

For KCC Use: 11-2-05
Effective Date: 2
District #: 2
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL

Form C-1
September 1999
Form must be Typed
Form must be Signed
All blanks must be Filled

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

Expected Spud Date Nov 4th 2005
month day year

Spot C SE NE Sec. 21 Twp. 31S S. R. 9W East West

OPERATOR: License# 32433
Name: Onshore LLC
Address: 200 E First, suite 301
City/State/Zip: Wichita KS 67202
Contact Person: John Kelley
Phone: 3162623413 (o) 3162582420(c)

3300' feet from S (circle one) Line of Section
660' feet from E (circle one) Line of Section
Is SECTION Regular Irregular?

CONTRACTOR: License# #5123
Name: Pickrell Drilling Co Inc

(Note: Locate well on the Section Plat on reverse side)
County: Harper
Lease Name: Muir B A Well #: 3

Field Name: Spivey-Grabs
Is this a Prorated / Spaced Field? Yes No
Target Information(s): Miss

Nearest Lease or unit boundary: 660'
Ground Surface Elevation: 1685' 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: _____
Depth to bottom of usable water: 180' 205'

Surface Pipe by Alternate: 1 2
Length of Surface Pipe Planned to be set: 200+ 225mm

Length of Conductor Pipe required: n/a NONE
Projected Total Depth: 4400' + or -

Producing Formation Target: Miss
Water Source for Drilling Operations:
Well Farm Pond Other _____

DWR Permit #: _____
(Note: Apply for Permit with DWR)

Will Cores be taken? Yes No
If Yes, proposed zone: _____

- | | | |
|--|--------------------------------------|--|
| Well Drilled For: | Well Class: | Type Equipment: |
| <input checked="" type="checkbox"/> Oil | <input type="checkbox"/> Enh Rec | <input checked="" type="checkbox"/> Mud Rotary |
| <input checked="" type="checkbox"/> Gas | <input type="checkbox"/> Storage | <input type="checkbox"/> Air Rotary |
| <input type="checkbox"/> OWWO | <input type="checkbox"/> Disposal | <input type="checkbox"/> Cable |
| <input type="checkbox"/> Seismic; # of Holes _____ | <input type="checkbox"/> Other _____ | |
| <input type="checkbox"/> Other _____ | | |

If OWWO: old well information as follows:
Operator: _____
Well Name: _____
Original Completion Date: _____ Original Total Depth: _____

Directional, Deviated or Horizontal wellbore? Yes No

If Yes, true vertical depth: RECEIVED
Bottom Hole Location: KANSAS CORPORATION COMMISSION
KCC DKT #: OCT 28 2005

CONSERVATION DIVISION
WICHITA, KS
AFFIDAVIT

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 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. **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: 10/27/05 Signature of Operator or Agent: John M Kelley Title: owner/operator

For KCC Use ONLY
API # 15 - 077-21537-00-00
Conductor pipe required NONE feet
Minimum surface pipe required 225 feet per Alt. (1) →
Approved by: RS 10/28/05
This authorization expires: 4-28-06
(This authorization void if drilling not started within 6 months of effective date.)
Spud date: _____ Agent: _____

- 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.

21
3192

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: Onshore LLC
 Lease: Muir B
 Well Number: #3
 Field: Spivey/Grabs
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: C - SE - NE

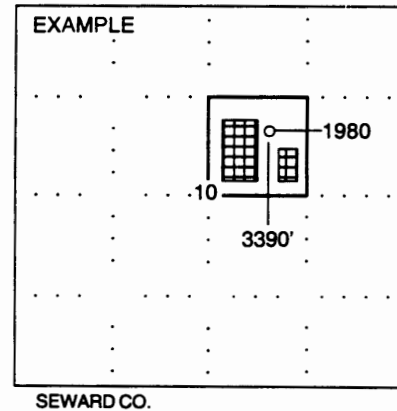
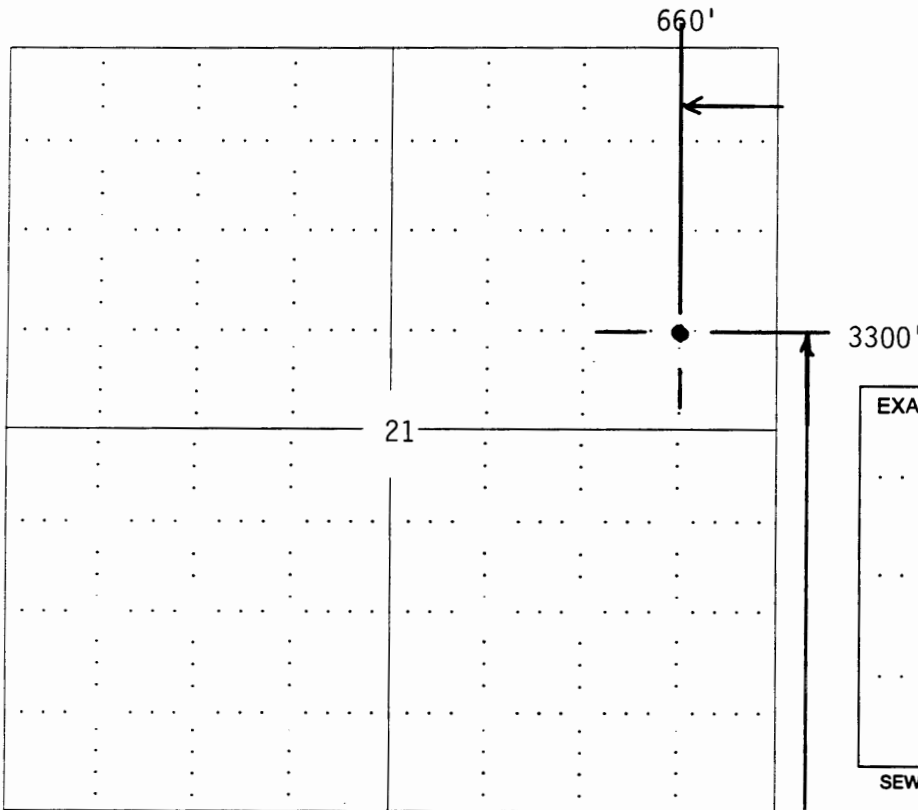
Location of Well: County: Harper
 _____ 3300' feet from S / N (circle one) Line of Section
 _____ 660' feet from E / W (circle one) Line of Section
 Sec. 21 Twp. 31S S. R. 9W East West

Is Section X 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

KATHLEEN SEBELIUS, GOVERNOR
BRIAN J. MOLINE, CHAIR
ROBERT E. KREHBIEL, COMMISSIONER
MICHAEL C. MOFFET, COMMISSIONER

October 28, 2005

Mr. John Kelley
Onshore, LLC
200 E. First Ste 301
Wichita, KS 67202

Re: Drilling Pit Application
Muir A Lease Well No. 3
NE/4 Sec. 21-31S-09W
Harper County, Kansas

Dear Mr. Kelley:

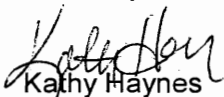
District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and **all pits must be lined with bentonite**. The free fluids must be removed. The fluids are to be removed from the 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 within 72 hours 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 (316) 630-4000 when the fluids have been removed. Please file form CDP-5, 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,



Kathy Haynes
Environmental Protection and Remediation Department

cc: Doug Louis