



1019705

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 - _____

Operator: _____

Lease: _____

Well Number: _____

Field: _____

Number of Acres attributable to well: _____

QTR/QTR/QTR/QTR of acreage: _____ - _____ - _____ - _____

Location of Well: County: _____

_____ feet from N / S Line of Section

_____ feet from E / W Line of Section

Sec. _____ Twp. _____ S. R. _____ E W

Is Section: Regular or Irregular

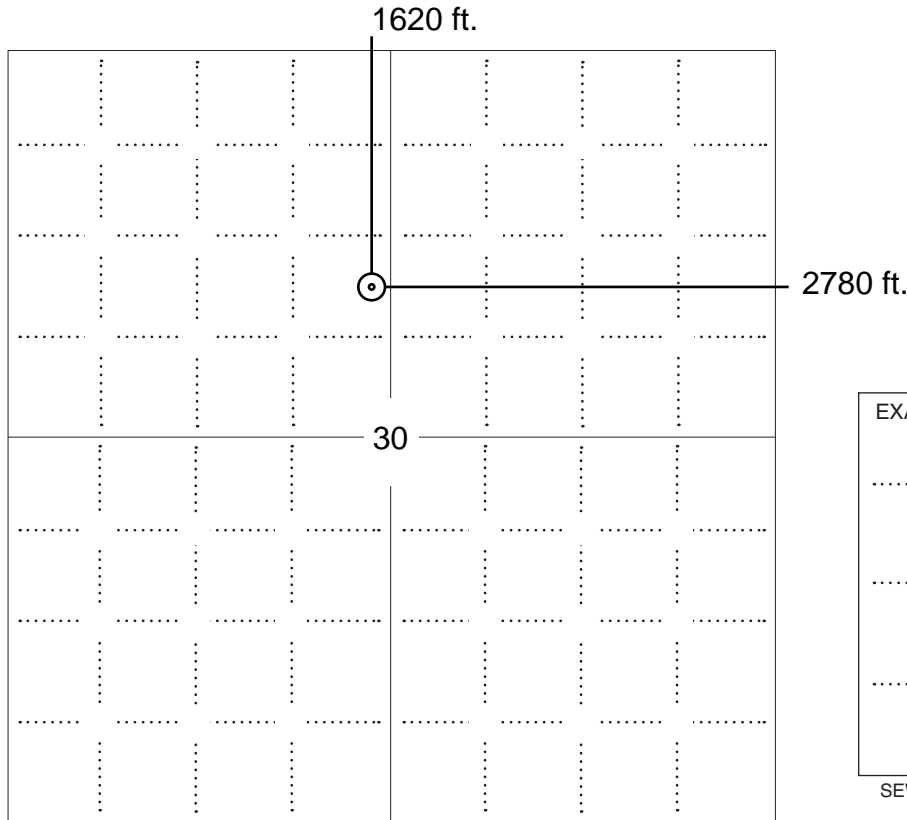
If Section is Irregular, locate well from nearest corner boundary.

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 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 1019705
OIL & GAS CONSERVATION DIVISION

Form CDP-1
April 2004
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: _____		License Number: _____	
Operator Address: _____			
Contact Person: _____		Phone Number: _____	
Lease Name & Well No.: _____		Pit Location (QQQQ): _____ - _____ - _____ - _____	
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <i>(If WP Supply API No. or Year Drilled)</i>		Pit is: <input type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: _____ (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: _____ mg/l <i>(For Emergency Pits and Settling Pits only)</i>	
Is the bottom below ground level? <input type="checkbox"/> Yes <input type="checkbox"/> No		Artificial Liner? <input type="checkbox"/> Yes <input type="checkbox"/> No	
How is the pit lined if a plastic liner is not used? _____			
Pit dimensions (all but working pits): _____ Length (feet) _____ Width (feet) _____ N/A: Steel Pits Depth from ground level to deepest point: _____ (feet) _____ No Pit			
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 _____ feet Depth of water well _____ feet		Depth to shallowest fresh water _____ feet. Source of information: _____ measured _____ well owner _____ electric log _____ KDWR	
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? <input type="checkbox"/> Yes <input type="checkbox"/> No		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: _____ Number of working pits to be utilized: _____ Abandonment procedure: _____ _____ Drill pits must be closed within 365 days of spud date.	
Submitted Electronically			

