NOTICE OF INTENT TO DRILL

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

Expected Spud Date

OPERATOR: License# 30282
Name: Lobo Production
Address: 6715 Road 22
City/State/Zip: Goodland, KS 67735
Contact Person: John Sanders
Phone: 785-899-5684

CONTRACTOR: License# Schall Drilling 32746
Name: Stewart Bros Drilling 32765

Well Drilled For: Well Class: Type Equipment:
Oil Enr Rec Infield Mud Rotary
Gas Storage Pool Ext. Air Rotary
OWO Disposal Wildcat Cable
Seismic: # of Holes Other

Well Drilled For:

Oklahoma

Well Completion Date: Original Total Depth:

Directional, Deviated or Horizontal wellbore:

If Yes, true vertical depth:

Bottom Hole Location:

KCC DKT #:

The SCHIELDS 5A-32 was not permitted at the time it was drilled. The well was spudded 12-2-2000. 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 consolidated 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: 5/01/01 Signature of Operator or Agent:
Title: President

For KCC Use Only

API # 15 - 181- 20315 - 0000

Conductor pipe required: NONE feet
Minimum surface pipe required: 350 feet per Acre
Approved by: 6-21-2001
This authorization expires: 12-21-2001

Spud date: Agent:

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

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 of or injecting salt water.
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 -
Location of Well: County: ____________________________
Operator: ________________________________
Lease: ________________________________
Well Number: ________________________________
Number of Acres attributable to well: ________________________________
Field: ________________________________
QTR / QTR / QTR of acreage: ____________________________

Sec. ______ Twp. ______ S. R. ________     [ ] 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, 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).
May 3, 2001

Kansas Corporation Commission
Jeff Klock
Conservation Division
130 S. Market - Room 2078
Wichita, KS 67202

Dear Jeff,

Enclosed is an Intent to Drill for the Shields 5a-32 (skidded rig), which we spoke of on April 16, 2001.

If you have any questions regarding the Intent, call 785-899-5684.

Thank you,

Julie Crow
Secretary