NOTICE OF INTENT TO DRILL

Must be approved by KCC five (5) days prior to commencing drill.

Expected Spud Date: May 14, 2004

OPERATOR: License#: 5214
Name: Larco 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: Mufkin Drilling Co., Inc.

Well Drilled For: Gas
Well Class: Enh Rec
Type Equipment: Mud Rotary

If OWWO: old well information as follows:
Operator: 
Well Name: 
Original Completion Date: 
Original Total Depth: 
Directional, Deviated or Horizontal wellbore?: Yes
If Yes, true vertical depth: 
Bottom Hole Location: 
KCC DKT #: 

Spot Approx. 140N & 45E of
W2 SE NE Sec. 24 Twp. 11 S. R. 18
1840 feet from (circle one) Line of Section
945 feet from (circle one) Line of Section
Is SECTION Regular Irregular?
(Note: Locate well on the Section Plat on reverse side)
County: Ellis
Lease Name: Marshall E
Field Name: Beemis-Shuttles
Is this a Prorated / Spaced Field?: Yes No
Target Formation(s): Topeka, Lansing, KC, Arbuckle
Nearest Lease or unit boundary: 520 ft
Ground Surface Elevation: 1926 ft MSL
Water well within one-quarter mile: 
Public water supply well within one mile: 
Depth to bottom of fresh water: 180 ft
Depth to bottom of usable water: 750 ft
Surface Pipe by Alternate: 1 X 2
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: 04/13/04 Signature of Operator or Agent: Jay G. Schweikert Title: Operations Engineer

Remember to:
- File Drill Pit Application (form CPR-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 of 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 E
Well Number: 23
Field: Bemis-Shutts
Number of Acres attributable to well: 20
QTR / QTR / QTR of acreage: W2 - SE - NE
Approx 140N & 45E of

Location of Well: County: Ellis
1840 feet from S (circle one) Line of Section
945 feet from W (circle one) Line of Section
Sec. 24 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: (CD-7 for oil wells; CG-5 for gas wells).