KCC OFFICE USE ONLY		Steel Pit	RFAC	RFAS
Date Received: _____	Permit Number: _____	Permit Date: _____	Lease Inspection: <input type="checkbox"/> Yes <input type="checkbox"/> No	

* Colt Energy, Inc. 4350 Shawnee Mission Parkway, Suite 280°
Fairwar, KS 66205

Form 88 - (Producers Modified)

Plus (C&S GAS)

GAS LEASE

(PAID-UP)

STATE OF KANSAS MONTGOMERY COUNTY
FILED FOR RECORD

MARILYN CALHOUN, REGISTER OF DEEDS

11:51:34 AM 10/13/2005 Receipt No.: 16605

LEASE \$6.00

ADDITIONAL PAGES \$8.00

TECHNOLOGY FUND \$10.00

BOOK: 552 PAGE: 270

AGREEMENT, made and entered into this 10th day of October, 2005,
by and between THE TIMOTHY A. BELCHER and RUTH M. BELCHER, REVOCABLE
LIVING TRUST DATED JUNE 22, 2005

hereinafter called Lessor (whether one or more), and Colt Natural Gas, L.L.C., P.O. Box 388, Iola, Kansas 66749, hereinafter called Lessee.

1. **GRANT.** Lessor, for and in consideration of the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration, receipt and sufficiency of which are acknowledged, and of the covenants and agreements hereinafter contained, does hereby grant, demise, lease and let unto said Lessee, exclusively, its successors and assigns, the following described land for the purpose of conducting geological, geophysical and other exploratory work, including drilling and operating for, producing, saving, storing and marketing all gas of whatsoever nature or kind including but not limited to coalbed gas, shale gas or casinghead gas and all other gaseous substances and their respective constituent products, and the exclusive

right of injecting gas, air, water, brine and other fluids and substances into the subsurface strata, and constructing roads, laying pipe lines, electric lines and other utilities, building tanks and erecting other structures thereon, necessary or convenient to produce, save and take care of, treat, dewatering any gas formations and market said substances and products, all that certain tract of land together with any reversionary rights and after-acquired interests therein, described as follows:

THE NORTH HALF OF THE NORTHEAST QUARTER (N/2 NE/4) IN SECTION 30, TOWNSHIP 33 SOUTH, RANGE 17 EAST;

Section 30 Township 33 S Range 17 E containing 80 acres more or less
located in MONTGOMERY COUNTY, KANSAS.

2. **PRIMARY TERM.** This Lease shall remain in full force for a term of THREE (3) year(s) from this date, (herein called "Primary Term"), and as long thereafter as oil or gas, or any of the substances covered by this Lease, is produced from said land by Lessee in paying quantities, or the premises are being developed.

3. **PAID-UP LEASE.** This Lease may be maintained during the Primary Term hereof without further payment or drilling operations. If Lessee shall commence to drill a well within the Primary Term of this Lease or any extension thereof, then Lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if gas be found in paying quantities, this Lease shall continue and be in force with like effect as if such well had been completed within the Primary Term.

4. **ROYALTY.** Lessor shall receive royalties as follows:

(A) Lessee shall pay to Lessor as royalty on all gas of whatsoever nature or kind, including but not limited to coalbed gas, shale gas or casinghead gas, and their respective constituent elements or other gaseous substances ("Gas"), produced and marketed from the leased premises FIFTEEN PERCENT (15%) of the market value at the mouth of the well.

