

OWWO

For KCC Use: Effective Date: 11-27-06 District #: 1 SGA? Yes No

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

Form C-1 December 2002 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: November 23, 2006

OPERATOR: License# 31725 Name: Shelby Resources, LLC Address: P.O. Box 1213 City/State/Zip: Hays, Kansas 67601 Contact Person: Brian Karlin Phone: 785-623-3290

CONTRACTOR: License# 5142 Name: Sterling Drilling Company

Spot SE SW NE Sec. 7 Twp. 31 S. R. 14 2310' 1650' feet from N / S Line of Section E / W Line of Section Is SECTION Regular Irregular?

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

County: Barber Lease Name: Thunderbird Ranch Well #: #4-7 "OWWO" Field Name: Skinner

Is this a Prorated / Spaced Field? Yes No Target Formation(s): Lower Arbuckle

Nearest Lease or unit boundary: 1650' FEL Ground Surface Elevation: 1648 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: 150' Depth to bottom of usable water: 180'

Surface Pipe by Alternate: 1 2 Length of Surface Pipe Planned to be set: 1118' of 8-5/8"

Length of Conductor Pipe required: 240' of 10-3/4" NONE Projected Total Depth: +/- 5000'

Formation at Total Depth: Lower Arbuckle 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:

Table with columns: Well Drilled For, Well Class, Type Equipment. Includes checkboxes for Oil, Gas, Enh Rec, Storage, Disposal, Seismic, Infield, Pool Ext, Wildcat, Mud Rotary, Air Rotary, Cable, Other.

If OWWO: old well information as follows: Operator: National Crude, Inc. Well Name: Thunderbird Ranch NE #1 Original Completion Date: 3-04-1978 Original Total Depth: 4629'

Directional, Deviated or Horizontal wellbore? Yes No

If Yes, true vertical depth: Bottom Hole Location: KCC DKT #:

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;
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.

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

Date: 11-15-2006 Signature of Operator or Agent: Brian Karlin Title: Operations Manager

For KCC Use ONLY API # 15 - 007-20603-00-01 Conductor pipe required NONE feet Minimum surface pipe required 200 feet per Alt. (1) X Approved by: WJHM 11-22-06 This authorization expires: 5-22-06 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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7 31 14W

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 - 007-20602-00-01
Operator: Shelby Resources, LLC
Lease: Thunderbird Ranch
Well Number: #4-7 "OWWO"
Field: Skinner

Location of Well: County: Barber
2310' _____ feet from N / S Line of Section
1650' _____ feet from E / W Line of Section
Sec. 7 Twp. 31 S. R. 14 East West

Number of Acres attributable to well: _____
QTR / QTR / QTR of acreage: SE - SW - NE

Is Section: Regular or Irregular

If Section is Irregular, locate well from nearest corner boundary.

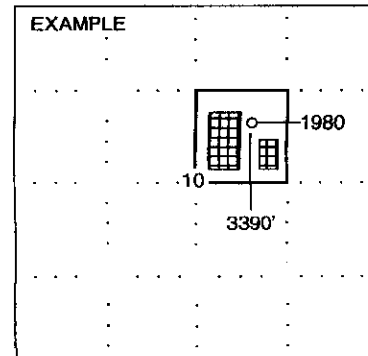
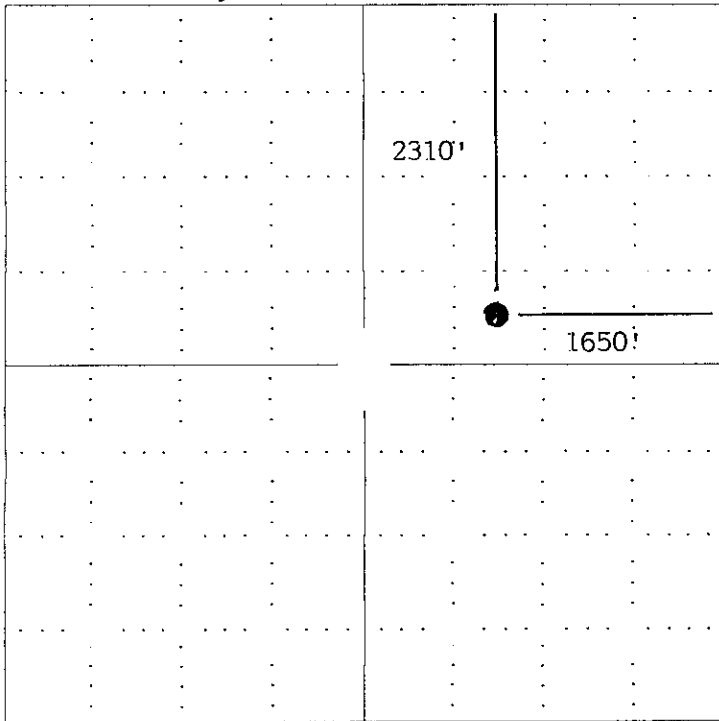
Section corner used: NE NW SE SW

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.)

Barber County



SEWARD CO.

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).

