

For KCC Use:

Effective Date: 8-24-08

District # 4

SGA? Yes No

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL

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

Form C-1

October 2007

Form must be Typed

Form must be Signed

All blanks must be Filled

Expected Spud Date: 8 25 2008
month day year

OPERATOR: License# 33315 ✓

Name: Mar-Lou Oil Company, LLC

Address 1: P.O. Box 218

Address 2: _____

City: Wilson, State: KS Zip: 67490 + _____

Contact Person: Shawn D. Evans

Phone: 785-445-2942

CONTRACTOR: License# 33905 ✓

Name: Royal Drilling, Inc.

Well Drilled For: Oil Gas Enh Rec Storage Disposal Seismic; _____ # of Holes Other: _____

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 Description: _____
 10'W - SE - SW - SW Sec. 15 Twp. 14 S. R. 15 E W
 (2020) 330 feet from N / S Line of Section
980 feet from E / W Line of Section

Is SECTION: Regular Irregular?

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

County: Russell

Lease Name: Schnitt Well #: 6

Field Name: Gorham

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Lansing-Kansas City

Nearest Lease or unit boundary line (in footage): 330'

Ground Surface Elevation: 1852' 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: 180 220+

Depth to bottom of usable water: 400'

Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set: 240'

Length of Conductor Pipe (if any): 0-

Projected Total Depth: 3400'

Formation at Total Depth: Gorham Sand

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: _____

RECEIVED
KANSAS CORPORATION COMMISSION

AUG 19 2008

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 correct to the best of my knowledge and belief.

Date: 8/18/2008 Signature of Operator or Agent: Sherry Pappas Title: Agent

For KCC Use ONLY

API # 15 - 167-23533-0000

Conductor pipe required None feet

Minimum surface pipe required 200 feet per ALT. I II

Approved by: Russ 81908

This authorization expires: 8-19-09
(This authorization void if drilling not started within 12 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 (within 60 days);
- 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 Date: _____

Signature of Operator or Agent: _____

15
14
15
 E
 W

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 - 167-23533-0000
Operator: Mar-Lou Oil Company, LLC
Lease: Schmitt
Well Number: 6
Field: Gorham

Location of Well: County: Russell
330 feet from N / S Line of Section
980 feet from E / W Line of Section
Sec. 15 Twp. 14 S. R. 15 E W

Number of Acres attributable to well: _____
QTR/QTR/QTR/QTR of acreage: 10W - SE - SW - SW

Is Section: Regular or Irregular

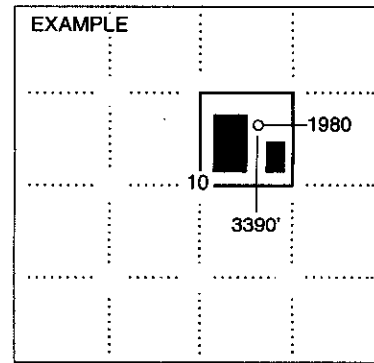
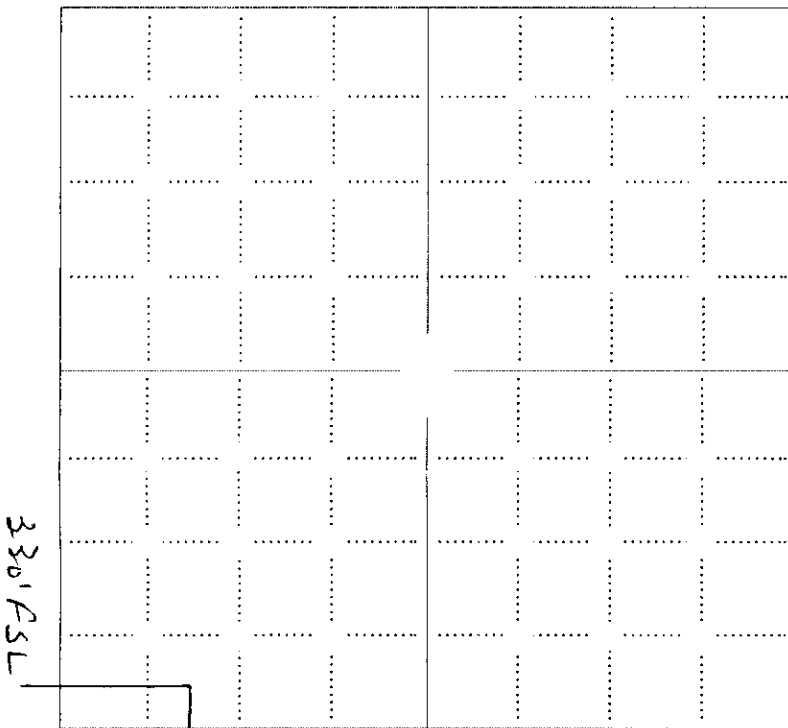
If Section is Irregular, locate well from nearest corner boundary.

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.

980' FWL


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 south / north and east / west outside section lines.
3. The distance to the nearest lease or unit boundary line (in footage).
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
APPLICATION FOR SURFACE PIT**

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: Mar-Lou Oil Company, LLC		License Number: 33315	
Operator Address: P.O. Box 218, Wilson, Kansas 67490			
Contact Person: Shawn D. Evans		Phone Number: 785-445-2942	
Lease Name & Well No.: Schmitt #6		Pit Location (QQQQ): 10'W SE SW SW	
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: 1,200 (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? Native Mud			
Pit dimensions (all but working pits): <u>80</u> Length (feet) <u>80</u> Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: <u>6</u> (feet) <input type="checkbox"/> No Pit			
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 KANSAS CORPORATION COMMISSION AUG 19 2008	
Distance to nearest water well within one-mile of pit <u>N/A</u> feet Depth of water well _____ feet		Depth to shallowest fresh water <u>220</u> feet. Source of information: <input type="checkbox"/> measured <input checked="" type="checkbox"/> well owner <input type="checkbox"/> electric log <input type="checkbox"/> WICHITA, KS 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: <u>Fresh Mud</u> Number of working pits to be utilized: <u>3</u> Abandonment procedure: <u>Allow to dry and backfill</u> 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.			
<u>8/18/2008</u> Date		 Signature of Applicant or Agent	
KCC OFFICE USE ONLY Steel Pit <input type="checkbox"/> RFAC <input type="checkbox"/> RFAS <input type="checkbox"/>			
Date Received: <u>8/19/08</u> Permit Number: _____ Permit Date: <u>8/19/08</u> Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

15-167-23533-0000

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