

OWWO

For KCC Use: Effective Date: 2-11-07 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 February 15, 2007 month day year

Spot C NW NE Sec. 8 Twp. 31 S. R. 14 East West 660' feet from N / S Line of Section 1980' feet from E / W Line of Section

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

Is SECTION Regular Irregular? (Note: Locate well on the Section Plat on reverse side)

CONTRACTOR: License# 32970 Name: H-D Oilfield Service, Inc.

County: Barber Lease Name: Thompson Trust Well #: 3-8 "OWWO" Field Name: Skinner

Is this a Prorated / Spaced Field? Yes No Target Formation(s): Arbuckle Nearest Lease or unit boundary: 660'

Well Drilled For: Oil Enh Rec Infield Mud Rotary Gas Storage Pool Ext. Air Rotary OWWO Disposal Wildcat Cable Seismic; # of Holes Other

Ground Surface Elevation: 1654 feet MSL Water well within one-quarter mile: Yes No Public water supply well within one mile: Yes No

If OWWO: old well information as follows: Operator: Keweenaw Oil Company Well Name: Skinner #2 Original Completion Date: 1-1974 Original Total Depth: 4470'

Depth to bottom of fresh water: 150' Depth to bottom of usable water: 180'

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

Surface Pipe by Alternate: 1 2 Length of Surface Pipe Planned to be set: 798' Length of Conductor Pipe required: 101' Projected Total Depth: 4650'

Formation at Total Depth: Arbuckle Water Source for Drilling Operations: Well Farm Pond Other: Water truck

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 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 #133,891-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: 1-29-2007 Signature of Operator or Agent: Brian Karlin Title: Operations Manager

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For KCC Use ONLY API # 15 - 007-20256-00-01 Conductor pipe required None feet Minimum surface pipe required 798 feet per Alt. (1) Approved by 2-6-07 This authorization expires: 8-6-07 (This authorization void if drilling not started within 6 months of approval 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. - 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:

8 31 MW

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 - 007-20256 - 00-01

Operator: Shelby Resources, LLC

Lease: Thompson Trust

Well Number: 3-8 "OWWO"

Field: Skinner

Number of Acres attributable to well: _____

QTR / QTR / QTR of acreage: C - NW - NE

Location of Well: County: Barber

660' feet from N / S Line of Section

1980' feet from E / W Line of Section

Sec. 8 Twp. 31 S. R. 14 East West

Is Section: Regular or Irregular

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

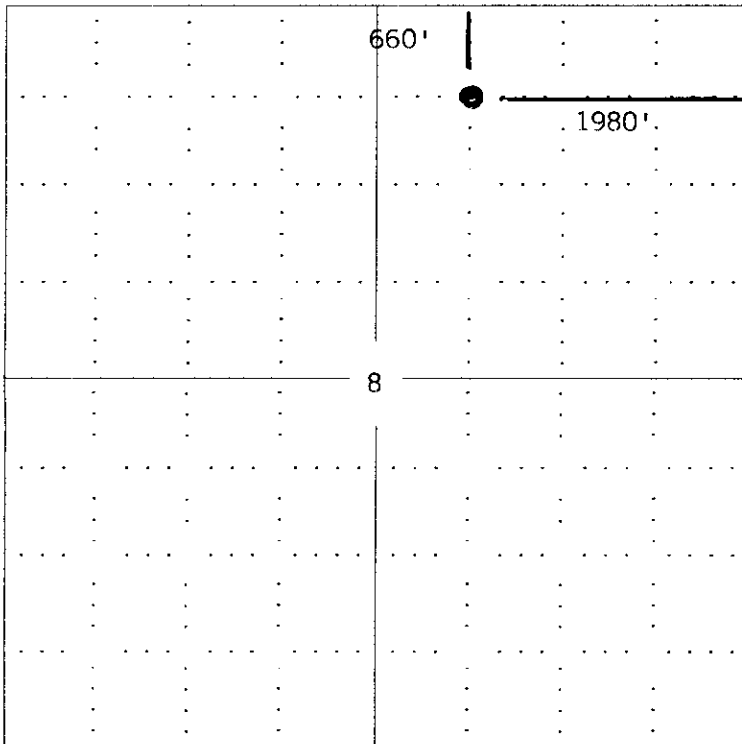
Section corner used: NE NW SE SW

PLAT

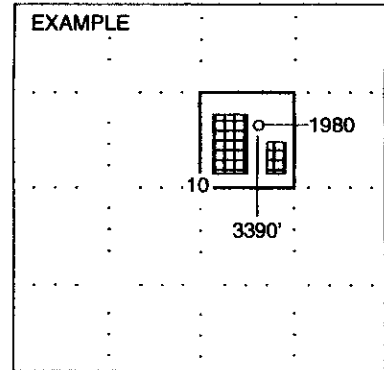
(Show location of the well and shade attributable acreage for prorated or spaced wells.)

