For KCC Use: Effective Date: 4 District # 4

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

Form C-1 October 2007 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.	January 1, 2008 month day	year	(0.00(0.00)	Sec. <u>15</u> Twp. <u>17</u>	S. R. 13 E	
OPERATOR: License#	1725 -		2,010		N / S Line of Sect	
Name: Shelby Resources, LLC					E / X W Line of Sect	on
Address 1: P.O. Box 1213		·	Is SECTION: X Regular	irregular?		
Address 2:	State: KS Zip; 6760	1 .		vell on the Section Plat on	reverse side)	
City: Hays Contact Person: Brian Kartin	State: Zip:	<u>'</u>	County: Barton			
Phone: 785-623-3290			Lease Name: Demel		Well #: 2-15	
			Field Name: Trapp			
CONTRACTOR: License#514	12 •		Is this a Prorated / Spaced Fie	eld?	Yes X	lo
Name: Sterling Drilling Company			Target Formation(s): Arbuckle			
Well Drilled For:	Well Class: Type E	quipment:	Nearest Lease or unit bounda			
XOil / Enh Rec	XInfield XM	ud Rotary	Ground Surface Elevation: 18	357	feet M	SL
Gas Storage		r Rotary	Water well within one-quarter	mile:	X Yes ☐	VO/
Disposal		able	Public water supply well within		☐Yes 🔀	No
Seismic # of Hole	<u></u>		Depth to bottom of fresh water			
Other:			Depth to bottom of usable wat	ter: 300'		
			Surface Pipe by Alternate:	()	_	
If OWWO: old well inform	mation as follows:		Length of Surface Pipe Planne	ed to be set: +/- 800'		
Operator:			Length of Conductor Pipe (if a	ıny): none		
Well Name:			Projected Total Depth: _ +/- 34	50'		
	Original Total De	epth:	Formation at Total Depth: Art	buckle /		
.	· ·		Water Source for Drilling Oper			
Directional, Deviated or Horizont	tal wellbore?	Yes X No	¥ X Well	Other:		
If Yes, true vertical depth:			OWR Permit #:			
Bottom Hole Location:			(Note: A	Apply for Permit with DWA		
KCC DKT #:			Will Cores be taken?		Yes X	Vo.
			If Yes, proposed zone:			
			If Yes, proposed zone:		RECEIVED	
		AFFII	If Yes, proposed zone:		RECEIVED INSAS CORPORATION CO	
The undersigned hereby affirm	ns that the drilling, completic			KA	INSAS CORPORATION CO	
The undersigned hereby affirm	-	on and eventual plugg	DAVIT	KA		
It is agreed that the following n	ninimum requirements will b	on and eventual plugg e met:	DAVIT	KA	INSAS CORPORATION CO	
It is agreed that the following n 1. Notify the appropriate di 2. A copy of the approved it	ninimum requirements will b istrict office <i>prior</i> to spuddin notice of intent to drill <i>shall</i>	on and eventual plugg be met: ng of well; be posted on each d	DAVIT ging of this well will comply with	KA K.S.A. 55 et. seq.	DEC 13 200 CONSERVATION DIVIS	7
It is agreed that the following n 1. Notify the appropriate di 2. A copy of the approved it	ninimum requirements will b istrict office <i>prior</i> to spuddin notice of intent to drill <i>shall</i>	on and eventual plugg be met: ng of well; be posted on each d	DAVIT ging of this well will comply with	KA K.S.A. 55 et. seq.	DEC 13 200 CONSERVATION DIVIS	7
It is agreed that the following n 1. Notify the appropriate di 2. A copy of the approved of 3. The minimum amount of through all unconsolidate	ninimum requirements will b istrict office <i>prior</i> to spuddin notice of intent to drill <i>shall</i> f surface pipe as specified b ted materials plus a minimur	on and eventual plugg be met: ng of well; be posted on each d below shall be set by m of 20 feet into the u	DAVIT ging of this well will comply with rilling rig; circulating cement to the top; in	KA I K.S.A. 55 et. seq. n all cases surface pipe	DEC 13 200 CONSERVATION DIVISE Shall be SECULTA, KS	7
It is agreed that the following n 1. Notify the appropriate di 2. A copy of the approved of 3. The minimum amount of through all unconsolidat 4. If the well is dry hole, an	ninimum requirements will b istrict office <i>prior</i> to spuddin notice of intent to drill <i>shall</i> f surface pipe as specified b red materials plus a minimun n agreement between the op	on and eventual plugg be met: ng of well; be posted on each d below shall be set by m of 20 feet into the u perator and the distric	DAVIT ging of this well will comply with rilling rig; circulating cement to the top; is underlying formation. It office on plug length and place	KA K.S.A. 55 et. seq. n all cases surface pipe ement is necessary <i>pr</i>	DEC 13 200 CONSERVATION DIVISE Shall be SECULTA, KS	7
