

For KCC Use:	
Effective Date: _	
District #	
0040	

Spud date: \_

\_ Agent: \_

# KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

1024283

Form C-1
October 2007
Form must be Typed
Form must be Signed

SGA? Yes No		INTENT TO DRILL  All blanks must be Filled ive (5) days prior to commencing well
Expected Spud Date:		Spot Description:
month da	ay year	Sec Two S.B. F. W
OPERATOR II		(a/a/a/a) feet from N / S Line of Section
OPERATOR: License# Name:		feet from E / W Line of Section
Address 1:		Is SECTION: Regular Irregular?
Address 2:		
City: State:		- (Note: Locate well on the Section Plat on reverse side)
Contact Person:		County: Well #:
Phone:		Field Name:
CONTRACTOR: License#		
Name:		- Target Formation(s):
		Nearest Lease or unit boundary line (in footage):
Well Drilled For: Well Class:	Type Equipment:	Ground Surface Elevation:
Oil Enh Rec Infield	Mud Rotary	Water well within one-quarter mile:
Gas Storage Pool Ext.	Air Rotary	Public water supply well within one mile:
Disposal Wildcat	Cable	Depth to bottom of fresh water:
Seismic ; # of Holes Other		Depth to bottom of usable water:
Other:		Surface Pipe by Alternate: I II
If OWWO: old well information as follows:		Length of Surface Pipe Planned to be set:
		Longth of Conductor Directification
Operator:		Projected Total Depth:
Well Name: Original Completion Date: Origin	aal Total Donth:	_ , , ,
Original Completion Date Origin	iai iotai beptii	Water Source for Drilling Operations:
Directional, Deviated or Horizontal wellbore?	Yes No	
If Yes, true vertical depth:		
Bottom Hole Location:		(Note: Apply for Permit with DWR )
KCC DKT #:		- Will Cores be taken? Yes No
		If Yes, proposed zone:
The undersigned hereby affirms that the drilling,		FFIDAVIT  Slugging of this well will comply with K.S.A. 55 et. seq.
It is agreed that the following minimum requirem		
<ol> <li>Notify the appropriate district office <i>prior</i></li> <li>A copy of the approved notice of intent to</li> <li>The minimum amount of surface pipe as a through all unconsolidated materials plus</li> </ol>	drill <b>shall be</b> posted on easpecified below <b>shall be se</b>	et by circulating cement to the top; in all cases surface pipe shall be set
4. If the well is dry hole, an agreement between	een the operator and the di	istrict office on plug length and placement is necessary prior to plugging;
5. The appropriate district office will be notifi		
		ted from below any usable water to surface within <i>120 DAYS</i> of spud date.
		#133,891-C, which applies to the KCC District 3 area, alternate II cementing be plugged. <i>In all cases, NOTIFY district office</i> prior to any cementing.
must be completed within 60 days of the	pad date of the frem chair.	be plagged. In an eaces, north, alestic enter prior to any comonaing.
Submitted Electronically		
dominica Electromically		Barrary barrata
For KCC Use ONLY		Remember to:
		- File Drill Pit Application (form CDP-1) with Intent to Drill;
API # 15		- File Completion Form ACO-1 within 120 days of spud date; - File acreage attribution plat according to field proration orders;
Conductor pipe required	feet	Notify appropriate district office 48 hours prior to workover or re-entry;
Minimum surface pipe required	feet per ALT.	Submit plugging report (CP-4) after plugging is completed (within 60 days);
Approved by:		- Obtain written approval before disposing or injecting salt water.
		- If this permit has expired (See: authorized expiration date) please
This authorization expires:	12 months of approval data	check the box below and return to the address below.

