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

Expected Spud Date: June 10, 2004

Operator: Licenses
Name: Carroll Energy, LLC
Address: 2198 Valley High Dr
City/State/Zip: Independence, KS 67301
Contact Person: Terry Carroll
Phone: (620) 331-7166

Contractor: Licenses
Name: L & S Well Service LLC

Well Drilled For: Oil
Well Class: Infill
Type of Equipment: Mud Rotary

Well: N/A
Original Completion Date: N/A
Original Total Depth: N/A

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

Spot NW SW SW Sec. 31 Twp. 29 S. R. 15 East
9690 4920 feet from S / West Line of Section
8690 4920 feet from W / East Line of Section

Is SECTION Regular / Irregular?
(Note: Locate well on the Section Plat on reverse side)
County: Wilson
Lease Name: Morrie Richardson
Field Name: Fredonia
Is this a Prorated / Spaced Field? Yes / No
Target Formation(s): Coals, Mississippi
Nearest Lease or unit boundary: 360 feet
Ground Surface Elevation: 8690 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+ feet
Depth to bottom of usable water: 307+ feet
Surface Pipe by Alternate: Yes / No
Length of Surface Pipe Planned to be set: 20 ft.
Length of Conductor Pipe required: None
Projected Total Depth: 1300 ft.
Formation at Total Depth: Mississippi
Water Source for Drilling Operations: Well / Farm Pond / Other
DWR Permit #: N/A

Will Cores be taken? Yes / No
If Yes, proposed zone: N/A

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 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 a 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.

Any failure to comply with the above shall be grounds for revocation of permit, and any subsequent drilling operations shall be subject to penalties as provided by law.

By signature of Operator or Agent: Title: Operating Manager

For KCC Use ONLY
API #: 15
Conductor pipe required: None
Minimum surface pipe required: 20 ft.
Approved by KSP 6-8-04
This authorization expires 12-8-04
(The authorization void if drilling not started within 6 months of effective date.)

Mail to: KCC - Conservation Division, 130 S. Market - Room 2075, Wichita, Kansas 67202