NOTICE OF INTENT TO DRILL

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

Expected Spud Date: 8 - 23 - 2004

OPERATOR: Licensee: 4707
Name: Carl Boxberger Oil, Inc
Address: 3111 10th St., #107, PO Box 1604
City/State/Zip: Great Bend, KS 67530-1604
Contact Person: Keith Lumpkins
Phone: (620) 793-6032

CONTRACTOR: Licensee: 31529
Name: Mike's Testing & Salvage, Inc.

Well Drilled For: Well Class: Type Equipment:
Oil Enh Rec Infield Mud Rotary
Gas Storage Pool Ext.
XWWD Disposal Wildcat
Seismic: # of Holes
X Other

If OWWO: old well information as follows:
Operator: Republic Nat'l Gas Co
Well Name: Smith #1
Original Completion Date: 8/31/45
Original Total Depth: 3341

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

AUG 12 2004

KCC WICHITA

AFFIDAVIT

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 uncompacted 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.

Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC District 3 area, alternate II cementing must be completed within 30 days of the spud date or the well shall be plugged. 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: Signature of Operator or Agent:

Field Supervisor

For KCC Use ONLY
API # 15 - 009 - 07344
Conductor pipe required: NONE feet
Minimum surface pipe required: 823 feet per Alt.
Approved by: RSP812004
This authorization expires: 7-12-05
(This authorization void if drilling not started within 6 months of effective date.)

Spud date: Agent:

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: Carl Boxberger Oil, Inc. 1650
Lease: Smith
Well Number: 5
Field: Boyd

Location of Well: County: Smith

Location of Well: County: Smith

Location of Well: County: Smith

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: (C0-7 for oil wells; CG-8 for gas wells).
August 12, 2004

Mr. Keith Lumpkins
Carl Boxberger Oil, Inc.
3111 10th St. #107
PO Box 1604
Great Bend, KS  67530

RE:  Drilling Pit Application
     Smith Lease Well No. 5
     NW/4 Sec. 07-18S-13W
     Barton County, Kansas

Dear Mr. Lumpkins:

District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed without slots, the bottom shall be flat and reasonably level, and the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as practical after drilling operations have ceased.

If production casing is set all completion fluids shall be removed on a daily basis.

The fluids should be taken to an authorized disposal well. Please call the District Office at (785) 625-0550 when the fluids have been removed. Also, please file the enclosed CDP-5 form, Surface Pond Waste Transfer, within 30 days of fluid removal.

A copy of this letter should be posted in the doghouse along with the approved Intent to Drill. If you have any questions or concerns please feel free to contact the undersigned at the above address.

Sincerely,

[Signature]
Kathy Haynes
Environmental Protection and Remediation Department

cc: H Deines

Conservation Division, Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802
Voice 316.337.6200  Fax 316.337.6211  www.kcc.state.ks.us