(B) Lessee shall pay to Lessor FIFTEEN PERCENT (15%) of the proceeds from the sale of all other products of gas not otherwise referred to herein.

5. **MINIMUM ROYALTY.** Notwithstanding any other provision of this lease, the Lessor shall receive a minimum royalty totaling TEN DOLLARS (\$10.00) per net mineral acre per year that this lease is in force after the expiration of the primary term. If the Lessor receives royalty equal to or greater than the above minimum royalty from the sale of oil, gas or any other products of oil or gas within a lease year then the minimum royalty provision will be fulfilled. In the event that there is no royalty from the sale of oil, gas or any other products of oil or gas during a lease year or such royalty is less than the minimum royalty amount, Lessee shall pay all of the minimum royalty or the difference in cash within SIXTY (60) days after the end of such lease year. In the event of the Lessee's failure to pay the minimum royalty as herein provided, then Lessor shall first give written notice to Lessee of Lessor's intention to declare forfeiture by reason of the nonpayment of the minimum royalty. Such notice shall be given by certified mail, return receipt requested, addressed to the Operator of the lease as shown in the records of the State Corporation Commission of the State of Kansas or their successor. If Lessee shall pay all of the minimum royalty or the difference in cash within THIRTY (30) days after the date such notice is received by the Lessee, then the lease shall not be terminated for violation of the minimum royalty provisions hereof. The first minimum royalty shall be due within SIXTY (60) days after the 10th day of October, 2009. Payment for all of the minimum royalty or the difference may be made by check or draft of Lessee and shall be deemed made when delivered or sent certified mail, return receipt requested, to the Lessor's credit at the address listed below or successor address or Lessor's address as shown on the current purchaser's division order or, if not there available, then to Lessor's last address according to the Operator's records. So long as the minimum royalty is paid as provided herein, the lease shall be deemed to be producing oil and/or gas in accordance with paragraph 2 of this lease.

6. **FORCE MAJEURE.** All provisions hereof, express or implied, shall be subject to all federal and state laws, and the orders, rules, or regulations of all governmental agencies administering the same, and this Lease shall not be in any way terminated wholly or partially, nor shall Lessee be liable in damages for failure to comply with any of the express or implied provisions hereof, if such failure accords with any such laws, orders, rules or regulations. Lessee shall not be liable in damages, forfeiture or termination, on account of breach of covenant, express or implied, or failure of any condition necessary to keep this Lease in force, which results from force majeure; and the obligations of Lessee shall be suspended if and while drilling or other operations are delayed or interrupted by force majeure. Force majeure includes Act of God, storm, flood, strike, scarcity of labor or material, lockout, blowout, breach of contract by drillers, subcontractors or suppliers, surface or subsurface conditions which impede normal operations or which would result in other damages or waste, or other bona fide cause beyond the reasonable control of Lessee. Lessee shall have a reasonable time after the removal or cessation of force majeure within which to commence or resume performance under the Lease. If force majeure occurs during the Primary Term, the time such force majeure exists shall be added to the Primary Term.

7. **LESSER INTEREST.** If said Lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein, then royalties and other payments herein provided shall be paid to said Lessor in the proportion that his/her interest bears to the whole and undivided fee title. If more than one party has executed this Lease as Lessor, then this provision applies to each such party.

8. **OPERATIONS AND REMOVAL.** Lessee shall bury its pipelines below plow depth where reasonably possible. No well shall be drilled nearer than TWO HUNDRED (200) feet to any house or barn on said land as of the date of this Lease without written consent of Lessor. Lessee shall pay for damages caused by its operations to said land. Lessee shall fill in drilling pits and restore well location(s) as nearly as reasonably possible to the general condition before drilling operations began, within a reasonable time after a well has been plugged or completed. Lessee shall fence all tanks and wells when requested by Lessor. Lessee shall have the right at any time to remove any or all machinery and fixtures placed on said land, including the right to draw and remove casing.

