KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL
Must be approved by KCC five (5) days prior to commencing well

Expected Spud Date: May 24, 2004

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

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

Well Drilled For:
- Oil
- Gas
- OWWO
- Seismic: __# of Holes
- Other

Well Class:
- Enh Rec
- Storage
- Disposal
- Other

Type Equipment:
- Infield
- Pool Ext.
- Wildcat
- Cable
- Mud Rotary
- Air Rotary

Spot: Approx. 140W & 160S of S2 SE Sec. 36 Twp. 11 S. R. 18
- East
- West

Is SECTION Regular □ □ Irregular □
(Note: Locate well on the Section Plat on reverse side)

County: Ellis
Lease Name: Marshall A
Well #: 26
Field Name: Bernis-Shutts

Is this a Prorated / Spaced Field? Yes □ No □
Target Formation(s): Topeka, Lansing, KC, Arbuckle

Nearest Lease or unit boundary: 500 ft
Ground Surface Elevation: 2119 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 ft
Depth to bottom of usable water: 320 ft

Surface Pipe by Alternate: 1 □ 2 X
Length of Surface Pipe Planned to be set: 240 ft
Length of Conductor Pipe required: None □
Projected Total Depth: 3700 ft
Formation at Total Depth: Arbuckle

Water Source for Drilling Operations:
- Well
- Farm Pond
- Other X

DWR Permit #: (Note: Apply for Permit with DWR □)
Will Cores be taken? Yes □ 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: 4/27/04
Signature of Operator or Agent: Jay G. Schweikert
Title: Operations Engineer

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 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: Lario Oil & Gas Company
Lease: Marshall A
Well Number: 26
Field: Bemis-Shotts
Number of Acres attributable to well: 40
QTR / QTR / QTR of acreage: S2 - SE

Location of Well: County: Ellis
500 feet from N (circle one) Line of Section
1460 feet from E W (circle one) Line of Section
Sec. 36 Twp. 11 S. R. 18

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.

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).