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**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: Shelby Resources, LLC		License Number: 31725
Operator Address: P.O. Box 1213, Hays, Kansas 67601		
Contact Person: Brian Karlin		Phone Number: (785) 623 - 3290
Lease Name & Well No.: Thunderbird Ranch #4-7 "OWWO"		Pit Location (QQQQ): _____ SE _____ SW _____ NE Sec. <u>7</u> Twp. <u>31S</u> R. <u>14</u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <u>2310'</u> Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section <u>1650'</u> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Barber _____ County
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input checked="" type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <small>(If WP Supply API No. or Year Drilled)</small>	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 3000 _____ (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: _____ mg/l <small>(For Emergency Pits and Settling Pits only)</small>
Is the bottom below ground level? <input type="checkbox"/> Yes <input type="checkbox"/> No	Artificial Liner? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	How is the pit lined if a plastic liner is not used? Lined with claysoil, native & fresh mud.
Pit dimensions (all but working pits): <u>70'</u> Length (feet) <u>70'</u> Width (feet) _____ N/A: Steel Pits Depth from ground level to deepest point: <u>5'</u> (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 <u>813</u> feet Depth of water well <u>51</u> feet	Depth to shallowest fresh water <u>10</u> feet. 6 Source of information: <u>JR-KGS</u> _____ measured _____ well owner _____ electric log _____ 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: <u>Fresh mud.</u> Number of working pits to be utilized: <u>3</u> Abandonment procedure: <u>Allow liquid contents to evaporate. Let the cuttings dry and then backfill.</u> 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.		
_____ Date 11-15-2006	_____ <i>Brian Karlin</i> Signature of Applicant or Agent	

15-067-20603-00-01

KCC OFFICE USE ONLY		Steel pits
Date Received: <u>11/17/06</u> Permit Number: _____	Permit Date: <u>11/21/06</u> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

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

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KANSAS

CORPORATION COMMISSION

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

November 21, 2006

Mr. Brian Karlin
Shelby Resources, LLC
PO Box 1213
Hays, KS 67601

Re: Drilling Pit Application
Thunderbird Ranch Lease Well No. 4-7 OWWO
NE/4 Sec. 07-31S-14W
Barber County, Kansas

Dear Mr. Karlin:

District staff has inspected the location and has determined that an unsealed condition will present a pollution threat to water resources.

District staff has instructed that no earthen pits are to be used at the location. Steel pits are to be used. Please inform the Commission in writing as to which disposal well you will utilize to dispose of the contents in the steel pits and the amount of fluid that will be disposed. **If a haul-off pit is necessary please file, form CDP-1, Application for Surface Pit.** This location will have to be inspected prior to approval of the haul-off pit application.

If fluids are taken to an authorized disposal well, please call the District Office at (316) 630-4000. 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.

Sincerely,



Kathy Haynes
Environmental Protection and Remediation Department

Cc: File

15-007-20603-05-07

KANSAS

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HAUL-OFF PIT APPLICATION FILING REQUIREMENTS

82-3-607. DISPOSAL OF DIKE AND PIT CONTENTS.

- (a) Each operator shall perform one of the following when disposing of dike or pit contents:
- (1) Remove the liquid contents to a disposal well or other oil and gas operation approved by the commission or to road maintenance or construction locations approved by the department;
 - (2) dispose of reserve pit waste down the annular space of a well completed according to the alternate I requirements of K.A.R. 82-3-106, if the waste to be disposed of was generated during the drilling and completion of the well; or
 - (3) dispose of the remaining solid contents in any manner required by the commission. The requirements may include any of the following:
 - (A) Burial in place, in accordance with the grading and restoration requirements in K.A.R. 82-3-602 (f);
 - (B) removal and placement of the contents in an on-site disposal area approved by the commission;
 - (C) removal and placement of the contents in an off-site disposal area on acreage owned by the same landowner or to another producing lease or unit operated by the same operator, if prior written permission from the landowner has been obtained; or
 - (D) removal of the contents to a permitted off-site disposal area approved by the department.
- (b) Each violation of this regulation shall be punishable by the following:
- (1) A \$1,000 penalty for the first violation;
 - (2) a \$2,500 penalty for the second violation; and
 - (3) a \$5,000 penalty and an operator license review for the third violation.

Complete and return with Haul-Off Pit Application, Form CDP1(2004)

Haul-off pit will be located in an on-site disposal area: Yes No

Haul-off pit is located in an off-site disposal area on acreage owned by the same landowner:
 Yes No If yes, written permission from the land owner must be obtained. Attach written permission to haul-off pit application.

Haul-off pit is located in an off-site disposal area on another **producing** lease or unit operated by the same operator: Yes No If yes, written permission from the land owner must be obtained. Attach permission and a copy of the lease assignment that covers the acreage where the haul-off pit is to be located, to the haul-off pit application.

