NOTICE OF INTENT TO DRILL

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

For KCC Use:

Effective Date: 10-31-06
District # 1
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

OPERATOR: Shelby Resources, LLC
Name: Shelby Resources, LLC
Address: P.O. Box 1213
City/State/Zip: Hays, Kansas 67601
Contact Person: Brian Karlin
Phone: 785-623-3290

CONTRACTOR: License # 5142
Name: Sterling Drilling Company

Well Drilled For:
Oil Gas OWI
Enh Rec Storage Disposal
Infield Pool Ext Wildcat
Air Rotary Cable

Well Class:
Mud Rotary

Type Equipment:

If OWI: old well information as follows:
Operator:
Well Name:
Original Completion Date: Original Total Depth:

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

Spot 265' S 131' E of SE NE NW Sec. 18 Twp. 31 S. R. 14

East West

Is SECTION Regular Irregular?

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

County: Barber
Lease Name: Thunderbird Ranch
Well #: 3-18
Field Name: Skinner

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

Nearest Lease or unit boundary: 1255'
Ground Surface Elevation: 1571

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: 100'
Depth to bottom of usable water: 100'

Surface Pipe by Alternate: 1 2
Length of Surface Pipe Planned to be set: +/- 1100'
Length of Conductor Pipe required: +/- 45

Projected Total Depth: +/- 4500'
Formation at Total Depth: Arbuckle

Water Source for Drilling Operations:
Well Farm Pond Other

DWR Permit #: Yes No
Will Cores be taken?
If Yes, proposed zone:

AFIDAVIT

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 consolidated 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: 10-19-2006 Signature of Operator or Agent: Brian Karlin Title: Operations Manager

For KCC Use ONLY

API # 15 - 007-23084-0000

Conductor pipe required None
Minamum surface pipe required 200 feet per All
Approved by: 10/02/2006

This authorization expires: 4-26-07
(This authorization void if drilling not started within 6 months of approval date.)

Spud date: Agernt:

RECEIVED by the
KCC WICHITA

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

Form must be Typed
Form must be Signed
All blanks must be filled
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 - 007-23084-0000
Operator: Shelby Resources, LLC
Lease: Thunderbird Ranch
Well Number: 3-18
Field: Skinner

Number of Acres attributable to wells:
QTR / QTR / QTR of acreage: 265' S & 131' E of

Location of Well: County: Barber
1255' feet from √ N / S Line of Section
1519' feet from √ E / W Line of Section
Sec. 18 Twp. 31 S. 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.)

Barber County

#3-18

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).

RECEIVED

OCT 23 2008

KCC WICHITA
KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: Shelby Resources, 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.: Thunderbird Ranch #3-18
Pit Location (Q000): 265' S & 131' E of

<table>
<thead>
<tr>
<th>SE</th>
<th>NW</th>
<th>NE</th>
</tr>
</thead>
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Sec. 18 Twp. 31 R. 14

1255' Feet from North / East
1519' Feet from East / West

Barber County

Chloride concentration: ____________ mg/l
(For Emergency Pits and Settling Pits only)

Is the pit located in a Sensitive Ground Water Area? □ Yes □ No

Is the bottom below ground level? □ Yes □ No
Artificial Liner? □ Yes □ No

Lined with clay soil, native & fresh mud.

Pit capacity: 3000 (bbls)

How is the pit lined if a plastic liner is not used?

Pit dimensions (all but working pits): 70' Length (feet) 70' Width (feet) N/A: Steel Pits

Depth from ground level to deepest point: 5' (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

Depth of water well ______________ feet

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? □ Yes □ No

Drilling, Workover and Haul-Off Pits ONLY:

Type of material utilized in drilling/workover: Fresh mud.

Number of working pits to be utilized: 3

Abandonment procedure: Allow liquid contents to evaporate. Let the cuttings dry 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.

10-19-2006

Signature of Applicant or Agent

KCC OFFICE USE ONLY

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

RECEIVED
OCT 23 2006
KCC WICHITA
October 26, 2006

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

RE: Drilling Pit Application
    Thunderbird Ranch Lease Well No. 3-18
    NE/4 Sec. 18-31S-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 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.

**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
Department of Environmental Protection and Remediation

cc: File