

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form ACO-4
Form must be typed
July 2006

APPLICATION FOR COMMINGLING OF
PRODUCTION (K.A.R. 82-3-123) OR FLUIDS (K.A.R. 82-3-123a)

Commingling ID # CO110701

Operator Information:

License #: 5214
Name: Lario Oil & Gas Company
Address: 301 S. Market
City/State/Zip: Wichita, KS 67202
Contact Person: Jay Schweikert
Phone #: 316-265-5611

Well Information:

API #: 15 - 171-20653 -00-00
Lease Name: Dearden Trust Well #: 1-5
Spot: NW - SW - NE - SW Sec. 5 Twp. 19 S. R. 31 East West
County: Scott
Feet from North / South Line of Section: 1785
Feet from East / West Line of Section: 1410

1. Name and upper and lower limit of each production interval to be commingled:

Formation: Lansing 'L' (Perfs): 4261'-63'
Formation: Ft. Scott (Perfs): 4452'-56'
Formation: _____ (Perfs): _____
Formation: _____ (Perfs): _____
Formation: _____ (Perfs): _____

2. Estimated amount of fluid production to be commingled from each interval:

Formation: Lansing 'L' BOPD: 39 MCFPD: 0 BWPD: 9
Formation: Ft. Scott BOPD: 54 MCFPD: 0 BWPD: 0
Formation: _____ BOPD: _____ MCFPD: _____ BWPD: _____
Formation: _____ BOPD: _____ MCFPD: _____ BWPD: _____
Formation: _____ BOPD: _____ MCFPD: _____ BWPD: _____

3. Plat map showing the location of the subject well, all other wells on the subject lease, and all wells on offsetting leases within a 1/2 mile radius of the subject well, and for each well the names and addresses of the lessee or operator.

4. Signed certificate showing service of the application and affidavit of publication as required by K.A.R. 82-3-135a.

For Commingling of PRODUCTION ONLY, include the following:

- 5. Wireline log of subject well.
- 6. Complete Form ACO-1 (Well Completion form) for the subject well.

For Commingling of FLUIDS ONLY, include the following:

- _____ 5. Well construction diagram of subject well.
- _____ 6. Any available water chemistry data demonstrating the compatibility of the fluids to be commingled.

State of Kansas)
)
County of Sedgwick)

ss:

VERIFICATION: I hereby certify that to the best of my current information, knowledge and personal belief, this request for commingling is true and proper and I have no information or knowledge, which is inconsistent with the information supplied in this application.

Signature: Jay Schweikert
Printed Name: Jay G. Schweikert
Title: Operations Engineer

Subscribed & sworn to before me this 18th day of October, 20 07
Notary Public: Kathy L Ford
My Commission Expires: 10-22-10

KCC Office Use Only
 Denied Approved
KCC Date Received: _____ 15-Day Periods Ends: _____
Approved By: 12/13/07 [Signature] Date: _____

Protests may be filed by any party having a valid interest in the application. Protests must be in writing and comply with K.A.R. 82-3-135b and must be filed within 15 days of publication of the notice of application.

Mail with all required attachments and files to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

KATHY L. FORD
Notary Public - State of Kansas
My Appt. Expires 10-22-10

NOV 27 2007

Affidavit of Notice Served

Re: Application for: Commingling Permit CONSERVATION DIVISION
WICHITA, KS
Well Name: Dearden Trust #1-5 Legal Location: NW SW NE SW Sec. 5-19S-31W

The undersigned hereby certifies that he / she is a duly authorized agent for the applicant, and that on the day 26th of November, 2007, a true and correct copy of the application referenced above was delivered or mailed to the following parties:

Note: A copy of this affidavit must be served as a part of the application.

Name

Address (Attach additional sheets if necessary)

FIML Natural Resources, LLC

410 17th Street
Suite 900
Denver, CO 80202

(NE OF 6 & 7; E/2 of 5; NW of 8)

I further attest that notice of the filing of this application was published in the Scott County Record, the official county publication of Scott county. A copy of the affidavit of this publication is attached.