It is agreed that the following n 1. Notify the appropriate di 2. A copy of the approved of 3. The minimum amount of through all unconsolidat 4. If the well is dry hole, an 5. The appropriate district	ninimum requirements will be instrict office <i>prior</i> to spuddin notice of intent to drill <i>shall</i> of surface pipe as specified be the materials plus a minimum agreement between the opoffice will be notified before	on and eventual plugg be met: ng of well; be posted on each d below shall be set by m of 20 feet into the u berator and the district well is either plugged	DAVIT ging of this well will comply with rilling rig; circulating cement to the top; is underlying formation. It office on plug length and place d or production casing is cemen	KA K.S.A. 55 et. seq. n all cases surface piperement is necessary proted in;	DEC 13 200 CONSERVATION DIVISE Shall be SECULTA. KS	7
It is agreed that the following in 1. Notify the appropriate di 2. A copy of the approved of 3. The minimum amount of through all unconsolidat 4. If the well is dry hole, an 5. The appropriate district 6. If an ALTERNATE II COI	ninimum requirements will b istrict office prior to spuddin notice of intent to drill shall f surface pipe as specified b ted materials plus a minimum n agreement between the op office will be notified before MPLETION, production pipe	on and eventual pluggere met: ag of well; be posted on each depelow shall be set by m of 20 feet into the uperator and the distriction well is either pluggere shall be cemented the commented of the commented	DAVIT ging of this well will comply with rilling rig; recirculating cement to the top; is underlying formation. It office on plug length and place d or production casing is cement from below any usable water to	KA K.S.A. 55 et. seq. In all cases surface piperement is necessary protection; surface within 120 DA	DEC 13 200 CONSERVATION DIVISE Shall be SECUTIA. KS rior to plugging; YS of spud date.	7
It is agreed that the following in 1. Notify the appropriate di 2. A copy of the approved of 3. The minimum amount of through all unconsolidat 4. If the well is dry hole, an 5. The appropriate district 6. If an ALTERNATE II COL Or pursuant to Appendio	ninimum requirements will b istrict office <i>prior</i> to spuddin notice of intent to drill <i>shall</i> f surface pipe as specified b ted materials plus a minimum n agreement between the op office will be notified before MPLETION, production pipe x "B" - Eastern Kansas surfa	on and eventual pluggere met: Ing of well; Ing of well; Ing of well; Ing of each do each do elow shall be set by the posted on each do elow shall be set by the elow shall be cemented if the elow eshall be cemented if the elow easing order #133	DAVIT ging of this well will comply with rilling rig; circulating cement to the top; is underlying formation. It office on plug length and place or production casing is cement from below any usable water to 3,891-C, which applies to the Ko	KA K.S.A. 55 et. seq. In all cases surface piper mement is necessary pr mited in; surface within 120 DA CC District 3 area, alte	DEC 13 200 CONSERVATION DIVISE Shall be SCHITA, KS rior to plugging; YS of spud date, irrate II cementing	7
It is agreed that the following in 1. Notify the appropriate di 2. A copy of the approved it 3. The minimum amount of through all unconsolidat 4. It the well is dry hole, an 5. The appropriate district if 6. If an ALTERNATE II COI Or pursuant to Appendix must be completed within	ninimum requirements will be istrict office <i>prior</i> to spuddin notice of intent to drill <i>shall</i> of surface pipe as specified bead materials plus a minimum agreement between the opoffice will be notified before MPLETION, production pipe x "B" - Eastern Kansas surfain 30 days of the spud date	on and eventual pluggere met: Ing of well; Ing of well; Ing posted on each divide low shall be set by more than the distriction well is either pluggere shall be cemented for the well shall be p	prilling rig; circulating cement to the top; is underlying formation. It office on plug length and place or production casing is cement from below any usable water to 3,891-C, which applies to the Ki dugged. In all cases, NOTIFY of	KA K.S.A. 55 et. seq. In all cases surface piper mement is necessary pr mited in; surface within 120 DA CC District 3 area, alte	DEC 13 200 CONSERVATION DIVISE Shall be SCHITA, KS rior to plugging; YS of spud date, irrate II cementing	7