(Show footage to the nearest lease or unit boundary line.)

Barber



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NOTE: In all cases locate the spot of the proposed drilling locaton.


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: Shelby Resurces, 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.: Thompson Trust #3-8 "OWWO"		Pit Location (QQQQ): C - NW - NE -
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input type="checkbox"/> Drilling Pit <input checked="" type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <small>(If WP Supply API No. or Year Drilled)</small> 15-007-20256	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 300 (bbls)	Sec. 8 Twp. 31S R. 14 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 660' Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 1980' Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Barber County
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 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?
Pit dimensions (all but working pits): 10' Length (feet) 40' Width (feet) N/A: Steel Pits Depth from ground level to deepest point: 4' (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 1962 feet Depth of water well 22 feet		Depth to shallowest fresh water _____ feet. Source of information: _____ 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: Fresh mud. Number of working pits to be utilized: 1 Abandonment procedure: Haul off free fluids and then 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.		
_____ 1-29-2007 Date	 Signature of Applicant or Agent	RECEIVED FEB 05 2007 KCC WICHITA
KCC OFFICE USE ONLY		
Date Received: 2/5/07	Permit Number: _____	Permit Date: 2/6/07 Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

15-007-20256-00-01

KANSAS

CORPORATION COMMISSION

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

February 6, 2007

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

RE: Drilling Pit Application
Thompson Trust Lease Well No. 3-8 OWWO
NE/4 Sec. 08-31S-14W
Barber County, Kansas

Dear Mr. Karlin:

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 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,


Kathy Haynes

Environmental Protection and Remediation Department

cc: File

Notice: Fill out COMPLETELY and return to Conservation Division at the address below within 60 days from plugging date.

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
WELL PLUGGING RECORD
K.A.R. 82-3-117

Form CP-4
December 2003
Type or Print on this Form
Form must be Signed
All blanks must be Filled

Lease Operator: Herman L. Loeb
Address: PO Box 524 Lawrenceville IL 62439
Phone: (812) 853-3813 Operator License #: 3273
Type of Well: Oilwell Docket #: _____
(Oil, Gas D&A, SWD, ENHR, Water Supply Well, Cathodic, Other) *KCC BEM RSDms* (If SWD or ENHR)
The plugging proposal was approved on: 11-08-04 (Date)
by: Steve Durant (KCC District Agent's Name)
Is ACO-1 filed? Yes No If not, is well log attached? Yes No
Producing Formation(s): List All (if needed attach another sheet)
Simpson Depth to Top: 4467.5 Bottom: 4470 T.D. 4470
Depth to Top: _____ Bottom: _____ T.D. _____
Depth to Top: _____ Bottom: _____ T.D. _____

API Number: 15-NA007-20256-00-00
Lease Name: Skinner
Well Number: #2
Spot Location (QQQQ): _____ - NW - NE
660 Feet from North / South Section Line *KCC BEM*
660 ¹⁹⁸⁰ Feet from East / West Section Line *11/15/04 Per CP-1 RSDms*
Sec. 8 Twp. 31 S. R. 14 East West
County: Barber
Date Well Completed: NA *KCC BEM*
Plugging Commenced: 11-8-04 *11/15/04 RSDms*
Plugging Completed: 11-9-04 *CP 2/3*

Show depth and thickness of all water, oil and gas formations.

Oil, Gas or Water Records		Casing Record (Surface Conductor & Production)				
Formation	Content	From	To	Size	Put In	Pulled Out
				13"	101'	0
				8 5/8"	798'	0
				5 1/2"	4467.5'	0

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

RU Log Tech and run 4.875" gauge ring and junk basket to 4420'. Set CIBP @ 4295'. Dump 2 sxs Portland cement w/ dump bailer
Pressure test 5 1/2" csg. to 300#. Perf. 825' to 826' 4 SPF. RU Allied and pump 240sxs cement 60/40 6% jel.
Cement circ. to surface thru 8 5/8". Shut in RD Allied. Started @ 10:30 A.M. finished @ 11:00 A.M. on 11-10-04. Max. pressure 250#

Name of Plugging Contractor: Allied Cementing Co. License #: NA 99996
Address: P.O. Box 31, Russell, KS 67665
Name of Party Responsible for Plugging Fees: Herman L. Loeb
State of Kansas County, Barber, ss.

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Alan Vratil (Employee of Operator) or (Operator) on 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 is as filed, and the same are true and correct, so help me God.



(Signature) Alan Vratil
(Address) 509 N. Cedar, Medicine Lodge, KS 67104

SUBSCRIBED and SWORN TO before me this 12 day of November, 2004
Glenda Morrison My Commission Expires: 11/30/06
Notary Public

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

Bem