Signed this 26th day of November, 2007

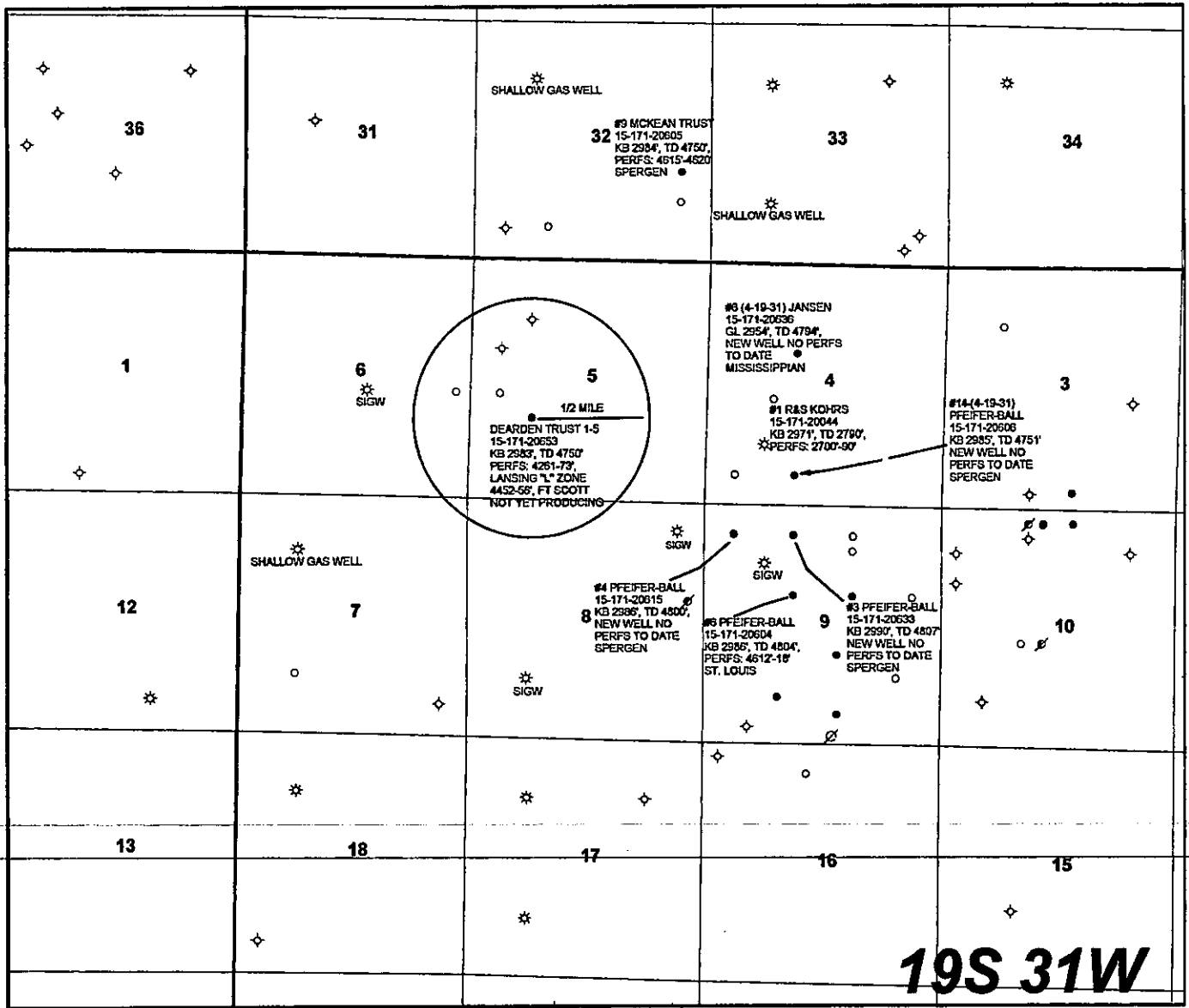
Gary Schweikert
Applicant of Duly Authorized Agent

Subscribed and sworn to before me this 26th day of November, 2007



Kathy L Ford
Notary Public

My Commission Expires: 10-22-10



RECEIVED
KANSAS CORPORATION COMMISSION

NOV 19 2007

CONSERVATION DIVISION
WICHITA, KS

AFFIDAVIT

STATE OF KANSAS \
- SS.
County of Sedgwick /

Nicole Mandina, of lawful age, being first duly sworn, deposeth and saith: That she is Record Clerk of The Wichita Eagle, a daily newspaper published in the City of Wichita, County of Sedgwick, State of Kansas, and having a general paid circulation on a daily basis in said County, which said newspaper has been continuously and uninterruptedly published in said County for more than one year prior to the first publication of the notice hereinafter mentioned, and which said newspaper has been entered as second class mail matter at the United States Post Office in Wichita, Kansas, and which said newspaper is not a trade, religious or fraternal publication and that a notice of a true copy is hereto attached was published in the regular and entire Morning issue of said The Wichita Eagle for 1 issues - weeks, that the first publication of said notice was

made as aforesaid on the 31st of

October A.D. 2007 , with

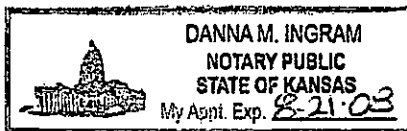
subsequent publications being made on the following dates:

And affiant further says that she has personal knowledge of the statements above set forth and that they are true.

