



1027450

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

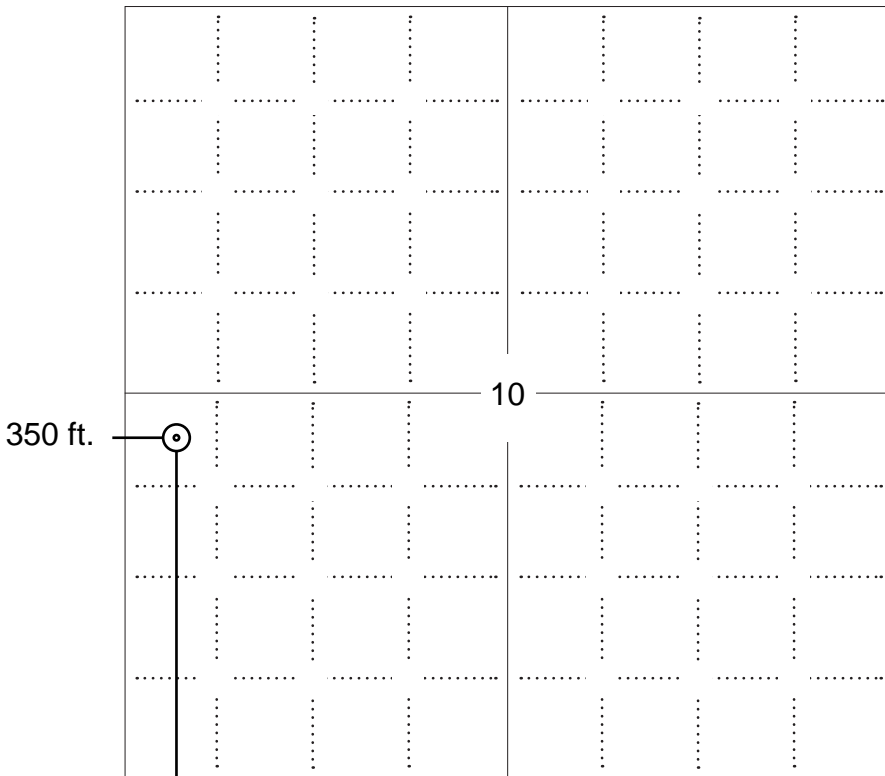
If Section is Irregular, locate well from nearest corner boundary.

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 location.

2330 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 1027450
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.	
<p>Submitted Electronically</p>			

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



Morton County
Register of Deeds
Sally Akers

Book: 140 Page: 262
Receipt #: 3109 Total Fees: \$28.00
Pages Recorded: 6
Date Recorded: 1/20/2006 11:17:54 AM

**OIL AND GAS LEASE
(PAID UP)**

AGREEMENT, made and entered into this 4th day of January, 2006, effective September 1, 2004, by and between:

**Mitchell G. Ehrlich, dealing in his sole property
P. O. Box 1258
Perryton, TX 79070**

party of the first part, hereinafter called Lessor (whether one or more), and Altrav Petroleum Company, 15 E. 5th Street, Suite 2950, Tulsa, OK 74103, party of the second part, hereinafter called Lessee.

WITNESSETH, that the said Lessor, for and in consideration of Ten and More (\$10.00), cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let exclusively unto the said Lessee, for the sole and only purpose of exploring by geophysical and other methods, mining and operating for oil (including but not limited to distillate and condensate), gas (including casing-head gas and helium and all other constituents), and for laying pipe lines, and building tanks, power stations and structures thereon, to produce same and take care of said products, all that certain tract of land, together with any reversionary rights herein, situated in the County of Morton, State of Kansas, described as follows, to-wit:

**All that part of the W/2 of Section 10-35S-42W, lying northwesterly
of the railway right-of-way owned by the Cimarron Valley Railroad, LLC,**

of Section 10, Township 35S, Range 42W, and containing 128.79 acres, more or less.

It is agreed that this lease shall remain in force for a primary term ending July 13, 2007 (herein called primary term) and as long thereafter as oil or gas, or either of them, is produced from said land by the Lessee. In consideration of the premises the said Lessee covenants and agrees:

1. To deliver to the credit of Lessor free of cost, in the pipe line to which it may connect its wells, the * part of all oil (including but not limited to condensate and distillate) produced and saved from the leased premises.

2. To pay Lessor for gas of whatsoever nature or kind (with all of its constituents) produced and sold or used off the leased premises, or used in the manufacture of products therefrom, * of the gross proceeds received for the gas sold, used off the premises, or in the manufacture of products therefrom, but in no event more than * of the actual amount received by the Lessee, said payments to be made monthly. During any period (whether before or after expiration of the primary term hereof) when gas is not being so sold or used and the well or wells are shut in and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, Lessee shall pay or tender a royalty of One Dollar (\$1.00) per year per net royalty acre retained hereunder, such payment or tender to be made, on or before the anniversary date of this lease next ensuing after the expiration of ninety (90) days from the date such well is shut in and thereafter on the anniversary date of this lease during the period such well is shut in, to the royalty owners. When such payment or tender is made it will be considered that gas is being produced within the meaning of the entire lease.