Well Not Drilled - Permit Expired Date: \_
Signature of Operator or Agent:



### IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a prorated or spaced field

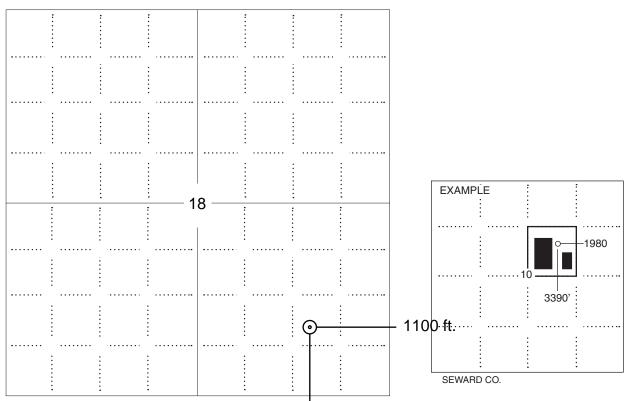
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please 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:	Location of Well: County:
Lease:	feet from N / S Line of Section
Well Number:	feet from E / W Line of Section
Field:	SecTwp S. R 🗌 E 🗍 W
Number of Acres attributable to well:	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.

940 ft.

#### 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 OIL & GAS CONSERVATION DIVISION

024283

Form CDP-1
April 2004
Form must be Typed

# **APPLICATION FOR SURFACE PIT**

### Submit in Duplicate

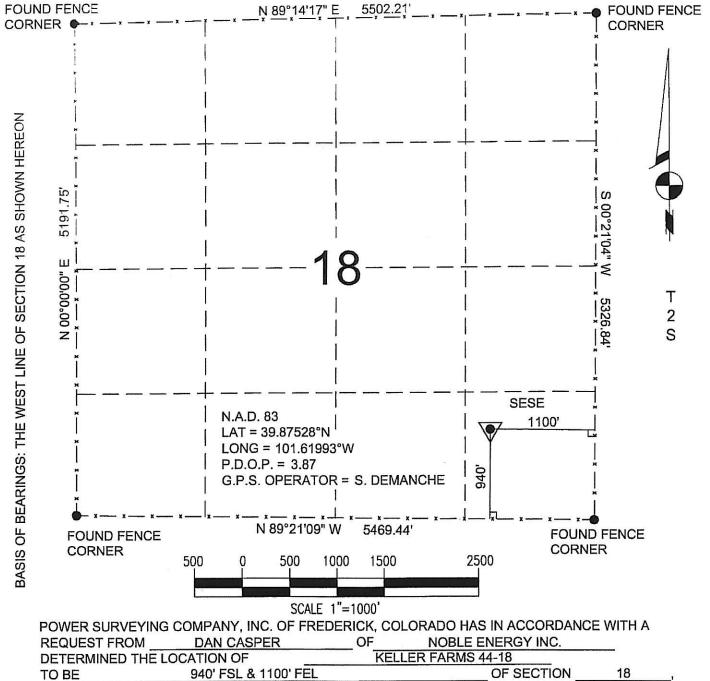
Operator Name:			License Number:				
Operator Address:							
Contact Person:			Phone Number:				
Lease Name & Well No.:			Pit Location (QQQQ):				
Type of Pit:	Pit is:						
Emergency Pit Burn Pit	Proposed Existing		SecTwpR				
Settling Pit Drilling Pit	If Existing, date constructed:		Feet from	North / South Line of Section			
Workover Pit Haul-Off Pit  (If WP Supply API No. or Year Drilled)	Pit capacity: (bbls)		Feet from East / West Line of Section County				
Is the pit located in a Sensitive Ground Water	Area? Yes	No	Chloride concentration:	,			
is the pit located in a Sensitive Ground water Area? Yes No			Chloride concentration: mg/l  (For Emergency Pits and Settling Pits only)				
Is the bottom below ground level?  Yes No	Artificial Liner?		How is the pit lined if a plastic liner is not used?				
Pit dimensions (all but working pits):	Length (fe	et)	Width (feet)	N/A: Steel Pits			
Depth fro	om ground level to de	epest point:	(feet)	No Pit			
If the pit is lined give a brief description of the material, thickness and installation procedure		•	dures for periodic maintena ncluding any special monito				
Distance to nearest water well within one-mile of pit		Depth to shallowest fresh waterfeet. Source of information:					
feet Depth of water wellfeet		measu	redwell owner	electric logKDWR			
Emergency, Settling and Burn Pits ONLY:	Drilling, Workover and Haul-Off Pits ONLY:						
Producing Formation:	Type of material utilized in drilling/workover:						
Number of producing wells on lease:		Number of working pits to be utilized:					
Barrels of fluid produced daily:		Abandonment procedure:					
Does the slope from the tank battery allow all spilled fluids to flow into the pit?   Yes   No		Drill pits must be closed within 365 days of spud date.					
Submitted Electronically							
KCC OFFICE USE ONLY Steel Pit RFAC RFAS							
Date Received: Permit Num	ber:	Permi	t Date: L	ease Inspection: Yes No			











