

For KCC Use:
 Effective Date: 11-25-01
 District # 1
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL

Form C-1
 September 1999
 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 11-23-01
month day year

Spot East West
 SW - SE - NW Sec. 18 Twp. 17 S. R. 23W

OPERATOR: License# 6569 ✓
 Name: Carmen Schmitt Inc.
 Address: P.O. Box 47
 City/State/Zip: Great Bend, 67530
 Contact Person: Carmen Schmitt
 Phone: 620 793 5100

2370' FNL feet from 3 / (N) (circle one) Line of Section
1525' FWL feet from 1 / (W) (circle one) Line of Section
 Is SECTION Regular Irregular?

CONTRACTOR: License# 5184 ✓
 Name: Shields Oil Producers, Inc.

(Note: Locate well on the Section Plat on reverse side)
 County: Ness, Kansas
 Lease Name: Delaney Well #: 1
 Field Name: W.C.

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 Other

Is this a Prorated / Spaced Field? Yes No ✓
 Target Formation(s): Mississippian
 Nearest Lease or unit boundary: 330' north, 330' west ✓(P)

If OWWO: old well information as follows:
 Operator: _____
 Well Name: _____
 Original Completion Date: _____ Original Total Depth: _____

Ground Surface Elevation: 2413 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: 100 - 180' ✓
 Depth to bottom of usable water: 800 - 980' ✓

Directional, Deviated or Horizontal wellbore? Yes No ✓
 If Yes, true vertical depth: _____
 Bottom Hole Location: _____
 KCC DKT #: _____

Surface Pipe by Alternate: 1 X 2
 Length of Surface Pipe Planned to be set: 200'
 Length of Conductor Pipe required: -0-
 Projected Total Depth: 4550'
 Formation at Total Depth: Mississippian

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

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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:

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 11-15-01
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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: 11-13-01 Signature of Operator or Agent: Carmen Schmitt Title: Secretary

For KCC Use ONLY
 API # 15 - 135-24169-00-00
 Conductor pipe required NONE feet
 Minimum surface pipe required 200 feet per Alt. (2)
 Approved by: DPW 11-20-01
 This authorization expires: 5-20-02
 (This authorization void if drilling not started within 6 months of effective 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.

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

18
17
23w

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 - _____
 Operator: _____
 Lease: _____
 Well Number: _____
 Field: _____

Location of Well: County: NESS
 2370' FNL _____ feet from S / N (circle one) Line of Section
 1525' FWL _____ feet from E / W (circle one) Line of Section
 Sec. 18 Twp. 17 S. R. 23W East West

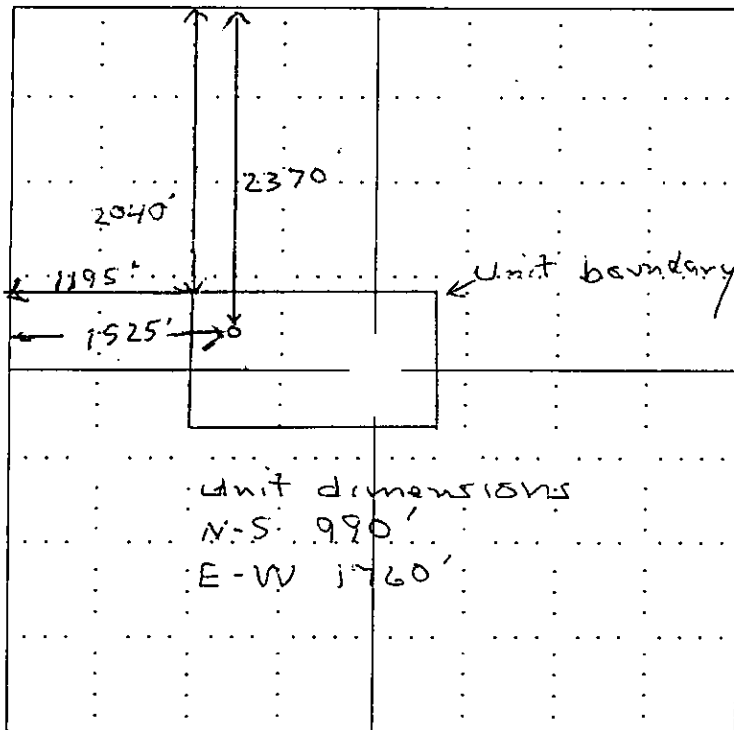
Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: SW - SE - NW

