NOTICE OF INTENT TO DRILL

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

Spud Date: 12/11/04

E/2

Operator: Lobo Production, Inc.
Address: 5715 Road 22, Goodland, KS 67735
Contact Person: John Sanders
Phone: 765-899-5684

CONTRACTOR: Schaaf Drilling, Inc.
Name: Poe Servicing, Inc. #3152

Well Drilled For: Oil
Well Class: Enh Rec
Type Equipment: Infield
Mud Rotary

Well Name: Armstrong
Well #: 2-11A
Field Name: Goodland Gas Field
Target Formation(s): Niobrana

Ground Surface Elevation: 3728 ft
Water well within one-quarter mile: Yes
Public water supply well within one mile: No
Depth to bottom of fresh water: 316 ft
Depth to bottom of usable water: 316 ft
Surface Pipe by Alternate: Yes

Length of Surface Pipe Planned to be set: 366 ft
Length of Conductor Pipe required: None

Projected Total Depth: 11405 ft
Formation at Total Depth: 1237 ft

Water Source for Drilling Operations: Well
DWR Permit #: __________

Will Cores be taken? Yes

If Yes, proposed zone:

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 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.

Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,681-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: 12-11-04
Signature of Operator or Agent: [Signature]
Title: [Name]

Mailing 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: Lobo Production, Inc.
Lease:__________________________
Well Number:__________________________
Field:__________________________
Number of Acres attributable to well:__________________________
QTR / QTR / QTR of acreage: ________ - ________ - ________

Location of Well: County: __________________________
　　　　　　　　　　　　　　　　　　　　　feet from Ｎ / Ｓ Line of Section
　　　　　　　　　　　　　　　　　　　　　feet from Ｅ / Ｗ Line of Section
Sec. ______ Twp. ______ S. R. ______ Ｅａｓｔ Ｗｅａｓｔ
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.)

EXAMPLE

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: (CG-7 for oil wells; CG-8 for gas wells).