

For KCC Use: 7-19-06
 Effective Date: 2
 District #: 2
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION

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

NOTICE OF INTENT TO DRILL

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

Expected Spud Date Aug 1 2006
month day year

Spot SE NW SE Sec. 17 Twp. 31 S. R. 8W East West
1650' feet from (S) N (circle one) Line of Section
1690' feet from (E) W (circle one) Line of Section
 Is SECTION Regular Irregular?

OPERATOR: License# 32433
 Name: Onshore LLC
 Address: 200 E First, suite 301
 City/State/Zip: Wichita KS 67202
 Contact Person: John Kelley
 Phone: (316 262 3413) (316 258 2420)

(Note: Locate well on the Section Plat on reverse side)
 County: Harper
 Lease Name: Albright Well #: 3
 Field Name: Spivey-Grabs

CONTRACTOR: License# #33610
 Name: Fossil Drilling Inc

Is this a Prorated / Spaced Field? Yes No

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

Target Information(s): Miss
 Nearest Lease or unit boundary: 1650'
 Ground Surface Elevation: 1603' 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: 100'
 Depth to bottom of usable water: 200' 180'
 Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 240' +

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

Length of Conductor Pipe required: none
 Projected Total Depth: 4500'
 Producing Formation Target: 4400'
 Water Source for Drilling Operations:
 Well Farm Pond _____ Other _____

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

DWR Permit #: _____
 Will Cores be taken? Yes No
 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. 55-101, 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: 6/29/2006 Signature of Operator or Agent: John M Kelley Title: owner-operator

For KCC Use ONLY
 API # 15 - 077-21556-0000
 Conductor pipe required None feet
 Minimum surface pipe required 200 feet per Alt. X(2)
 Approved by: PH 7-74-06
 This authorization expires: 1-14-07
 (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.

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

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 JUN 30 2006
 KCC WICHITA

17 31 8W

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a prorated or spaced field

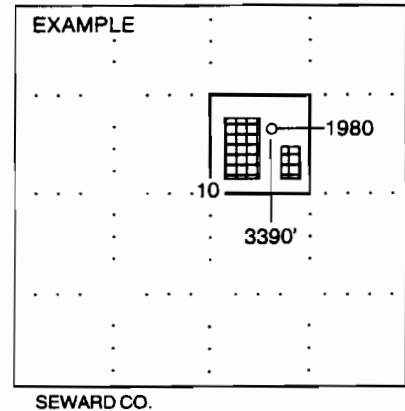
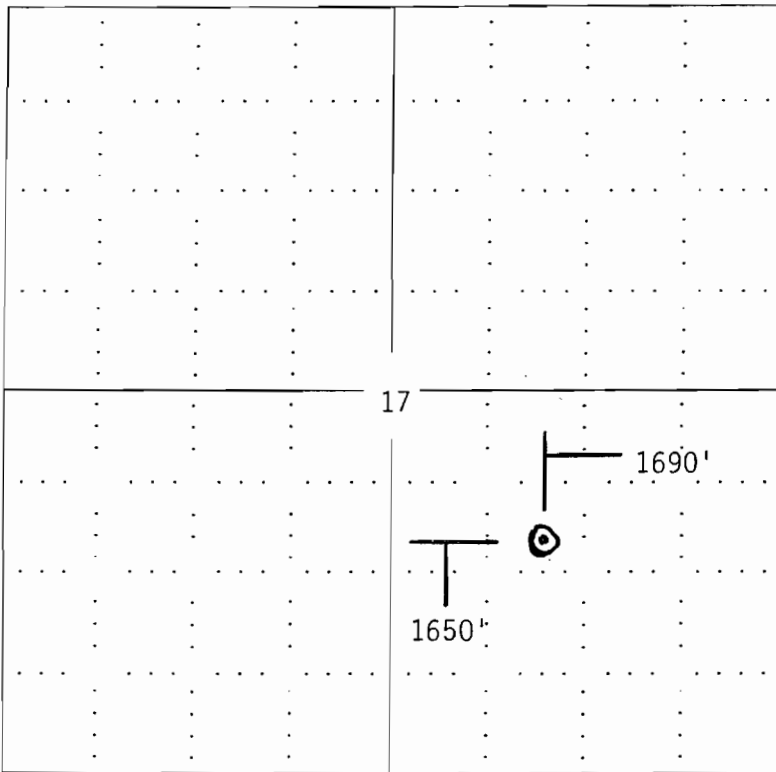
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please 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 - 077-21556-0000
 Operator: Onshore LLC
 Lease: Albright
 Well Number: #3
 Field: Spivey Grabs
 Number of Acres attributable to well: 40
 QTR / QTR / QTR of acreage: SE - NW - SE

Location of Well: County: Harper
1650' feet from S / N (circle one) Line of Section
1690' feet from E / W (circle one) Line of Section
 Sec. 17 Twp. 31 S. R. 8W 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.

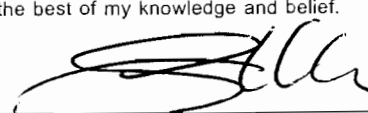
In plotting the proposed location of the well, you must show:

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
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

| | | |
|--|---|---|
| Operator Name: Onshore LLC | | License Number: 32433 |
| Operator Address: 200 E First, suite 301 Wichita KS 67202 | | |
| Contact Person: John Kelley | | Phone Number: (316) 262 3413 |
| Lease Name & Well No.: Albright #3 | | Pit Location (QQQQ): C SE NW SE |
| Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Settling Pit <input checked="" type="checkbox"/> Drilling Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Haul-Off Pit (If WP Supply API No. or Year Drilled) | Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 4500 (bbls) | Sec. 17 Twp. 31 R. 8W <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1650 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 1690 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Harper County |
| Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | Chloride concentration: _____ mg/l (For Emergency Pits and Settling Pits only) |
| Is the bottom below ground level? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | Artificial Liner? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | How is the pit lined if a plastic liner is not used? bentonite sealer |
| Pit dimensions (all but working pits): 50' Length (feet) 50' Width (feet) N/A: Steel Pits Depth from ground level to deepest point: 4' avg (feet) | | |
| If the pit is lined give a brief description of the liner material, thickness and installation procedure. | | Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. |
| Distance to nearest water well within one-mile of pit 2300' ^{350'} feet Depth of water well 100' feet | Depth to shallowest fresh water unknown ⁴⁶ feet. Source of information: AKKCS ⁶ <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input type="checkbox"/> KDWR | |
| 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? <input type="checkbox"/> Yes <input type="checkbox"/> No | Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: chem drilling mud Number of working pits to be utilized: 2 Abandonment procedure: haul surface wtr, allow to evaporate, backfill when dry 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. | | |
| 6/29/06 Date | |  Signature of Applicant or Agent John M Kelley |
| KCC OFFICE USE ONLY | | |
| Date Received: 6/30/06 | Permit Number: _____ | Permit Date: 7/14/06 Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |

15-077-21556-0020

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* Public Water Supply well Sec. 18-315-8W NENENE.

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

KANSAS

CORPORATION COMMISSION

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

July 14, 2006

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

Re: Drilling Pit Application
Albright Lease Well No. 3
SE/4 Sec. 17-31S-08W
Harper County, Kansas

Dear Mr. Kelley:

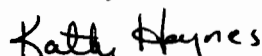
District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and **all pits must be lined with bentonite**. The free fluids must be removed. The fluids are to be removed from the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



Kathy Haynes
Environmental Protection and Remediation Department

cc: Doug Louis