9. **FREE SUBSTANCES.** Lessee shall have the right to use, free of cost or royalty, gas, oil, and water produced on said land for Lessee's operations thereon, except fresh water from the wells of Lessor. If gas is produced from any well, Lessor shall have the right to take such gas, free of charge, for domestic purposes in one single family dwelling on the leased premises. This provision does not extend to additional dwellings that may be located upon tracts into which the leased premises may be divided. Lessor's lines, appliances at the well, meters and connections shall be of good quality and installed at Lessor's expense. Lessee shall have the right to designate the point of connection and to impose such rules and regulations as may be reasonably necessary to protect the well and other lines. Lessor's taking and use of gas shall be at Lessor's sole risk, and Lessee shall not be liable in any way for Lessor's failure or inability to obtain or use such gas on account of the use of pumping stations, breakage of lines, conditions at the well, requirements or restrictions under any gas contract, Lessee's operations, or any other cause. Lessor shall be solely responsible for compliance with all applicable safety rules and regulations, including K.A.R. 82-11-4, in effect at the time of connection including, but not limited to, odorization of the gas.

10. **BREACH.** The breach of any obligation under any provision or covenant of this Lease, express or implied, shall not work a forfeiture or termination of the Lease nor be grounds for cancellation unless Lessor first notifies Lessee in writing of the breach and the facts relied upon as constituting such breach, together with a demand for the specific performance thereof, and the Lessee, if in default, fails within a reasonable time thereafter to commence compliance with the obligations imposed.

11. **ASSIGNMENT AND ENTIRETY.** If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of payments and/or royalties shall be binding on the Lessee until after the Lessee has been furnished with a written transfer or assignment or a true copy thereof; and it is hereby agreed in the event this Lease shall be assigned as to a part or as to parts of the above described lands and the assignee or

SPP



assignees of such part or parts shall fail or make default in the payment of the proportionate part of the payments and/or royalties due from him or them on an acreage basis, such default shall not operate to defeat or affect this Lease insofar as it covers a part or parts of said lands upon which the said Lessee or any assignee thereof shall make due payments of said payments and/or royalties. If the leased premises are now or hereafter owned in severalty or in separate tracts, the premises, nevertheless, may be developed and operated as an entirety, and the payments and/or royalties shall be paid to each separate owner in the proportion that the acreage owned by him bears to the entire leased area. There shall be no obligation on the part of the Lessee to offset wells on separate tracts into which the land covered by this Lease is now or may hereafter be divided by sale, devise, or otherwise, or to furnish separate meters, tanks or other measuring devices for oil and/or gas produced from such separate tracts.

12. **WARRANTY AND SUBROGATION.** Lessor hereby warrants and agrees to defend the title to the lands herein described and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof, and in addition Lessee may reimburse itself for such payments out of any royalties or payments due or payable to Lessor.

13. **SPECIAL PROVISIONS.**

- A. Lessee will notify Lessor of any new well locations for Lessor's approval of such locations before drilling commences upon said property. Such approval shall not be unreasonably withheld by Lessor.
- B. Lessee will consult with Lessor on course, route and direction of lease roads and line (pipe, electric & telephone) installations so as to minimize interference with surface use, Lessee to establish and utilize the minimum number of lease roads necessary to conduct operations, and shall not deviate from lease roads once established, lease roads shall be maintained in good condition so as to prevent rutting and erosion.
- C. When requested by Lessor, Lessee will install and maintain cattle-tight gates at all lease access points into pastures and through pasture cross fences.
- D. Lessee shall not establish a storage yard or general maintenance area on the lease premises; any equipment or supplies not in active use shall be promptly removed from the premises.
- E. Lessee shall defend, indemnify and hold harmless Lessor from any environmental damage, spills or leaks arising from Lessee's operations.
- F. See Addendum of even date which is attached hereto and incorporated herein by this reference.

Whereof witness our hands as of the day and year first above written.