PRINCIPAL MERIDIAN, 2 SOUTH OF THE 6th TOWNSHIP , RANGE 38 WEST KANSAS CHEYENNE STATE OF **COUNTY OF** 

### LOCATION NOTES:

LOCATION FALLS IN: DRY LAND

IMPROVEMENTS: NONE WITHIN 200' OF LOCATION

**ELEVATION DETERMINED FROM NAVD 1988** DATUM. GROUND ELEVATION = 3354'

DISTANCES AND BEARINGS ARE FIELD MEASURED UNLESS NOTED OTHERWISE.

### LEGEND:

SECTION CORNER (AS NOTED)



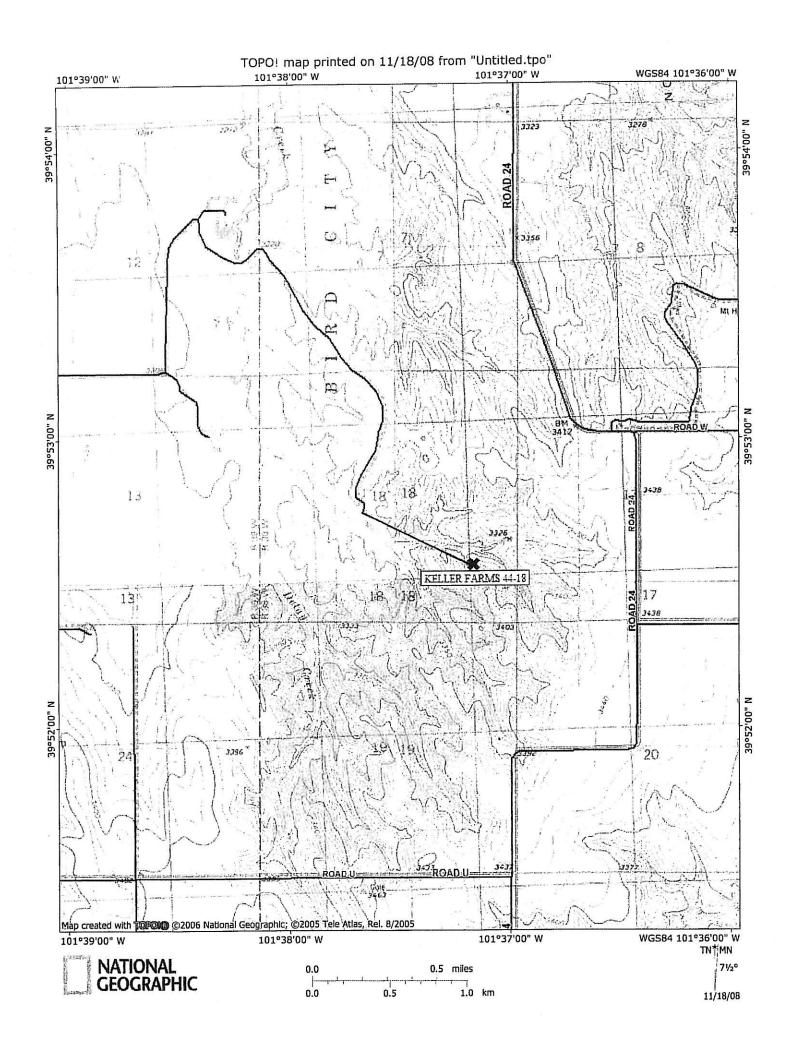
PROPOSED WELL LOCATION



7800 MILLER DRIVE, UNIT C FREDERICK, CO 80504 (303) 702-1617, FAX (303) 702-1488

WORK ORDER # 501-08-845 FIELD DATE: 11-17-08

DATE OF COMPLETION: 11-18-08



Ks/Neb/Colo Producers Form 8



This Oil and Gas Lease (the "Lease") is dated September 30, 2002 (the "Effective Date"). The parties to this Lease are ALBERT KELLER FARMS, INC., as Lesser (whether one or more), whose address is Route 1, Box 271, St. Francis, Kausas 67736, and ENERGY SUPPLY EXPLORATION AND DEVELOPMENT LLC, as Lessee, whose address is 212 N. Market, Suite 312, Wichita, Kausas 67202.

1. For the consideration of the Lesse, Lessor grants, leases, and lets exclusively to Lessee, the lands determed below (the "Lands"), with the right to unlitize, pool, or combine all or part of this Lease with other lands or leases for the purpose of carrying on geological, geophysical, or other exploration work, even deliling and the drilling, mining, and operating for, producing, and saving oil, gas, and other hydrocubous, and for constructing roads, laying pipelines, building tanks, storing oil, building power stations, telephone lines, and other structures necessary or convenient for the economical operation of the Lands alone, or with adjacent lands, and to produce, save, and take care of the oil and gas produced. The Lands are located in Cheycane County, Kansas, and are described as follows:

