KANSAS CORPORATION COMMISSION
Oil & Gas Conservation Division
NOTICE OF INTENT TO DRILL

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

RECEIVED
AUG 19 2005
KCC-WICHITA

FOR KCC USE
Effective Date
2
District #
X
Yes
No
For KCC Use Only
API # 15 -
077-21532-0000
Conductor pipe required

Approved by
KSC 10-3 05
This authorization expires
4-3-06
(This authorization void if drilling does not start within 6 months of effective date.)
Spud date
Agent:

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

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 cementing 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 holes, 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 in the best of my knowledge and belief.

Date Aug 12th, 2005
Signature of Operator or Agent
John R. Kelley
Title: owner-operator

Remember to:
- File DRIP Application (form CDP-1) with intent to Drill;
- File Completion Form ACC-1 within 120 days of spud date;
- File acreage attribution plot according to field proclamation 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.
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. 10
Operator: Onshore LLC
Lease: Newberry B
Well Number: #3
Field: Spivey Grabbs

Number of Acres attributable to well:
QTR / QTR / QTR of acreage: NE, SW, NW

Location of Well: County:
1840' test from B
960' test from E
Sec. 25 Twp. 31 S R. NW
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: (CG-7 for oil wells; CG-8 for gas wells).
September 30, 2005

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

Re: Drilling Pit Application
Newberry B Lease Well No. 3
NW/4 Sec. 35-31S-09W
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 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 on a daily basis.

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, 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