KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL

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

For KCC Use: 6-17-06

Effective Date: 1
District:
SGA? X Yes No

June 19, 2006

Expected Spud Date

OPERATOR: License#: 6569
Name: Carmen Schmitz Inc.
Address: P.O. Box 47
City/State/Zip: Great Bend, KS 67530
Contact Person: Jacob Porter
Phone: 620-793-5100
CONTRACTOR: License#: 4958
Name: Mallard J.V., Inc.

Well Drilled For: Oil
Well Class: Md. Rotary
Type Equipment: Mud Rotary

If OWWO: old well information as follows:
Operator:
Well Name:
Original Completion Date: Original Total Depth:
Directional, Deviated or Horizontal well?: Yes No
Bottom Hole Location:
KCC DKT #:

Spot - SE SE SE Sec 36

420 feet from N S
420 feet from E W

Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)

County: Pawnee
Lease Name: Prosser
Field Name: WC

Is this a Prorated / Spaced Field?
Target Formation(s): LKG, Siphon, Arbuckle
Nearest Lease or unit boundary:

Ground Surface Elevation: -1856 feet MSL
Public water supply well within one mile:

Water well within one-quarter mile:

Ground water level:

Depth to bottom of fresh water:

Depth to bottom of usable water:

Surface Pipe by Alternate: 1 2
Length of Surface Pipe Planned to be set:

Length of Conductor Pipe required:

Projected Total Depth:

Formation at Total Depth: Arbuckle

Well Source for Drilling Operations:

DWR Permit: Yes No

(Note: Apply for Permit with DWR)

RECEIVED

JUN 05 2006

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 unconsolidated materials plus a minimum of 20 feet to 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 if 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: 6-5-06 Signature of Operator or Agent: Julian Kirk Title: Operations Manager

Remember to:
- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form ACCO-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.
- If this permit has expired (See authorized expiration date) please check the box below and return to the address below.

Well Not Drilled - Permit Expired
Signature of Operator or Agent: 
Date: 

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: 145-21544-0000
Operator: Carmen Schmidt Inc.
Lease: Prosser
Well Number: 1
Field: WC

Location of Well: County: Pawnee

420 feet from N / ✓ S Line of Section
420 feet from ✓ E / W Line of Section
Sec. 36, Twp. 21, S., R., 16

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: (CO-7 for oil wells; CG-8 for gas wells.)
KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: Carmen Schmitt Inc.
Operator Address: PO Box 47, Great Bend, KS 67530
License Number: 6569
Contact Person: Jacob Porter
Phone Number: (620) 793-5100

Lease Name & Well No.: Prosser #1
Pit Location (QGQQ):

<table>
<thead>
<tr>
<th>Sec.</th>
<th>Twp.</th>
<th>R.</th>
<th>E/W</th>
<th>N/S</th>
</tr>
</thead>
<tbody>
<tr>
<td>36</td>
<td>21</td>
<td>16</td>
<td>East</td>
<td>West</td>
</tr>
</tbody>
</table>

Pit Dimensions (all but working pits): 100 Length (feet) 100 Width (feet) N/A: Steel Pits
Depth from ground level to deepest point: 4 feet

Type of Pit:
- Emergency Pit
- Setting Pit
- Workover Pit
- Drilling Pit
- Haul-Off Pit
- If WP Supply API No. or Year Drilled

Pit is:
- Proposed
- Existing

If Existing, date constructed:

Pit capacity:
1500 (bbls)

Is the pit located in a Sensitive Ground Water Area? Yes No

Chloride concentration: mg/l

Is the bottom below ground level? Yes No

Artificial Liner? Yes No

How is the pit lined if a plastic liner is not used?
natural clays and bentonite

Distance to nearest water well within one-mile of pit
- 2100 feet
Depth of water well: 35 feet

Emergency, Settling and Burn Pits ONLY:
Producing Formation:
Number of producing wells on lease:
Barrels of fluid produced daily:
Does the slope from the tank battery allow all spilled fluids to flow into the pit? Yes No

Drilling, Workover and Haul-Off Pits ONLY:
Type of material utilized in drilling/workover:
bentonite mud
Number of working pits to be utilized:
Abandonment procedure:
evaporate and backfill

Drill pits must be closed within 365 days of spud date.

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

June 5, 2006
Date

Signature of Applicant or Agent

KCC OFFICE USE ONLY

Date Received: 6/1/06 Permit Number: Permit Date: 6/9/06 Lease Inspection: Yes No

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202
June 9, 2006

Mr. Jacob Porter
Carmen Schmitt, Inc.
PO Box 47
Great Bend, KS 67530

Re: Drilling Pit Application
Prosser Lease Well No. 1
SE/4 Sec. 36-21S-16W
Pawnee County, Kansas

Dear Mr. Porter:

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 the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred. The fluids should be removed again as soon as practical after drilling operations have ceased.

If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

The fluids should be taken to an authorized disposal well. Please call the District Office at (620) 225-8888 when the fluids have been removed. Please file form CDP-5 (August 2004), Exploration and Production Waste Transfer, within 30 days of fluid removal. Conservation division forms are available through our office and on the KCC web site: www.kcc.state.ks.us/conservation/forms.

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
Department of Environmental Protection and Remediation

cc: File