

EFFECTIVE DATE: 6-24-2001
DISTRICT # _____
SEAL: Yes No

State of Kansas
NOTICE OF INTENTION TO DRILL

FORM MUST BE TYPE
FORM MUST BE SIGN
ALL BLANKS MUST BE FILLE

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

Expected Spud Date June 23, 2001
month day year

Spot 165' W, 50' S
1/4 NW - SW - NW Sec 35 Twp 18S. S, Rg 25W East West

OPERATOR: License # 6560 656A
Name: Carmen Schmitt Inc.
Address: P.O. Box 47
City/State/Zip: Great Bend, KS 67530
Contact Person: Carmen Schmitt
Phone: 620.793.5100

3580' FSL feet from South / North line of Section
165' FWL feet from East / West line of Section
IS SECTION X REGULAR IRREGULAR

(NOTE: Locate well on the Section Plat on Reverse Side)
County: Ness

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

Lease Name: Miner Well #: 1-35
Field Name: W.C.

Is this a Prorated/Spaced Field? yes X no
Target Formation(s): Mississippian

Nearest lease or unit boundary 380'
Ground Surface Elevation: Approx. 2410' feet MSL

Water well within one-quarter mile: no X yes
Public water supply well within one mile: no X yes

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

Depth to bottom of fresh water: 180'
Depth to bottom of usable water: 900'

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: 4600
Formation at Total Depth: _____

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

Water Source for Drilling Operations:
... well X farm pond ... other

DMR Permit #: _____
Will Cores Be Taken?: yes X no
If yes, proposed zone: _____

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

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 case 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 IS COMPLETION, PRODUCTION PIPE SHALL BE CEMENTED FROM BELOW ANY USABLE WATER TO SURFACE WITHIN 120 DAY 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: 6-11-01 Signature of Operator or Agent: Carmen Schmitt Title: Secretary

FOR KCC USE:
API # 15- 135-24143-0000
Conductor pipe required NONE feet
Minimum surface pipe required 200 feet per Alt. (2)
Approved by: JK 6-19-2001

This authorization expires: 12-19-2001
(This authorization void if drilling not started within 6 months of effective date.)
Spud date: _____ Agent: _____

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06-12-2001
CONSERVATION DIVISION

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: Conservation Division, 200 Colorado Derby Building, 202 W. First St., Wichita, Kansas 67202-1286.

35
108
25W

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 _____

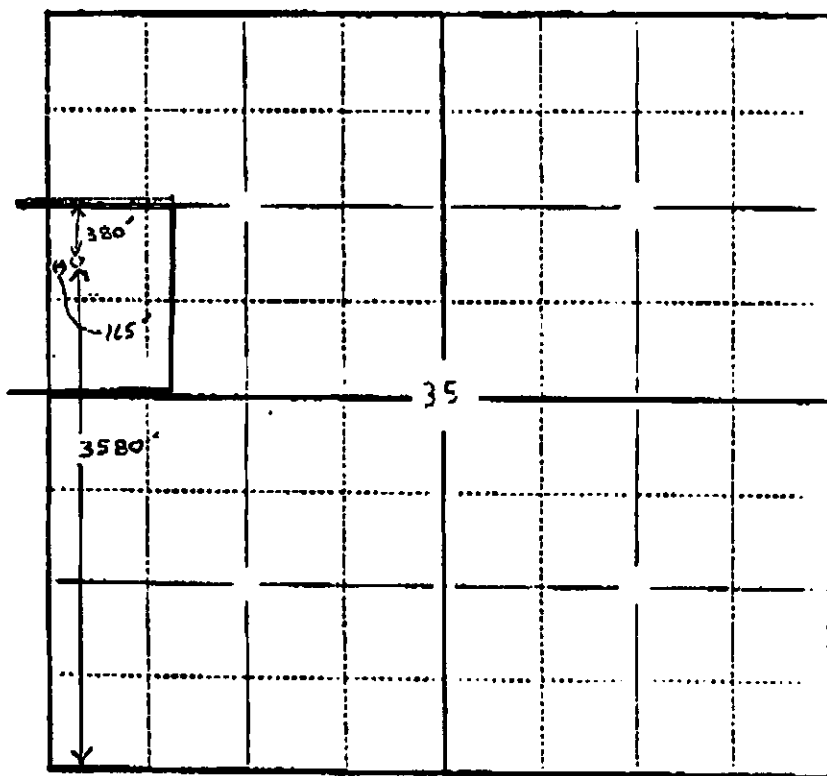
NUMBER OF ACRES ATTRIBUTABLE TO WELL _____
QTR/QTR/QTR OF ACREAGE _____

IS SECTION _____ REGULAR or _____ IRREGULAR
IF SECTION IS IRREGULAR, LOCATE WELL FROM NEAREST CORNER BOUNDARY.