Township 2 South RANGE 38 WEST

Section 19: Tract #1: NW [160 acres] 1 Section 7: Tract #2: SW [160 acres] 1 Section 19: Tract #3: SE [160 acres] 1 Section 19: Tract #4: Section 19: Tract #4: Section 19: Section 19: Tract #4: Section 19: Se

Notwithstanding any provisions of this Lease, or any wording contained in this Lease (such as "the Lands", "this Lease," "the Lease," "leasehold," or any similar terms), each of the separately designated tracts ("Tracts") to this Lease shall be treated for all purposes as a separate and distinct lease. All of the provisions contained in this lease form shall be applicable to each separate Tract and be construed as if a separate lease agreement had been made and executed covering each

The Lands are deemed to contain the amount of acres for EACH TRACT AS SET FORTH HEREIN, whether they contain more or less.

- 2. This Lease shall remain in force for a primary term of five (5) years (the "Primary Term") from the Effective Date and as long thereafter as oil, gas, or other hydrocarbons are, or can be produced from the Lends. On or before five (5) years from the Effective Date, if this Lease is not otherwise continued in force, Lessee, at its option may automatically renew this lease and extend the Primary Term for an additional five (5) year term if, on or before five (5) years from the Effective Date, Lessee tenders consideration to Lesser, in the amount of
- 3. The royalies to be paid by Lessee are: (a) on oil and other liquid hydrocarbons.

