NOTICE OF INTENT TO DRILL

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

Expected Spud Date: Aug 17, 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: Muffin Drilling Co., Inc.

Well Drilled For: Gas
Well Class: Storage
Type Equipment: Mud Rotary

Spot
SE SW SW Sec 24
990 feet from E (circle one) Line of Section
330 feet from S (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: Bemis-Shufts
Target Formation(s): Topeka, Lansing, KC, Arbuckle
Nearest Lease or unit boundary: Yes No
Ground Surface Elevation: 1960 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: 750 ft

Surface Pipe by Alternates: 1 X 1
Length of Surface Pipe Planned to be set: 250 ft
Length of Conductor Pipe required: none

Projected Total Depth: 3700 ft
Formation at Total Depth: Arbuckle

Water Source for Drilling Operations:

Will Cores be taken? Yes No
DWR Permit #:
(Note: Apply for Permit with DWR)

I hereby certify that the statements made herein are true and to the best of my knowledge and belief.

Date: 7/12/04
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 E
Well Number: 24
Field: Bemis-Shutts
Number of Acres attributable to well: 20
QTR / QTR / QTR of acreage: SE SE SE

Location of Well: County: Ellis
330 feet from (circle one) Line of Section
990 feet from (circle one) Line of Section
Sec. 24 Twp. 11 R. 18 East West

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 is 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-8 for gas wells).

RECEIVED
JUL 13 2004
KCC WICHITA