

OWWO

For KCC Use: Effective Date: 5-15-2001 District # 4 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 May 15, 2001 month day year

OPERATOR: License# 31725 Name: Shelby Resources LLC. Address: 5893 Saddle Creek Trail City/State/Zip: Parker, Colorado 80134 Contact Person: Jim Waechter Phone: 303-840-2183

CONTRACTOR: License# 32332 Name: Fisher Well Service

Well Drilled For: Oil Gas OWWO Seismic; # of Holes Other Well to be deepened with double drum derrick Well Class: Enh Rec Storage Disposal Wildcat Other Type Equipment: Infield Pool Ext. Wildcat Mud Rotary Air Rotary Cable

If OWWO: old well information as follows: Operator: Derby Oil Company Well Name: Kramer #4 Original Completion Date: 03/1954 Original Total Depth: 3332'

Directional, Deviated or Horizontal wellbore? Yes No If Yes, true vertical depth: n/a Bottom Hole Location: CW/2NW Sec 15-16S-12W KCC DKT #: D-27,874

Spot East West C W/2 - NW Sec. 15 Twp. 16 S. R. 12 3960' feet from (S) N (circle one) Line of Section 4620' feet from (E) W (circle one) Line of Section Is SECTION Regular Irregular?

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

County: Barton Lease Name: Kramer Well #: 4 Field Name: Beaver

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

Nearest Lease or unit boundary: 660' west Ground Surface Elevation: 1876' 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: 350' Depth to bottom of usable water: 350'

Surface Pipe by Alternate: 1 yes 2 Length of Surface Pipe Planned to be set: Surface pipe set at 550' with 275 s;

Length of Conductor Pipe required: n/a Projected Total Depth: 3400' Formation at Total Depth: 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:

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: 5/7/01 Signature of Operator or Agent: J A Waechter Title: GENERAL MANAGER

For KCC Use ONLY API # 15 - 009-07277-0001 Conductor pipe required: NONE feet Minimum surface pipe required: 550 feet per Alt. (1) Approved by: JK 5-10-2001 This authorization expires: 11-10-2001 (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.

MAY 10 2001 5-10-01 CONSERVATION DIVISION

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 - 009072770000
Operator: Shelby Resources LLC.
Lease: Kramer
Well Number: #4
Field: Beaver

Number of Acres attributable to well: 10
QTR / QTR / QTR of acreage: C - W/2 - NW

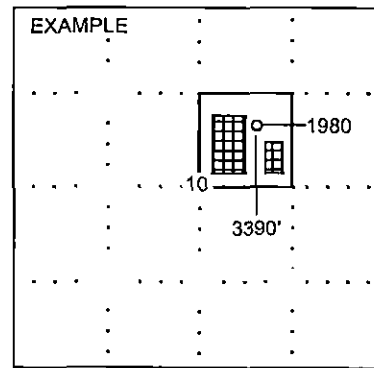
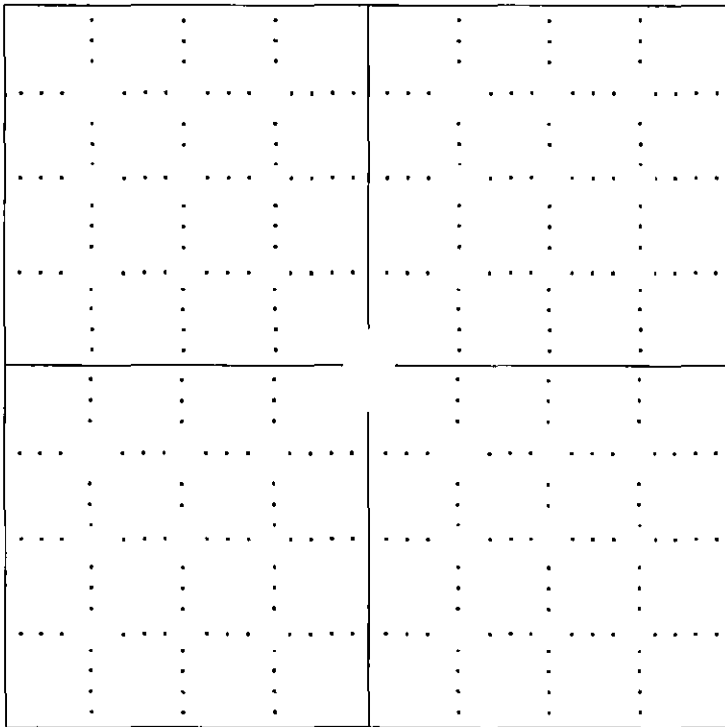
Location of Well: County: Barton
3960' feet from S / N (circle one) Line of Section
4620' feet from E / W (circle one) Line of Section
Sec. 15 Twp. 16 S. R. 12 East West

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.)*



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).

RECEIVED
INDAS CORPORATE COMPLIANCE

MAY 10 2001

CONSERVATION DIVISION