Subscribed and sworn to before me this

31st day of October, 2007

Notary Public Sedgwick County, Kansas



Printers Fee: \$80.00

LEGAL PUBLICATION

Published in the Wichita Eagle on October 31, 2007 (2752234)
BEFORE THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS NOTICE OF FILING APPLICATION

RE: Lario Oil & Gas Company - Application for a permit to authorize the commingling of zones in the Dearden Trust #1-5, located in Scott County, Kansas.

TO: All Oil and Gas Producers, Unleased Minerals Interest Owners, Landowners and all persons whomsoever concerned.

You, and each of you, are hereby notified that Lario Oil & Gas Company has filed an application to commingle Lansing 'L' and Ft. Scott zones in the Dearden Trust #1-5, located approximately NW SW NE SW Sec. 5-19S-31W, in Scott County, Kansas.

Any persons who object to or protest this application shall be required to file their objections or protests with the Conservation Division of the State Corporation Commission of the State of Kansas within (15) days from the date of this publication. These protests shall be filed pursuant to Commission regulations and must state specific reasons why the grant of the application may cause waste, violate correlative rights or pollute the natural resources of the State of Kansas. If no protests are received, this application may be granted through a summary proceeding. If valid protests are received, this matter will be set for hearing.

All persons interested or concerned shall take notice of the foregoing and shall govern themselves accordingly.

Lario Oil & Gas Company
301 S. Market
Wichita, KS 67202
(316) 265-5611
ATTN: Jay Schweikert

RECEIVED
KANSAS CORPORATION COMMISSION

NOV 19 2007

CONSERVATION DIVISION
WICHITA, KS

Proof of Publication

Affidavit of Publication

STATE OF KANSAS, SCOTT COUNTY, ss:

Rodney R. Haxton, being first duly sworn, deposes and says that he is editor of The Scott County Record, a weekly newspaper printed in the State of Kansas, and published in and of general circulation in Scott County, Kansas, with a general paid circulation and that said newspaper is not a trade, religious or fraternal publication.

Said newspaper is a weekly, published at least 50 times a year in said county, and has been admitted as second class matter at the post office of Scott City in said county.

Public Notice

(Published in The Scott County Record Thurs., Oct. 25, 2007)1t

BEFORE THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS NOTICE OF FILING APPLICATION

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Lario Oil & Gas Company
301 S. Market
Wichita, Ks. 67202
(316) 265-5611
ATTN: Jay Schweikert

true copy thereof and was published in said newspaper for 1 consecutive thereof being made as aforesaid on the 20 07, with g made on the following dates:

_____, 20____
_____, 20____
_____, 20____
_____, 20____

\$ 37.10

Fee \$ _____

s @ \$ _____

Fee \$ 37.10

[Signature]

Publisher

RECEIVED
KANSAS CORPORATION COMMISSION
NOV 19 2007
CONSERVATION DIVISION
WICHITA, KS

Subscribed and sworn to before me this 29 day of October, 2007

SHARLA OSBORN
Notary Public - State of Kansas
My Appt. Expires 10-19-09

[Signature]
Notary Public

My commission expires 10-11-09



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

December 13, 2007

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

**RE: Approved Commingling CO110701
Dearden Trust #1-5, Sec. 5-T19S-R31W, Scott County, Kansas
API No. 15-171-20653-0000**

Dear Mr. Schweikert:

Your "Application for Commingling" (ACO-4) for the above described well has been reviewed and approved by the Kansas Corporation Commission (KCC) per K.A.R. 82-3-123a. Notice was examined and found to be proper per K.A.R. 82-3-135a. No protest had been filed within the 15-day protest period. This application, which was received by the KCC on **November 27, 2007** concerns approval to simultaneously produce from the following **two** sources of supply through the same tubing string in the same wellbore: the **Lansing 'L'** and **Fort Scott** formations.

According to your application, the estimated current production from the **Lansing 'L'** source of supply is **39 BOPD, 0 cfpd and 9 BWPD**. The estimated current production from the **Fort Scott** source of supply is **54 BOPD, 0 Mcfpd and 0 BWPD**. The total estimated current production from all sources of supply in the subject well is **93 BOPD, 0 Mcfpd and 9 BWPD**.

Based upon the depth of the **Ft. Scott** formation perforations, total oil production shall not exceed **200 BOPD** and total gas production shall not exceed **50%** of the absolute open flow (AOF).

Docket Number **CO110701** has been assigned to this approved application. Please use this number for well completion reports (ACO-1) and other correspondence that may concern this approved commingling.

Sincerely,

Rick Hestermann
Production Department