  Some to be delivered at the wells, or to the credit of Lessor into the pipeline to which the wells may be connected; Lessoe may from time to time purchase any royalty oil in its possession, paying the market price therefore produced for the date of purchase; (b) on gas and the constituents thereof produced from said land and sold or used off the premises or in the manufacture of produces therefore, the market value at the well of the produced from said land and sold or used off the produces the produced from such saids. All royalties paid on gas said or used off the premises or in the manufacture of products thereform will be paid inter deducting from such royalty Lessor's proportionate amount of all post-production costs, including but not limited to gross production and severance taxes, gathering and transportation costs from the wellbead to the point of sale, treating, compression, and processing. On product sold at the well, the cryalty shall be the first of the net proceeds realized from such sale, alter deducting from such royalty Lessor's proportionate amount of all of the above post-production costs and expenses, if any. Where there is a gas well or wells on the Lands subject to this Lesse or lands pooled with the Lands, whether before or after the Primary Term, and the well or wells are shut-in and there is an other production, drilling operations or other operations being conducted on the Lands capable of keeping this Lease in force under any of its terms or provisions, Lessee may pay as royalty to Lessor as for an and to such a such as a shut-in royalty. Payments of shut-in royalty are to be made to the depository, and delay rentals) the sum of 100 per production and the antiversary date of this Lease (the shut-in royalty). Payments of shut-in royalty are to be made to the depository, and of the wells are shut-in following the anniversary date of this Lease during the period the wells are shut-in. Upon payments being
- 4. If operations for the drilling of a well for oil or gas are not commenced on the Lands on or before September 30, 2003 (the "Rental Payment Date"), this Lease shall terminate unless Lessee, before that date, pays or tenders to Lessor DIRECTLY AT THE ABOVE ADDRESS, the sum of ONE DOLLAR PER ACRE AS SHOWN ON EXHIBIT [TRACT] ("Rentals") which shall operate as a rental and cover the privilege of deferring the commencement of operations for drilling for a period of one year. In like manner and upon like payments or tenders the commencement of operations for drilling may be further deferred for like successive periods until the end of the Primary Term. All payments or tenders may be made by checke or drill of Lessee or Lessor assigns, mailed or delivered on or before the Rental Poying Date, either directly to Lessor, or to the Depository. Lessor agrees the consideration provided in paragraph 1, covers on only the privileges granted by this Leaso from the Effective Date to the first Rental Payment Date but also Lessor's option of extending that period, and all other rights conferred in this Lesse. Notwithstanding the death of the Lessor or his/her successors in interest, the payment or tender of Rentals shall be binding on the heirs, devisees, executors, and administrators of Lessor.
- 5. If at any time prior to the discovery of oil or gas or other hydrocarbons on the Lands, and during the Primary Term, Lessee drills a dry hole or holes on the Lands, this Lease shall not terminate, provided operations for the drilling of a well shall be commenced by the next ensuing Rental Paying Date, or Lessee begins or resumes the payment of Rentals.
- 6. If Lessor owns a lesser interest in the Lands than the entire and undivided fee simple estate in the minerals, any royalty and Rentals which may be due or payable shall be paid to Lessor and in the proportion which Lessor's interest bears to the whole and undivided fee, Lessoe's failure to proportionately reduce Rentals shall have no effect on the right to reduce royalties to correspond with Lessor's actual interest in the mineral estate in the Lands.
- 7. Lessee is granted the right to use, free of cost, gas, oil, and water found on or under the Lands, for all of Lessee's operations, except water from Lessor's wells. When required by Lesser, Lessee will bury its pipelines crossing those portions of the Lands that are under cultivation below ordinary plow depth, and pay for damages caused by its operations to growing crops on the Lands. No well shall be drilled nearer than 200 feet to any house or barn located on the Lands on the Effective Date without the written consent of Lessor. Lessee has the right at any time during or after the expiration of this Lesse, but is under no obligation, to remove all machinery, fixtures, buildings, and other structures placed on the Lands, including the right to draw and remove all casing. Lessee has no obligation to resture the surface of the Lands to its original condition where any offernitions or changes were due to operations reasonably necessary under this Lesse.
- 8. If the estate of either party is assigned, the privilege of assigning in whole or in part being expressly allowed, the terms of this Lease shall extend to the party's heirs, devisees, executors, administrators, successors, and assigns. No change of ownership in the Lands, Rentals or royalties, or any sum due, or the depository address of Lessor, under this Lease shall be binding on the Lessee until 60 days after it has been furnished with written notice of the change accompanied by the original recorded instrument or certified copy of the conveyance, a certified copy of the Will and probate proceedings of any deceased owner, or a certified copy of the proceedings showing the appointment of an administrator of the estate of any deceased owner, whichever is oppropriate, together with all recorded instruments of conveyance or certified copies necessary to show a complete chain of title to the interest claimed. All advanced payment of Rentals made before the end of the 60-day period following Lessee's receipt of documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of Lessor.
- 9. No change or division in the ownership of the Lands, Rentals, or royalties, however accomplished, shall enlarge the obligation or diminish the rights of the Lessee. In the event of an assignment in whole or in part by Lessee, the liability for breach of any obligation of this Lease shall rest exclusively on the owner of the portion of the Lease committing the breach. Lessee has no obligation to offset wells on separate tracts into which the Lands may be divided by sale, devise, descent or otherwise, or to furnish separate measuring devices or tanks. If this Lease is assigned as to a segregated up art or parts of the Lands and the holders or owners of any part is in default in the payment of the proportionate part of the Rentals due, the default shall not operate to affect this Lease involar as it owers a part of the Lands on which Lessee or any other assignee makes timely payment of Rentals. If six or more parties become entitled to royalty payments, Lessee may withhold payment until furnished with a recordable instrument executed by all the parties designating an agent to receive payment of royalties for all the parties.
- 10. Lessor warrants and agrees to defend title to the Lands and agrees Lessee, at its option, may pay and discharge in whole or in part any taxes, mortgages or other liens existing, levied or assessed on or against the Lands. If Lessee exercises this option it shall be subrogated to the rights of any holder or holders of the liens or

