NOTICE OF INTENT TO DRILL

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

For KCC Use

API #: 15: 338-22.962-00-00

Minimum surfac e pipe required: 200 feet per Acre

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

January 2, 2006

Expected Spud Date:

- Operator: Shelby Resources, LLC
- Address: 5893 Saddle Creek Trail
- City/Tenant: Parker, CO 80134
- Contact Person: Jim Wacchter
- Phone: 303-840-2183

CONTRACTOR: Licensed 33330
- Name: Southwind Drilling, Inc.

Well Drilled For:
- Well Class: Oil
- Type of Equipment:
  - Gas Storage
  - Pool Ext.
  - Air Rotary
  - OWDD Disposal
  - Scrap
  - Cable

Target Formation: Arkutube

Nearest Lease = unit boundary: 1460
- Ground Surface Elevation: feet MSL 1541
- Water well within one-quarter mile:
- Public water supply well within one mile:
- Depth to bottom of fresh water: 150
- Depth to bottom of usable water: 180
- Surface Pipe by Alternate:

   - Length of Surface Pipe Planned to be set: 200
   - Length of Conductor Pipe required:

Field Name:
- River:
- Brook:

Is this a Poked or Spaced Field?
- Yes / No

Target = modification: Arkutube

License No.
- Thunderbird Ranch
- Well: 7

Rental Permit
- No

Well Name:
- B

Operator:
- Yes / No

Directional, Deviated or Horizontal wellbore:
- Yes / No

If Yes, true vertical depth:

OWDD Disposal:
- Yes / No

If No:
- Other

Original Completion Date:
- Yes / No

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. Permits 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 of all casing pipe and extending through all unconsolidated materials plus a minimum of 20 feet into the underlying formation;
4. If the well is dry hole, a written 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 into it;
6. If an ALTERNATE 1 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: 12-07-05

Signature of Operator or Agent

By: Debra A. Nowak

Date: 12-07-05

Signature of Operator or Agent

Mail to: KCC - Conservation Division, 130 S. Market - Room 2079, Wichita, Kansas 67202
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plot 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 1/2 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 -
Operator: Shelby Resources, LLC
Lease: Thunderbird Ranch
Well Number: 1-7
Fields: Brock

Location of Well:
County: Barber
Location of Well: feet from In / S Line of Section
2030 1460 feet from E / W Line of Section
Sec. 7 Twp. 31S R. 14

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.)

[Diagram of plat]

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 (CD-7 for oil wells; CD-8 for gas wells).
December 16, 2005

Mr. Jim Waechter
Shelby Resources, LLC
5893 Saddle Creek Trail
Parker, CO 80134

Re: Drilling Pit Application
Thunderbird Ranch Lease Well No. 1-7
SE/4 Sec. 07-31S-14W
Barber County, Kansas

Dear Mr. Waechter:

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 which 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 (620) 225-8888. 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: S Durrant

Conservation Division, Kansas State Office Building, 130 S. Market, Room 2070, Topeka, KS 66629-2002
Voice 785.296.4200 Fax 785.296.4211 www.kcc.state.ks.us