It is agreed that the following in 1. Notify the appropriate di 2. A copy of the approved of 3. The minimum amount of through all unconsolidat 4. If the well is dry hole, an 5. The appropriate district 6. If an ALTERNATE II COL Or pursuant to Appendio	ninimum requirements will be istrict office <i>prior</i> to spuddin notice of intent to drill <i>shall</i> of surface pipe as specified bead materials plus a minimum agreement between the opoffice will be notified before MPLETION, production pipe x "B" - Eastern Kansas surfain 30 days of the spud date	on and eventual pluggere met: Ing of well; Ing of well; Ing posted on each divide low shall be set by more than the distriction well is either pluggere shall be cemented for the well shall be p	prilling rig; circulating cement to the top; is underlying formation. It office on plug length and place or production casing is cement from below any usable water to 3,891-C, which applies to the Ki dugged. In all cases, NOTIFY of	KA K.S.A. 55 et. seq. In all cases surface piperement is necessary proted in; surface within 120 DA CC District 3 area, alte	DEC 13 200 CONSERVATION DIVIS e shall be SENITA. KS rior to plugging; YS of spud date. rmate II cementing any cementing.	7
It is agreed that the following in 1. Notify the appropriate di 2. A copy of the approved it 3. The minimum amount of through all unconsolidat 4. It the well is dry hole, an 5. The appropriate district if 6. If an ALTERNATE II COI Or pursuant to Appendix must be completed within it hereby certify that the statem	ninimum requirements will be istrict office <i>prior</i> to spuddin notice of intent to drill <i>shall</i> of surface pipe as specified beed materials plus a minimum agreement between the opoffice will be notified before MPLETION, production pipe is "B" - Eastern Kansas surfain 30 days of the spud date tents made herein are true and	on and eventual pluggere met: Ing of well; Ing of well; Ing posted on each divide low shall be set by more 120 feet into the Liberator and the district well is either pluggere shall be cemented the casing order #133 or the well shall be pland correct to the best and correct to the best process.	prilling rig; circulating cement to the top; is underlying formation. It office on plug length and place or production casing is cement from below any usable water to 3,891-C, which applies to the Ki dugged. In all cases, NOTIFY of	KA K.S.A. 55 et. seq. In all cases surface piperement is necessary proted in; surface within 120 DA CC District 3 area, alte	DEC 13 200 CONSERVATION DIVISE Shall be SCHITA, KS rior to plugging; YS of spud date, irrate II cementing	7
It is agreed that the following in 1. Notify the appropriate di 2. A copy of the approved it 3. The minimum amount of through all unconsolidat 4. It the well is dry hole, an 5. The appropriate district if 6. If an ALTERNATE II COI Or pursuant to Appendix must be completed within it hereby certify that the statem	ninimum requirements will be istrict office <i>prior</i> to spuddin notice of intent to drill <i>shall</i> of surface pipe as specified bead materials plus a minimum agreement between the opoffice will be notified before MPLETION, production pipe x "B" - Eastern Kansas surfain 30 days of the spud date	on and eventual pluggere met: Ing of well; Ing of well; Ing posted on each divide low shall be set by more 120 feet into the Liberator and the district well is either pluggere shall be cemented the casing order #133 or the well shall be pland correct to the best and correct to the best process.	prilling rig; circulating cement to the top; is underlying formation. It office on plug length and place or production casing is cement from below any usable water to 8,891-C, which applies to the Killingged. In all cases, NOTIFY out of my knowledge and belief.	KA K.S.A. 55 et. seq. In all cases surface piperement is necessary proted in; surface within 120 DA CC District 3 area, alter district office prior to a	DEC 13 200 CONSERVATION DIVIS e shall be SENITA. KS rior to plugging; YS of spud date. rmate II cementing any cementing.	7
It is agreed that the following in 1. Notify the appropriate di 2. A copy of the approved in 3. The minimum amount of through all unconsolidate 4. If the well is dry hole, an 5. The appropriate district 6. If an ALTERNATE II COI Or pursuant to Appendix must be completed within it hereby certify that the statem Date: 12-10-2007	ninimum requirements will be istrict office <i>prior</i> to spuddin notice of intent to drill <i>shall</i> of surface pipe as specified beed materials plus a minimum agreement between the opoffice will be notified before MPLETION, production pipe is "B" - Eastern Kansas surfain 30 days of the spud date tents made herein are true and	on and eventual pluggere met: Ing of well; Ing of well; Ing posted on each divide low shall be set by more 120 feet into the Liberator and the district well is either pluggere shall be cemented the casing order #133 or the well shall be pland correct to the best and correct to the best process.	