15-007-20003-00-01

KANSAS GEOLOGICAL SOCIETY
KANSAS WELL LOG BUREAU - KANSAS WELL SAMPLE BUREAU
KANSAS GEOLOGICAL SOCIETY BUILDING
508 EAST MURDOCK - WICHITA, KANSAS

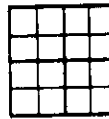
COMPANY National Crude, Inc.
W5
FARM Thunderbird Ranch NO. 1

SEC. 7 T. 31S. R. 14W
LOC. SE SW NE

COUNTY Barber

KANSAS

TOTAL DEPTH 4,629'
COMM. February 20, 1978 COMP. March 4, 1978
SHOT OR TREATED
CONTRACTOR H-30, Inc.
ISSUED March 13, 1978



CASING
20 10 - 3/4" 216' cemented w/200 sxs cement ELEVATION 1,648 DF.
15 B
12 6
13 5
PRODUCTION

FIGURES INDICATE BOTTOM OF FORMATIONS

Sand and Shale	75'
Shale and Red Bed	1,070'
Shale	1,670'
Shale and Sand	1,730'
Lime and Shale	1,990'
Shale and Lime	3,100'
Lime and Shale	3,520'
Shale and Lime	3,740'
Lime and Shale	4,185'
Shale and Lime	4,351'
Lime and Shale	4,448'
Shale and Lime	4,457'
Lime and Shale	4,545'
Shale and Lime	4,629'
Rotary Total Depth	4,629'

MAR 15 1978

Notary Public
Wichita, Kansas

I hereby certify the above and foregoing to be
a true and correct log of the above described
well as shown by the drilling reports.

H-30, INC.

Dean Britting
Dean Britting

State of Kansas }
County of Sedgwick } ss:

Subscribed and Sworn to before me a Notary Public
in and for said county and state this 13th day of
March, 1978.



Elsie Willison
Elsie Willison - Notary Public

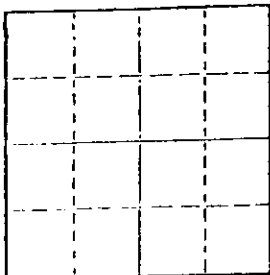
My Commission Expires:
June 30, 1978

15-007-20603-00-00

STATE OF KANSAS
CORPORATION COMMISSION

WELL PLUGGING RECORD

All Information Completely
Required Affidavit
or Deliver Report to
Conservation Division
State Corporation Comm.
245 North Water
Wichita, KS 67202



Barber County, Sec. 7 Twp. 31S Rge. 14W EX
Location as "NE/CNW/SW" or footage from lines _____
SE SW NE
Lease Owner National Crude, Inc.
Lease Name Thunderbird Ranch NE Well No. 1
Office Address 7701 E. Kellogg-Suite 540, Wichita, KS
Character of Well (Completed as Oil, Gas or Dry Hole) 67207
Dry Hole
Date Well completed March 4, 19 78
Application for plugging filed Verbal Application 19 78
Application for plugging approved Verbal Approval 19 78
Plugging commenced March 4, 19 78
Plugging completed March 4, 19 78
Reason for abandonment of well or producing formation _____

If a producing well is abandoned, date of last production _____ 19 _____
Was permission obtained from the Conservation Division or its agents before plugging was commenced? Yes

Name of Conservation Agent who supervised plugging of this well Wm. T. Owen
Producing formation _____ Depth to top _____ Bottom _____ Total Depth of Well 4,629
Show depth and thickness of all water, oil and gas formations.

OIL, GAS OR WATER RECORDS

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CASING RECORD

FORMATION	STATE CORPORATION COMMISSION	FROM	TO	SIZE	PUT IN	PULLED OUT
	MAR 15 1978			10-3/4"	216'	None
	STATE WATER DIVISION Wichita, Kansas					

Describe in detail the manner in which the well was plugged, indicating where the mud fluid was placed and the method or methods used in introducing it into the hold. If cement or other plugs were used, state the character of same and depth placed, from _____ feet to _____ feet for each plug set.

Filled hole with heavy rotary mud from 4,629 ft. (rotary total depth) to 1,110 ft. Set plug at 1,110 Ft. and cemented with 50 sacks cement. Filled hole with heavy rotary mud from 1,110 ft. to 40 ft. Set solid plug at 40 ft. and cemented to cellar with 12 sacks cement, 3 sacks cement in rat hole.

Plugging operations accomplished utilizing Halliburton Oil Well cementing pump truck through 4 1/2 inch drill pipe.

(If additional description is necessary, use BACK of this sheet)

Name of Plugging Contractor Halliburton Services, Inc.
410 Union Center Bldg., Wichita, Kansas 67202

STATE OF Kansas COUNTY OF Sedgwick, ss.
Dean Britting, Agent (Agent of owner) ~~xxxxxx~~
of the above-described well, being first duly sworn on oath, says: That I have knowledge of the facts, statements, and matters herein contained and the log of the above-described well as filed and that the same are true and correct. So help me God.

(Signature) Dean Britting
200 N. Main, Wichita, Kansas 67202
(Address)

SUBSCRIBED AND SWORN TO before me this 13th day of March, 1978

Elsie Willison
Elsie Willison - Notary Public.
My commission expires June 30, 1978



15-007-20603-00-22