COLT NATURAL GAS, L.L.C.

THE TIMOTHY A. BELCHER and RUTH M. BELCHER REVOCABLE LIVING TRUST DATED JUNE 22, 2005

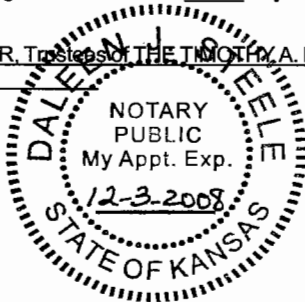
By: Nicholas K Powell
Nicholas K. Powell, President

By: Timothy A. Belcher
Timothy A. Belcher, Trustee
By: Ruth M. Belcher
Ruth M. Belcher, Trustee

STATE OF KANSAS, COUNTY OF MONTGOMERY, ss:

The foregoing instrument was acknowledged before me this 7th day of October 20 05.

By TIMOTHY A. BELCHER and RUTH M. BELCHER, Trustees of THE TIMOTHY A. BELCHER AND RUTH M. BELCHER REVOCABLE LIVING TRUST DATED JUNE 22, 2005.

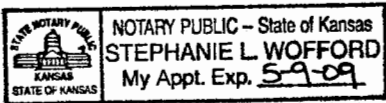


Daleen J. Steele
Notary Public
Commission/Appointment Expires: 12-3-2008

STATE OF KANSAS, COUNTY OF JOHNSON, ss:

The foregoing instrument was acknowledged before me this 10th day of October 20 05.

By NICHOLAS K. POWELL, PRESIDENT OF COLT NATURAL GAS, L.L.C.



Stephanie L. Wofford
Notary Public
Commission/Appointment Expires: May 9, 2009

ADDENDUM TO OIL & GAS LEASE DATED *October 10*, 2005
BETWEEN THE TIMOTHY A. BELCHER AND RUTH M. BELCHER
REVOCABLE LIVING TRUST DATED JUNE 22, 2005, LESSOR,
AND COLT NATURAL GAS, L.L.C., LESSEE

To the extent that the terms and conditions set forth in this addendum conflict with any terms and conditions set forth in the oil and gas lease to which it is attached, this addendum shall supercede the terms and conditions of the oil and gas lease.

1. Gas Only. This lease is for GAS ONLY, the term "gas" being broadly defined to include natural gas, as well as coal seam gas, coalbed methane, and all other producible and marketable gaseous hydrocarbons. Oil is excluded.

2. The Belcher Leases. This lease is one of a series of five (5) Gas Leases granted by Lessors this date to Lessee, covering, in the aggregate, approximately 440 acres of the Lessor's property located in the S/2 S/2 of Section 19, T33S, R17E, and in the N/2 of Section 30, T33S, R17E. Said series of leases and the lands covered thereby are herein sometimes called "the Belcher Leases".

3. Pipelines. This lease does not authorize Lessee to use the leased premises for a compressor station or to install on the leased premises gas transportation pipeline or pipelines for movement of gas produced elsewhere across the Lessor's property. Nevertheless, Lessee is authorized to install, construct, operate, maintain, repair and replace such gas pipelines, water lines, and electric lines as are or may become reasonably necessary or convenient for the production and/or marketing of gas and the injection, recycling and/or disposal of waters in connection with Lessee's operations on or in connection with any of the Belcher Leases. In the event Lessee desires to acquire a separate pipeline or compression station easement, servicing lands or leases other than the Belcher Leases, a separate contract supported by separate consideration shall be required.

4. Restricted Disposal Rights. Lessor hereby grants to Lessee a conditional license, easement, and right of way to use a new well drilled upon the leased premises and use the same for disposing of waters, brines, and other substances produced from the leased premises and the other Belcher Leases, together with an easement of one (1) square acre around such well and an easement 20 feet wide for such lines, pipes, pumps, equipment, machinery and electric lines suitable for operation of said disposal well. The conditions of such easement are as follows:

- a) There shall not be more than one (1) disposal well located on the Belcher Leases.

