

EFFECTIVE DATE: 7-10-96

State of Kansas

DISTRICT # 4

NOTICE OF INTENTION TO DRILL

SGA? Yes No

Must be approved by the K.C.C. five (5) days prior to commencing well.

Expected Spud Date 7 month 8 day 96 year 234' SE of NE-NE-NW Sec 2 Twp 12 S Rg 20 East West

OPERATOR: License # 6569 Name: Carmen Schmitt, Inc. Address: P.O. Box 47, 3111 10th St, #200 City/State/Zip: Great Bend, KS 67530-0047 Contact Person: Carmen Schmitt Phone: (316) 793-5100

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

Well Drilled For: Well Class: Type Equipment: Oil Enh Rec Infield Mud Rotary Gas Storage Pool Ext Air Rotary OWWO Disposal Wildcat Cable Seismic; # of Holes Other

If OWWO: old well information as follows: Operator: Well Name: Comp. Date: Old Total Depth

Directional, Deviated or Horizontal wellbore? yes X no If yes, true vertical depth: Bottom Hole-Location:

480 feet from South North line of Section 2490 feet from East West line of Section IS SECTION X REGULAR IRREGULAR?

(NOTE: Locate well on the Section Plat on Reverse Side) County: Ellis Lease Name: Hall Well #: 2 Field Name: Is this a Prorated/Spaced Field? yes X no Target Formation(s): LKG-Arbuckle Nearest lease or unit boundary: 480 Ground Surface Elevation: Est. 2083 feet MSL 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: 150-180 Depth to bottom of usable water: 640-680 Surface Pipe by Alternate: 1 X 2 Length of Surface Pipe Planned to be set: 200 Length of Conductor pipe required: NA Projected Total Depth: 3800 Formation at Total Depth: Arbuckle Water Source for Drilling Operations: well farm pond X other

Will Cores Be Taken? yes X 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. 55-101, 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. 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: 7/3/96 Signature of Operator or Agent: Rob Ramseyer Title: Agent for Operator

FOR KCC USE: API # 15- 051-249330000 Conductor pipe required NONE feet Minimum surface pipe required 300 feet per Alt. X (2) Approved by: JK 7-5-96 This authorization expires: 1-5-97 (This authorization void if drilling not started within 6 months of effective date.) Spud date: Agent:

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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.

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

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 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- _____
 OPERATOR _____
 LEASE _____
 WELL NUMBER _____
 FIELD _____

LOCATION OF WELL: COUNTY _____
 _____ feet from south/north line of section
 _____ feet from east/west line of section
 SECTION _____ TWP _____ RG _____

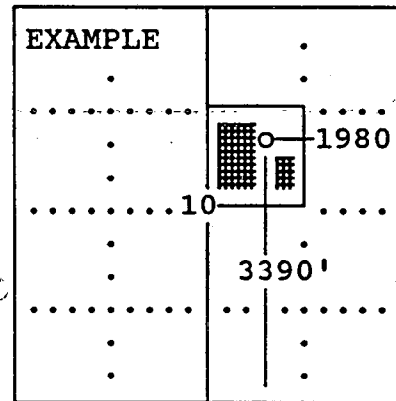
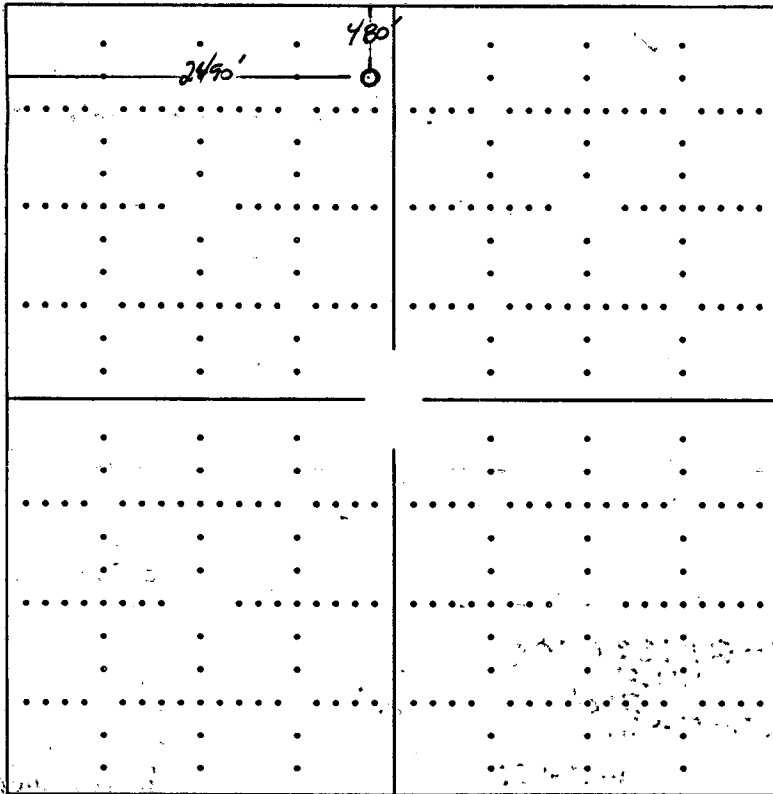
NUMBER OF ACRES ATTRIBUTABLE TO WELL _____
 QTR/QTR/QTR OF ACREAGE _____

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.