claims and may reimburse itself by applying to the amounts paid to discharge any mortgage, tax or other lien, any royalty, shut-in royalty, or Rentals accruing to the account of Leston.

- 11. If Lessee commences operations for drilling at any time while this Lease is in force, this Lease shall remain in force and its terms shall continue so long as those operations are prosecuted. If production results from the operations, the Lease shall remain in effect as long as production continues.
- 12. If, during the Primary Term, production on the Lands ceases from any cause, this Lense shall not terminate provided operations for the drilling of a well are commenced before or on the next ensuing Rental Paying Date; or, Lessee begins or resumes the payment of Rentals in the manner and amount provided in paragraph 5 above. If after the expiration of the Primary Term, production on the Lands ceases from any cause, this Lense shall not terminate provided Lessee resumes operations for drilling a well or commences reverking operations on a well within one hundred and eighty (180) days from the date of cessation of production. This Lease shall remain in force during the prosecution of the operations and, if production results or resumes, as long as production continues.
- 13. At any time Lessee may surrender this Lease in whole or in part by delivering or mailing a release to the Lessor, or by placing the release of record in studie county where the Lands are located. If the Lease is surrendered on only a portion of the Lands, all payments and liabilities that accrue as to the released portion of the Lands studies and any absequent Rentals that may be paid may be apportioned on an acreage basis. As to the portion of the Lands not released, the terms and provisions of this Lease shall continue and remain in full force and effect for all purposes.
- 14. All provisions of this Lease, express or implied, shall be subject to all federal and state laws and the orders, rules, or regulations of all governmental agencies administering them. This Lease shall not in any way be terminated in whole or in part, nor stall Leasee be liable in damages for failure to comply with any of the express or implied provisions of this Lease if the failure results from any such laws, orders, rules or regulations. If Leasee is provented from drilling a well during the last six months of the Primary Term by the order of any constituted authority baving jurisdiction, or if Leasee is unable during that period to drill a well due to the unavailability of necessary equipment, the Primary Term of this Lease shall comtinue for six months after the order is suspended and/or the equipment is available. Lessee shall pay Rentals during this extended time.
- 15. Lessee, at its option, is granted the right and power to voluntarily pool, unitize, or combine all or any portion of the Lands as to oil ant/or gas, with any other adjacent lands, or lessee, when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate the Lesse, or to obtain the maximum production allowable for any well. Unless larger units are permitted, pooling may be in units most exceeding forny (40) acres for an oil well plus a tolerance of 10%, and 640 acres for as well plus a tolerance of a utlerance of the Larger units may be created to conform to any specing or well unit pattern that may be presentled by governmental suthorities. Lessee's ogent, shall record in the county where the Lands are located an insurance identifying the unit and describing the pooled acreage. All acreage pooled into a unit shall be treated for all purposes, except the payment of royalides, as if it were included in this Lease. Drilling or reworking operations, production of oil, gas, or other hydrocarbons, or the completion of a well as a shut-in gas well shall be considered for all purposes, except the payment of royalides, as if it the operations were on, the production from, or the completion were on the Lands, whether or not the well or wells are located on the Lands actually covered by this Lease. In lieu of the royalty provided in this Lease, including shut-in gas royalties, Leasers shall receive from a unit only that portion of the royalty provided for in this Lease, as that portion of the Lands placed in the unit, or bears to the total amount of acreage included in a Unit.