ping of this well will comply with willing rig; circulating cement to the top; is underlying formation. It office on plug length and placed or production casing is cement from below any usable water to 13,891-C, which applies to the Killingged. In all cases, NOTIFY is to finy knowledge and belief.	KA I K.S.A. 55 et. seq. In all cases surface piperement is necessary proted in; surface within 120 DA CC District 3 area, alteredistrict office prior to a compared to the c	DEC 13 200 CONSERVATION DIVISE Shall be SENTE. KS Frior to plugging; YS of spud date. Trante II cementing any cementing. Itions Manager	7
It is agreed that the following in 1. Notify the appropriate di 2. A copy of the approved in 3. The minimum amount of through all unconsolidate 4. If the well is dry hole, an 5. The appropriate district in 6. If an ALTERNATE II COLONO Or pursuant to Appendix must be completed within the statem. Date: 12-10-2007 For KCC Use ONLY	ninimum requirements will be istrict office <i>prior</i> to spuddin notice of intent to drill <i>shall</i> if surface pipe as specified bed materials plus a minimum a greement between the op office will be notified before MPLETION, production pipe x "B" - Eastern Kansas surfain 30 days of the spud date tents made herein are true a Signature of Operator or A	on and eventual pluggere met: Ing of well; Ing of well; Ing posted on each divide low shall be set by more 120 feet into the Liberator and the district well is either pluggere shall be cemented the casing order #133 or the well shall be pland correct to the best and correct to the best process.	prilling rig; circulating cement to the top; in underlying formation. It office on plug length and place or production casing is cement from below any usable water to 13,891-C, which applies to the Killingged. In all cases, NOTIFY is to finy knowledge and belief. Remember to: - File Drill Pit Application (form	KA I K.S.A. 55 et. seq. In all cases surface piperement is necessary proted in; surface within 120 DA CC District 3 area, alteredistrict office prior to a compare of the compare of th	DEC 13 200 CONSERVATION DIVISE Shall be SENTE. KS Frior to plugging; YS of spud date. Irrnate II cementing any cementing. Itions Manager	7 SION
It is agreed that the following in 1. Notify the appropriate di 2. A copy of the approved in 3. The minimum amount of through all unconsolidate 4. If the well is dry hole, an 5. The appropriate district 6. If an ALTERNATE II COI Or pursuant to Appendix must be completed within it hereby certify that the statem Date: 12-10-2007	ninimum requirements will be istrict office <i>prior</i> to spuddin notice of intent to drill <i>shall</i> if surface pipe as specified by the drill shall and the drill shall and the drill shall and the drill shall be notified before MPLETION, production pipe of "B" - Eastern Kansas surfain 30 days of the spud date then the made herein are true and signature of Operator or A	on and eventual pluggere met: Ing of well; Ing of well; Ing posted on each divide low shall be set by more 120 feet into the Liberator and the district well is either pluggere shall be cemented the casing order #133 or the well shall be pland correct to the best and correct to the best process.	prilling rig; circulating cement to the top; is underlying formation. It office on plug length and place or production casing is cement from below any usable water to 8,891-C, which applies to the Killingged. In all cases, NOTIFY is to finy knowledge and belief. Remember to: File Drill Pit Application (form File Completion Form ACO-	KA I K.S.A. 55 et. seq. In all cases surface piperenent is necessary proted in; surface within 120 DA CC District 3 area, alter district office prior to a Title: Operat In CDP-1) with Intent to E within 120 days of spur	DEC 13 200 CONSERVATION DIVISE Shall be SCHITA. KS rior to plugging; YS of spud date. rnate II comenting any cementing. tions Manager Drill; d date;	7 SION