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; and
- 3) the distance to the nearest lease or unit boundary line.

15-051-24933-00-00

DECLARATION OF POOLING AND UNITIZATION

KNOWN ALL MEN BY THESE PRESENTS:

WHEREAS, MURFIN DRILLING COMPANY, INC., 250 NORTH WATER, SUITE 300, WICHITA, KANSAS 67202 and CARMEN SCHMITT, 3111 10TH STREET, #200, GREAT BEND, KANSAS 67530-0047, is the owner of the oil and gas leases described on Exhibit "A", attached hereto and by this reference made a part hereof, insofar and only insofar as said leases cover the following lands described herein to-wit:

TOWNSHIP 12 SOUTH, RANGE 20 WEST
SECTION 2: NE/4; NW/4
ELLIS COUNTY, KANSAS

WHEREAS, each of the oil and gas leases described in Exhibit "A" has been amended to contain a pooling and unitization clause which states:

"Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases owned by the lessor in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 160 acres each in the event of an oil well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved."

WHEREAS, the undersigned, MURFIN DRILLING COMPANY, INC. and CARMEN SCHMITT, desire to pool and unitize all of the oil and gas leases described in Exhibit "A", insofar and only insofar as same covers the following described lands, to-wit:

TOWNSHIP 12 SOUTH, RANGE 20 WEST
SECTION 2: E/2 NW/4; W/2 NE/4
ELLIS COUNTY, KANSAS

said last lands, containing one hundred sixty (160) acres, more or less, now being identified as "THE POOLED AND UNITIZED AREA" for production of oil and associated hydrocarbons from all zones and formations.

NOW THEREFORE, the undersigned, MURFIN DRILLING COMPANY, INC. and

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CARMEN SCHMITT, do hereby pool and unitize the above described lands into one pooled and unitized area, containing one hundred sixty (160) acres, provided that said pooling and unitization is limited to production of oil and associated hydrocarbons from all zones and formations.

The royalties accruing from any well located on said unit shall be prorated and paid to lessors of the various tracts included in the POOLED AND UNITIZED AREA in the same proportion that each tract of said lessor bears to the total of the POOLED AND UNITIZED AREA.

IN WITNESS WHEREOF, this DECLARATION OF POOLING AND UNITIZATION, was executed this 2nd day of July, 1996.

MURFIN DRILLING COMPANY, INC.

David L. Murfin

David L. Murfin, President

CARMEN SCHMITT

Carmen Schmitt

ACKNOWLEDGMENT

STATE OF KANSAS)
)ss
COUNTY OF SEDGWICK)

Before me, the undersigned, A Notary Public, within and for said County and State, on this 2nd day of July, 1996 personally appeared David L. Murfin, the President of MURFIN DRILLING COMPANY, INC., to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes set forth therein.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this day.
MY COMMISSION EXPIRES:



Lise J. Clark

Lise J. Clark - Notary Public

STATE OF KANSAS)
)ss
COUNTY OF SEDGWICK)

Before me, the undersigned, A Notary Public, within and for said County and State, on this 3rd day of July, 1996 personally appeared Carmen Schmitt, to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes set forth therein.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this day.
MY COMMISSION EXPIRES:



Elaine Schreck

Notary Public

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EXHIBIT "A"
attached to and made a part of that certain
Declaration of Pooling and Unitization dated July 2nd, 1996.

LESSOR: T. Warren Hall Revocable Trust, T. Warren Hall, Trustee
LESSEE: Murfin Drilling Company, Inc.
LEASE DATE: June 20, 1996
DESCRIPTION: Township 12 South, Range 20 West
Section 2: NW/4
Ellis County, Kansas
RECORDING DATA: Book 416, Page 545

LESSOR: T. Warren Hall Revocable Trust, T. Warren Hall, Trustee
LESSEE: Carmen Schmitt
LEASE DATE: May 1, 1994
DESCRIPTION: Township 12 South, Range 20 West
Section 2: NE/4
Ellis County, Kansas
RECORDING DATA: Book 405, Page 305

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