This Lease and all its terms, covenants, and conditions shall extend to and be binding on all successors grantees and assigns of Lessur and Lessee

This Lease is executed by Lessor as of the date of the acknowledgment of Lessor's signature, but shall be deemed effective for all purposes as of the Effective Date stated above.

#### OTHER PROVISIONS:

- In the event of drilling operations on the Lands:
  - Lesses thall install fencing around any open pits sufficient to keep cattle from entering the enclosed, pit area. Such fencing shall be maintained in good order and remain in place and until such time as said pits are permanently closed.
  - Lessee shall not intentionally dispose of any produced brine or salt water on the surface of the lands.
  - Lessee shall consult with Lessor as to the placement and location of roads prior to the drilling of any wells.
- Payment to Lessor by Lessee for damages to growing crops as set forth in above paragraph #7, shall also include payment for pasture grass.
- No well or well bore may be utilized by Lessee for the disposal of salt water from wells located off of the Lands or leased premises without the prior written consent of Lessor.
- The Lands are now or may hereafter be equipped for irrigation. If Lessee completes an oil or gas well on the lease premises, all operating and sturage equipment, machinery, and fixtures will be low in profile and height, and located in such a manner to permit Lessor's use of center pivot irrigation systems or other common types of overhead irrigation systems that may be in place at the time of such well completion.
- Within 90 days following the expiration of this Lease, Lessee shall file a Release of Gil and Gas Lease in the records of the Register of Deeds of Cheyenne County, Kansas.
- Prior to the commencement of drilling operations and/or the installation of production facilities and pipelines on the Lands, Lessee agrees to make a good faith effort to negotiate for payment of surface damages. Lessee shall be responsible to Lessor for all damages caused by Lessee's operations, including but not limited to, damage or injury to the surface of the lease premises, timber, crops, pastures, demestic animals, roads, canals, ditches, artificial or natural drains, fences, buildings, water wells, and improvements located on the lease premises. Lessee shall protect and hold Lessor harmless from any claim or claims by any person, firm, or corporation resulting from Lessee's operations, regardless of the merit of any claim.

Lessor

StanlyD. Keller, President

Tax ID#

Acknowledgment For Corporation

STATE OF KANSAS COUNTY OF CHEYENNE

Be it remembered that on this \_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_, 2002, before me, the undersigned, a Notary Public, duly commissioned, in and for the county of Cheyenne and State of Kansas, came Stanly D. Keller, president of Albert Keller Farms, Inc., a corporation of the State of Kansas, personally known to me to be such officer, and to be the same person who executed as such officer the foregoing instrument of writing in behalf of said corporation, and he duly acknowledged the execution of the same for himself and for said corporation for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires

NATALIE ROGERS
State of Kansas
MyAppt-Exp-Oct. 21, 2005

Notary Public ()