It is agreed that the following in 1. Notify the appropriate di 2. A copy of the approved in 3. The minimum amount of through all unconsolidate 4. If the well is dry hole, an 5. The appropriate district in 6. If an ALTERNATE II COLONO Or pursuant to Appendix must be completed within the statem. Date: 12-10-2007 For KCC Use ONLY	ninimum requirements will be istrict office <i>prior</i> to spuddin notice of intent to drill <i>shall</i> if surface pipe as specified be the materials plus a minimum agreement between the oposition of the materials plus a minimum agreement between the oposition of the materials plus a minimum agreement between the oposition of the materials and agreement sent surface in 30 days of the spud date then the made herein are true as signature of Operator or A	on and eventual pluggere met: ag of well; be posted on each divelow shall be set by m of 20 feet into the userator and the district well is either pluggere shall be cemented if the casing order #133 or the well shall be pland correct to the best gent:	ping of this well will comply with rilling rig; recirculating cement to the top; is underlying formation. It office on plug length and place for production casing is cement from below any usable water to 3,891-C, which applies to the Kifugged. In all cases, NOTIFY is at of my knowledge and belief. Remember to: File Drill Pit Application (form File Completion Form ACOFILE acreage attribution plat is	KA I K.S.A. 55 et. seq. In all cases surface piperement is necessary protection in; surface within 120 DA CC District 3 area, alteredistrict office prior to a district office. Title: Operation CDP-1) with Intent to E1 within 120 days of spuraccording to field proration.	DEC 13 200 CONSERVATION DIVISE Shall be SCHITA. KS rior to plugging; YS of spud date. rrnate II comenting any cernenting. tions Manager Drill; d date; on orders;	7 SiON
It is agreed that the following in 1. Notify the appropriate di 2. A copy of the approved in 3. The minimum amount of through all unconsolidate 4. If the well is dry hole, an 5. The appropriate district in 6. If an ALTERNATE II COO Or pursuant to Appendix must be completed within it hereby certify that the statem Date: 12-10-2007 For KCC Use ONLY API # 15 - 00 9 - 25	ninimum requirements will be istrict office <i>prior</i> to spuddin notice of intent to drill <i>shall</i> if surface pipe as specified bed materials plus a minimum a greement between the op office will be notified before MPLETION, production pipe x "B" - Eastern Kansas surfain 30 days of the spud date tents made herein are true a Signature of Operator or A	on and eventual pluggere met: ag of well; be posted on each divelow shall be set by m of 20 feet into the userator and the district well is either pluggere shall be cemented if the casing order #133 or the well shall be pland correct to the best gent:	prilling rig; circulating cement to the top; is underlying formation. It office on plug length and place or production casing is cement from below any usable water to 8,891-C, which applies to the Killingged. In all cases, NOTIFY is to finy knowledge and belief. Remember to: File Drill Pit Application (form File Completion Form ACO-	KA I K.S.A. 55 et. seq. In all cases surface piperement is necessary protection in; surface within 120 DA CC District 3 area, alteredistrict office prior to a compare to the compare t	DEC 13 200 CONSERVATION DIVISE Shall be SCHITA. KS rior to plugging; YS of spud date. rrnate II comenting any cementing. tions Manager Drill; d date; on orders; rkover or re-entry;	7 SiON
It is agreed that the following in 1. Notify the appropriate di 2. A copy of the approved in 3. The minimum amount of through all unconsolidate 4. It the well is dry hole, an 5. The appropriate district in 6. If an ALTERNATE II COIN Or pursuant to Appendix must be completed within it hereby certify that the statemed in the statemed	ninimum requirements will be istrict office <i>prior</i> to spuddin notice of intent to drill <i>shall</i> if surface pipe as specified beed materials plus a minimum agreement between the op office will be notified before MPLETION, production pipe k "B" - Eastern Kansas surfain 30 days of the spud date tents made herein are true and Signature of Operator or A	on and eventual pluggere met: ag of well; be posted on each divide well be set by and common order #133 or the well shall be pand correct to the best gent: Description:	ping of this well will comply with willing rig; or circulating cement to the top; is underlying formation. It office on plug length and place of or production casing is cement from below any usable water to 13,891-C, which applies to the Killegged. In all cases, NOTIFY of the first of my knowledge and belief. Remember to: File Drill Pit Application (form File Completion Form ACOFILE acreage attribution plats a Notify appropriate district off	n all cases surface piperement is necessary protected in; surface within 120 DA CC District 3 area, alter district office prior to a Title: Operation CDP-1) with Intent to E1 within 120 days of spuraccording to field proratice 48 hours prior to word after plugging is compared.	DEC 13 200 CONSERVATION DIVIS e shall be SCHITA. KS rior to plugging; YS of spud date. rrnate II cementing any cementing. tions Manager Drill; d date; on orders; rkover or re-entry; pleted (within 60 days);	7 SION