- b) The disposal well shall not be used for disposal of any waters, brines, or other substances from lands or leases other than the Belcher Leases, except by prior written agreement supported by separate consideration.
- c) The disposal well shall be properly permitted and authorized by the State regulatory body having jurisdiction thereof.

The license, easement and right of way for a disposal well granted hereby shall survive termination of this lease, but shall be terminated upon the termination of the last of the Belcher Leases.

5. Reasonable and Prudent Operations. Lessee shall conduct all operations on the property as a reasonable and prudent operator and in such a way so as to cause the minimum amount of damage to the land and improvements thereon. Lessee shall promptly repair any and all ruts and clean up any spills, and will not allow unused equipment or junk to accumulate on the property. Upon termination of this lease, Lessee shall fully repair all damaged land not already repaired to as near as is practical to its condition prior to the commencement of operations.

6. Locations and Damages. Lessee shall consult with Lessor and obtain Lessor's prior written approval of the site of any anticipated drilling operation and the site of any tank or other equipment. Lessor shall not unreasonably withhold such consent. Lessee shall compensate Lessor for actual damages or injury done or caused by Lessee to any livestock, growing crops, pasture land, hay meadows, timber, structures, landscaping and/or improvements as a result of Lessee's operations. Lessee shall pay Lessor (\$500.00) for site damages for each drilling site, tank battery, or other location utilized with consent of Lessor. Site damages must be paid in advance of the drilling or other activity.

7. Lines to be Buried. Lessee shall bury all electric lines and gas and water lease gathering lines at least 30 inches deep where reasonably possible. No overhead electric lines shall be permitted without prior written consent of Lessor. Lessee shall identify all buried lines of the property with tracer wire to aid in future detection.

8. Lessor's Water. Lessee shall not be permitted to use any of Lessor's water without the prior written consent of Lessor.

9. Plugging Liability. Lessee shall assume all liability for any unplugged wells existing on the property on the date of the lease.

10. No Pooling or Unit. No pooling or unitization of the lease shall be permitted without the prior written consent of Lessor.

11. Assignment Restricted. Lessee shall not assign this lease without written permission from Lessor. Such written permission shall not be unreasonably withheld by Lessor.

12. Termination. Upon termination of this lease, Lessee shall within 180 days plug all wells, remove all personal property, and release the lease of record. Lessee's failure to do so shall automatically forfeit his rights to all personal property located on the lease and title to said property shall automatically vest with Lessor. This provision shall not limit any remedies Lessor has under law or equity for damages.

13. Activity Restriction. Lessee, or its agents or employees, shall not hunt, fish or camp on the property without the prior written consent of Lessor.

14. Government Programs. In the event that some or all of the property covered by this lease is enrolled in any government program, as of the date of this lease, Lessee shall comply with all rules and regulations of that program. Lessee shall compensate Lessor for any penalties or the withdrawal of reimbursements resulting directly from Lessee's operations under this lease.

DATED on this 10th day of October, 2005.

LESSEE

LESSOR

COLT NATURAL GAS, L.L.C.

THE TIMOTHY A. BELCHER AND
RUTH M. BELCHER REVOCABLE
LIVING TRUST DATED JUNE 22,
2005

By: Nicholas K Powell
Nicholas K. Powell, President

By: Timothy A. Belcher
Timothy A. Belcher, Trustee

By: Ruth M Belcher
Ruth M. Belcher, Trustee



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

June 20, 2008

Dennis Kershner
Colt Energy Inc
PO BOX 388
IOLA, KS66749-0388

Re: Drilling Pit Application
Belcher Lease Well No. 7-30
NW/4 Sec.30-33S-17E
Montgomery County, Kansas

Dear Dennis Kershner:

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 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) 432-2300 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:
kcc.ks.gov/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 District Office at (620) 432-2300.