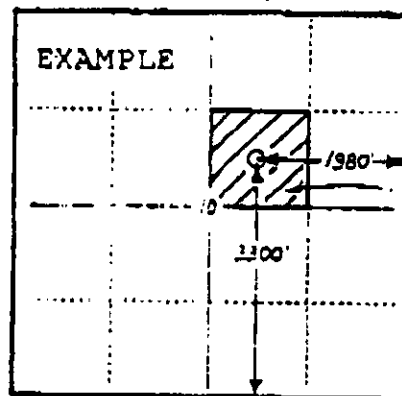
Section corner used: _____ NE _____ NW _____ SE _____ SW

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.)



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40 ACRES

In plotting the proposed location of the well, you must show:

- 1) The manner in which the well is located in the section, 1 section, 1 sect:
- 2) the distance of the well from the east/west lines;
- 3) the distance to the well from the north/south lines, i.e. section's south/north and

| | | | | | |
|-------------------|--------------|---------|----------------|------------|---|
| Post-It® Fax Note | 7671 | Date | (.19.01) | # of Pages | 1 |
| To | Jeff Klock | From | Carmen Schmitt | | |
| Co./Dept. | | Co. | | | |
| Phone # | | Phone # | | | |
| Fax # | 316 337 6211 | Fax # | | | |

ying section lines, i.e. section's south/north and

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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 18 SOUTH - RANGE 25 WEST
SECTION 34: NE/4 ✓
SECTION 35: NW/4 less tracts

WHEREAS, the oil and gas leases, numbered 1 and 2, 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 lease described hereinabove, insofar and only insofar as the same cover the following described lands, to-wit:

TOWNSHIP 18 SOUTH - RANGE 25 WEST

SECTION 35: A tract of land with the Point of Beginning being the Southwest Corner of the Northwest Quarter (SW/C NW/4), thence North 1320 feet along the west line of said section, thence East 825 feet at right angle to west line of said section, thence South parallel to the west line of said section 1320 feet, thence West 825 feet to the Point of Beginning. (25 acres). This description is commonly described as W/2 SW/4 NW/4; W/2 W/2 E/2 SW/4 NW/4.

SECTION 34: A tract of land with the Point of Beginning being the Southeast Corner of the Northeast Quarter (SE/C NE/4), thence North 1320 feet along the east line of said section, thence West 495 feet at right angle to east line of said section, thence South parallel to the east line of said section 1320 feet, thence East 495 feet to the Point of Beginning. (15 acres). This description of commonly described as E/2 E/2 SE/4 NE/4; E/2 W/2 E/2 SE/4 NE/4.

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.

STATE OF KANSAS }
NESS COUNTY }
FILED FOR RECORD THIS 5 DAY OF June
2001 AT 2:10 O'CLOCK PM RECORDED IN
BOOK 271 PAGE 140
Loretta Stuebel
FEE \$10.00 REGISTER OF DEEDS
DEPUTY

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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 2nd day of June, 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 2nd day of June, 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: 6-11-2002

Jennifer Birkholz
State Notary Public



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EXHIBIT "A"

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

LEASE #1

LESSOR: William D. Miner and Beth C. Miner, his wife, and Dennis L. Miner and Judy Miner, his wife
LESSEE: Carmen Schmitt Inc.
LEASE DATE: December 15, 2000
DESCRIPTION: TOWNSHIP 18 SOUTH - RANGE 25 WEST
 Section 35: NW/4, less tracts
RECORDING DATA: Book 269, Page 143, Ness County Kansas records

LEASE #2

LESSOR: Marilyn Edwards aka Marilyn E. Edwards and Richard M. Edwards, her Husband; and Betty L. Theisen, Trustee of the Betty L. Theisen Trust
LESSEE: Carmen Schmitt Inc.
LEASE DATE: February 2, 2000
DESCRIPTION: TOWNSHIP 18 SOUTH - RANGE 25 WEST
 Section 34: NE/4
RECORDING DATA: Book 269, Page 613, Ness County Kansas records

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