It is agreed that the following in 1. Notify the appropriate di 2. A copy of the approved in 3. The minimum amount of through all unconsolidate 4. If the well is dry hole, an 5. The appropriate district in 6. If an ALTERNATE II COOL Or pursuant to Appendix must be completed within it hereby certify that the statement in the st	ninimum requirements will be istrict office <i>prior</i> to spuddin notice of intent to drill <i>shall</i> if surface pipe as specified beed materials plus a minimum agreement between the op office will be notified before MPLETION, production pipe k "B" - Eastern Kansas surfain 30 days of the spud date tents made herein are true and Signature of Operator or A	on and eventual pluggere met: ag of well; be posted on each divide well be set by and common order #133 or the well shall be pand correct to the best gent: Description:	ping of this well will comply with willing rig; circulating cement to the top; is underlying formation. It office on plug length and placed or production casing is cement from below any usable water to 13,891-C, which applies to the Killugged. In all cases, NOTIFY (ast of my knowledge and belief.) Remember to: File Drill Pit Application (form File Completion Form ACOFile acreage attribution plate.) Notify appropriate district off Submit plugging report (CPOFICE).	n all cases surface piperement is necessary proted in; surface within 120 DA CC District 3 area, alteredistrict office prior to a Title: Operation CDP-1) with Intent to E1 within 120 days of spuraccording to field proraticities 48 hours prior to word after plugging is compare disposing or injecting see: authorized expiration	DEC 1 3: 200 CONSERVATION DIVIS e shall be SCHITA. KS rior to plugging; YS of spud date. rrnate II cementing any cementing. tions Manager Drill; d date; on orders; rkover or re-entry; pleted (within 60 days); salt water. date) please	7 Sion 15 17 1
It is agreed that the following in 1. Notify the appropriate di 2. A copy of the approved 3. The minimum amount of through all unconsolidat 4. It the well is dry hole, an 5. The appropriate district 6. If an ALTERNATE II COI Or pursuant to Appendix must be completed within 1 hereby certify that the statem Date: 12-10-2007 For KCC Use ONLY API # 15 - 00 9 - 2.5 Conductor pipe required Minimum surface pipe required Approved by: Minimum surface pipe requires 10-14 This authorization expires:	ninimum requirements will be istrict office prior to spuddin notice of intent to drill shall f surface pipe as specified be ted materials plus a minimum agreement between the op office will be notified before MPLETION, production pipe x "B" - Eastern Kansas surfain 30 days of the spud date tents made herein are true a Signature of Operator or A North fee days and fee days of the spud	on and eventual pluggere met: ag of well; be posted on each divelow shall be set by mof 20 feet into the userator and the district well is either pluggere e shall be cemented if ace casing order #133 or the well shall be pland correct to the best and correct to the best pluggere.	ping of this well will comply with willing rig; or circulating cement to the top; is underlying formation. It office on plug length and place of or production casing is cement from below any usable water to 13,891-C, which applies to the Killenged. In all cases, NOTIFY of the file Drill Pit Application (form File Completion Form ACOFILE Completion Form ACOFILE acreage attribution plat is Notify appropriate district off Submit plugging report (CPOFILE CONTINUE APPROVAL DESIGNATION OF THE COMPLETE COMPLE	n all cases surface piperement is necessary proted in; surface within 120 DA CC District 3 area, alteredistrict office prior to a Title: Operation CDP-1) with Intent to E1 within 120 days of spuraccording to field proraticities 48 hours prior to word after plugging is compare disposing or injecting see: authorized expiration	DEC 1 3: 200 CONSERVATION DIVIS e shall be SCHITA. KS rior to plugging; YS of spud date. rrnate II cementing any cementing. tions Manager Drill; d date; on orders; rkover or re-entry; pleted (within 60 days); salt water. date) please	7 Sion 15 17 1