Is Section Regular or Irregular

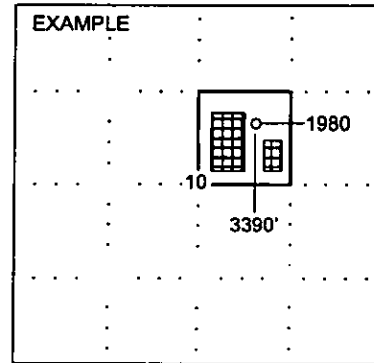
If Section is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

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.)*



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SEWARD CO.

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

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

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KCC WICHITA DECLARATION OF POOLING AND UNITIZATION

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, CARMEN SCHMITT INC., P.O. Box 47, Great Bend, Ks 67530, hereinafter referred to as "the undersigned", is the owner of the oil and gas leases described on Exhibit "A" attached hereto and made a part hereof, insofar as said leases cover the following lands in Ness County, Kansas as described herein to-wit:

TOWNSHIP 17 SOUTH - RANGE 23 WEST
SECTION 18: ALL

WHEREAS, the oil and gas leases, numbered 1, 2, 3, and 4, described in Exhibit "A" 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 in the immediate vicinity thereof, when in lessee's judgement 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, gas or other minerals 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 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas 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 desire to pool and unitize all oil and gas leases described hereinabove, insofar and only insofar as the same cover the following described lands, to-wit:

TOWNSHIP 17 SOUTH - RANGE 23 WEST

SECTION 18: A tract of land with the Point of Beginning being 2,040 feet south and 1,195 feet east of the Northwest Corner of said Section, thence South 990 feet, thence East 1,760 feet, thence North 990 feet, thence West 1760 feet to the Point of Beginning.

Said lands, containing forty (40) acres, more or less, now being identified as "THE POOLED AND UNITIZED AREA" for production of oil and/or gas and associated hydrocarbons from all zones and formations.

NOW THEREFORE, the undersigned, do hereby pool and unitize the above described lands into one pooled and unitized area, containing forty (40) acres, provided that said pooling and unitization is limited to production of oil and/or gas 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 13th day of November, 2001.

CARMEN SCHMITT INC.

By: Carmen Schmitt
Carmen Schmitt, Secretary

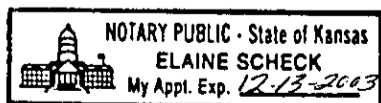
STATE OF KANSAS, COUNTY OF BARTON, SS:

The foregoing instrument was acknowledged before me this 13th day of November, 2001, by Carmen Schmitt, who personally appeared and is known to me to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its Secretary, and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires: 12-13-2003

Elaine Scheck
State Notary Public



15 135241690000

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EXHIBIT "A"

Attached to and made a part of that certain Declaration of Pooling and Unitization

LEASE #1

LESSOR: Neal E. Delaney and Dianne M. Delaney, his wife
LESSEE: Carmen Schmitt Inc.
LEASE DATE: November 9, 2000
DESCRIPTION: TOWNSHIP 17 SOUTH - RANGE 23 WEST
Section 18: SE/4
RECORDING DATA: Book 268, Page 691

LEASE #2

LESSOR: Neal E. Delaney and Dianne M. Delaney, his wife
LESSEE: Carmen Schmitt Inc.
LEASE DATE: November 9, 2000
DESCRIPTION: TOWNSHIP 17 SOUTH - RANGE 23 WEST
Section 18: NE/4
RECORDING DATA: Book 268, Page 693

LEASE #3

LESSOR: Neal E. Delaney and Dianne M. Delaney, his wife
LESSEE: Carmen Schmitt Inc.
LEASE DATE: November 9, 2000
DESCRIPTION: TOWNSHIP 17 SOUTH - RANGE 23 WEST
Section 18: NW/4
RECORDING DATA: Book 268, Page 695

LEASE #4

LESSOR: Neal E. Delaney and Dianne M. Delaney, his wife
LESSEE: Carmen Schmitt Inc.
LEASE DATE: November 9, 2000
DESCRIPTION: TOWNSHIP 17 SOUTH - RANGE 23 WEST
Section 18: SW/4
RECORDING DATA: Book 268, Page 697