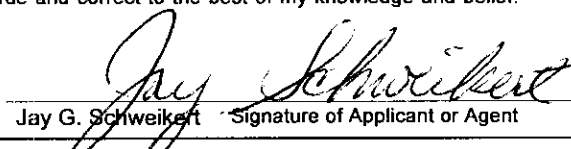
This drawing does not constitute a monumented survey or a land survey plat
This drawing is for construction purposes only



**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 S. Market, Wichita, KS 67202		
Contact Person: Jay G. Schweikert		Phone Number: (316) 265 - 5611
Lease Name & Well No.: Fearey #4-3		Pit Location (QQQQ): SW SE NE
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: 7100 (bbls)	Sec. 3 Twp. 28 R. 5 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 2310 2084 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 990 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Kingman County
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?
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.
Distance to nearest water well within one-mile of pit 1320 feet Depth of water well 35 feet		Depth to shallowest fresh water 7 feet. Source of information: _____ measured _____ 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 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.		
10/8/07 Date	 Jay G. Schweikert Signature of Applicant or Agent	RECEIVED KANSAS CORPORATION COMMISSION OCT 10 2007
KCC OFFICE USE ONLY		
Date Received: 10/10/07 Permit Number: _____ Permit Date: 10/30/07 Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		

15-095-20124-0000



Kathleen Sebelius, Governor
Thomas E. Wright, Chairman
Michael C. Moffet, Commissioner
Joseph F. Harkins, Commissioner

October 30, 2007

Mr. Jay G. Schweikert
Lario Oil & Gas Company
301 S. Market
Wichita, KS 67202

Re: Drilling Pit Application
Fearey Lease Well No. 4-3
NE/4 Sec. 03-28S-05W
Kingman County, Kansas

Dear Mr. Schweikert:

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 within 72 hours 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 (316) 630-4000 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
Environmental Protection and Remediation Department

cc: File