It is agreed that the following in 1. Notify the appropriate di 2. A copy of the approved in 3. The minimum amount of through all unconsolidate 4. If the well is dry hole, an 5. The appropriate district in 6. If an ALTERNATE II COOL Or pursuant to Appendix must be completed within it hereby certify that the statement in the st	ninimum requirements will be istrict office prior to spuddin notice of intent to drill shall f surface pipe as specified be ted materials plus a minimum agreement between the op office will be notified before MPLETION, production pipe x "B" - Eastern Kansas surfain 30 days of the spud date tents made herein are true a Signature of Operator or A North fee days and fee days of the spud	on and eventual pluggere met: ag of well; be posted on each divelow shall be set by mof 20 feet into the userator and the district well is either pluggere e shall be cemented if ace casing order #133 or the well shall be pland correct to the best and correct to the best pluggere.	ping of this well will comply with willing rig; circulating cement to the top; is underlying formation. It office on plug length and placed or production casing is cement from below any usable water to 13,891-C, which applies to the Killugged. In all cases, NOTIFY (ast of my knowledge and belief.) Remember to: File Drill Pit Application (form File Completion Form ACOFile acreage attribution plate.) Notify appropriate district off Submit plugging report (CPOFICE).	n all cases surface piperement is necessary protection in the direction of the district office prior to a coording to field proration of the direction of the district office prior to a coording to field proration of the district of the di	DEC 1 3: 200 CONSERVATION DIVIS e shall be SCHITA. KS rior to plugging; YS of spud date. rrnate II cementing any cementing. tions Manager Drill; d date; on orders; rkover or re-entry; pleted (within 60 days); salt water. date) please	7 Sion 15 17 1
It is agreed that the following in 1. Notify the appropriate di 2. A copy of the approved 3. The minimum amount of through all unconsolidat 4. It the well is dry hole, an 5. The appropriate district 6. If an ALTERNATE II COI Or pursuant to Appendix must be completed within 1 hereby certify that the statem Date: 12-10-2007 For KCC Use ONLY API # 15 - 00 9 - 2.5 Conductor pipe required Minimum surface pipe required Approved by: Minimum surface pipe requires 10-14 This authorization expires:	ninimum requirements will be istrict office <i>prior</i> to spuddin notice of intent to drill <i>shall</i> if surface pipe as specified be draterials plus a minimum a agreement between the operation of the will be notified before MPLETION, production pipe in 30 days of the spud date in 30 days of the spud date dents made herein are true at signature of Operator or A Signature of Operator or A feet at 200 feet at 12-14-08 good started within 12 months of the spud started within 12 months of the started within 12 months of the started within 12 months of the surface at 12-14-08 good started within 12-14-08 good started within	on and eventual pluggere met: ag of well; be posted on each divelow shall be set by mof 20 feet into the userator and the district well is either pluggere e shall be cemented if ace casing order #133 or the well shall be pland correct to the best and correct to the best pluggere.	ping of this well will comply with crilling rig; recirculating cement to the top; is underlying formation. It office on plug length and place of or production casing is cement from below any usable water to 3,891-C, which applies to the Kifugged. In all cases, NOTIFY of the file Drill Pit Application (form File Completion Form ACOFILE Completion Form ACOFILE Completion Form ACOFILE acreage attribution plat is Notify appropriate district off Submit plugging report (CPOFILE COMPANIE).	n all cases surface piperement is necessary protection in; surface within 120 DA CC District 3 area, alteredistrict office prior to a Title: Operation CDP-1) with Intent to E1 within 120 days of spuraccording to field proratice 48 hours prior to word 4) after plugging is compre disposing or injecting the expiration of the address below the Expired Date:	DEC 1 3: 200 CONSERVATION DIVIS e shall be SCHITA. KS rior to plugging; YS of spud date. rrnate II cementing any cementing. tions Manager Drill; d date; on orders; rkover or re-entry; pleted (within 60 days); salt water. date) please	7 Sion 15 17 1

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 - 009-25/42-0000	
Operator: Shelby Resources, LLC	Location of Well: County: Barton
Lease: Demel	650 feet from N / S Line of Section
Well Number: 2-15	2,010 feet from E / X W Line of Section
Field: Trapp	Sec. 15 Twp. 17 S. R. 13 E X W
Number of Acres attributable to well:	Is Section: Regular or Irregular
	If Section is Irregular, locate well from nearest corner boundary. Section corner used: NE NW SE SW

PLAT

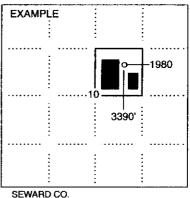
(Show location of the well and shade attributable acreage for prorated or spaced wells.)
(Show footage to the nearest lease or unit boundary line.)

	2010		65	p'			:
		:		*******	•		•
•••••		: :					: :
							:
	*	•				•	
•••••	••••						
•••••	••••••						

RECEIVED KANSAS CORPORATION COMMISSION

DEC 13 2007

CONSERVATION DIVISIONS WICHITA KS



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 south / north and east / west outside section lines.
- 3. The distance to the nearest lease or unit boundary line (in footage).
- 4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (C0-7 for oil wells; CG-8 for gas wells).

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

Form CDP-1 April 2004 Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: Shelby Resources, LLC			License Number: 31725			
Operator Address: P.O. Box 1213		Hays KS 67601				
Contact Person: Brian Karlin			Phone Number: 785-623-3290			
Lease Name & Well No.: Demel 2-15			Pit Location (QQQQ):			
Type of Pit:	Pit is:		app. C NE NW			
Emergency Pit Burn Pit	Proposed Existing		Sec. 15 Twp. 17 R. 13 East West			
Settling Pit Drilling Pit	If Existing, date constructed:		650 Feet from North / South Line of Section			
Workover Pit Haul-Off Pit	Pit capacity:		2,010 Feet from East / West Line of Section			
(If WP Supply API No. or Year Drilled)	3,000	(bbls)	Barton County			
Is the pit located in a Sensitive Ground Water	Area? Yes X		Chloride concentration:mg/l			
	<u> </u>		(For Emergency Pits and Settling Pits only)			
Is the bottom below ground level? Yes No	Artificial Liner?	No	How is the pit lined if a plastic liner is not used? Lined with native and chemical mud.			
			Lined with hative and chemical midd.			
Pit dimensions (all but working pits):	CO Length (fe	eet)70	Width (feet) N/A: Steel Pits			
Depth fr	om ground level to de	eepest point:	5 (feet) No Pit			
If the pit is lined give a brief description of the material, thickness and installation procedure		,	edures for periodic maintenance and determining ncluding any special monitoring.			
, , , , , , , , , , , , , , , , , , , ,	•					
Distance to nearest water well within one-mile	e of nit	Depth to shallo	west fresh water/8feet.			
Distance to nearest water well within one-mile of pit		Source of infor	mation:			
	40 feet	measu	red well owner electric log KDWR			
Emergency, Settling and Burn Pits ONLY:			over and Haul-Off Pits ONLY:			
Producing Formation:		Type of material utilized in drilling/workover: Chemical mud.				
Number of producing wells on lease:		Number of working pits to be utilized:3				
Barrels of fluid produced daily: Does the slope from the tank battery allow all spilled fluids to flow into the pit? Yes No		Abandonment	procedure: Allow liquids to evaporate. Let cuttings dry, and then backfill.			
		Drill pits must be closed within 365 days of spud date. RECEIVED				
I hereby certify that the above statements are true and correct to the best of my knowledge and belief.						
		0 -	DEC 13 2007			
12-10-2007		Druan	South Conservation Division			
Date		S	ignature of Applicant or Agent WICHITA. KS			
	KCC	OFFICE USE O	NLY Steel Pit RFAC RFAS			
Date Received: 13/13/07 Permit Num	ber:	Perm	it Date: 12/13/07 Lease Inspection: X Yes No			



Kathleen Sebelius, Governor Thomas E. Wright, Chairman Michael C. Moffet, Commissioner Joseph F. Harkins, Commissioner

December 13, 2007

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

RE: Drilling Pit Application Demel Lease Well No. 2-15 NW/4 Sec. 15-17S-13W Barton County, Kansas

Dear Mr. Karlin:

District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed <u>without slots</u>, 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 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 as soon as practical after drilling operations have ceased. Please keep all pits away from any draws.

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 (785) 625-0550 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

Department of Environmental Protection and Remediation

cc: File