If the Lessee shall commence operations for drilling or re-working operations on an existing well within the term of this lease or any extension thereof, or on acreage pooled therewith, the Lessee shall have the right to drill such well to completion or complete reworking operations with reasonable diligence and dispatch, and if oil or gas, or either of them, 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 term of years first mentioned.

~~Lessee is hereby granted the right at any time and from time to time to unitize the leased premises or any portion or portions thereof, as to all strata or any stratum or strata, with any other lands as to all strata or any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate. However, no unit for the production primarily of oil shall embrace more than 80 acres, or for the production primarily of gas with or without distillate more than 640 acres, provided that if any governmental regulation shall prescribe a spacing pattern for the development of the field or allocate a producing allowable based on acreage per well, then any such unit may embrace as much additional acreage as may be so prescribed or as may be used in such allocation of allowable. Lessee shall file written unit designations in the county in which the leased premises are located. Operations upon and production from the unit shall be treated as if such operations were upon or such production were from the leased premises whether or not the well or wells are located thereon. The entire acreage within a unit shall be treated for all purposes as if it were covered by and included in this lease except that the royalty on production from the unit shall be as below provided, and except that in calculating the amount of any shut in gas royalties, only the part of the acreage originally leased and then actually embraced by this lease shall be counted. In respect to production from the unit, Lessee shall pay Lessor, in lieu of other royalties thereon, only such proportion of the royalties stipulated herein as the amount of his acreage placed in the unit, or his royalty interest therein on an acreage basis bears to the total acreage in the unit.~~

If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided shall be paid to the Lessor only in the proportion which his interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operations thereon, except water from wells of Lessor.

When requested by the Lessor, Lessee shall bury his pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent of the Lessor.

Lessee shall pay for all damages caused by the operations on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

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. However, no change or division in ownership of the land or royalties shall enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land 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. In case Lessee assigns this lease, in whole or in part, Lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules and Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or such failure is the result of any such Law, Order, Rule or Regulation.

This lease shall be effective as to each Lessor of execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the Lessors above named may not join in the execution thereof. The word "Lessor" as used in this lease means the party or parties who execute this lease as Lessor, although not named above.

Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to Lessor, or by placing a release of record in the proper County.

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.

BOOK 140 PAGE 262

*All references herein made to a royalty provision shall read "no royalty" but does not apply to shut-in royalties.

This oil and gas lease is expressly subject to that certain Agreement dated January 4, 2006 by and between Altrav Petroleum Company and Mitchell G. Ehrlich, etal, covering the above described and other lands which is attached hereto as Exhibit "A" and made a part hereof.

This lease shall terminate ipso facto on July 13, 2007, as to all zones, formations, intervals and horizons which are not then producing in paying quantities either on the leased premises or on lands validly pooled herewith. The Upper, Middle, and Lower Morrow Formations, as well as the Keyes Formation, and all gas zones within the Greenwood gas field shall be considered separate and distinct zones, formations, intervals and horizons for the purpose of construing the preceding sentence. Likewise, the Upper, Middle and Lower Chester Formations shall be considered as separate and distinct zones, formations, intervals and formations for the purpose of construing the first sentence of this paragraph.

Notwithstanding anything to the contrary herein, as to the Morrow Keys Formation, Lessee is granted the right to pool for oil and casinghead gas so as to authorize the formation of 80-acre lay-down units throughout the West Half (W/2) of Section 10-35S-42W, Morton County, Kansas. The Morrow Keys Formation is defined as that interval from 4,650' to 4,700' as shown on the Schlumberger Array Induction Log for the Wheeler Oil Company - Simmons #1-10 well located 330' from the west line and 2,582' from the south line of said Section 10. As to oil and casinghead gas, no other formations can be pooled. As to gas and gas condensate, Lessee is granted the right to pool all of the leased premises with the remainder of the leased premises located in the West Half (W/2) of Section 10, Township 35 South, Range 42 West, Morton County, Kansas, as well as the Southeast Quarter (SE/4) of Section 4 and the Northeast Quarter (NE/4) of Section 16, all in Township 35 South, Range 42 West, Morton County, Kansas, in order to form a 640 acre gas unit, together with a 10% acreage tolerance.

Lessor and Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

In the event MEOG elects to go non-consent under the provisions of the applicable operating agreement, Mitchell Ehrlich, individually, shall be entitled to be paid by the operator of the non-consenting well, a 3/16 royalty under this lease prior to the recoupment of the non-consent penalty provisions. At all other times, all royalty under this lease shall be paid pursuant to the terms of the exhibit "A".

IN TESTIMONY WHEREOF, I sign this the 4th day of January, 2006.

ME

Mitchell G. Ehrlich

Mitchell G. Ehrlich

SS #: 458-84-7185

STATE OF Kansas)
COUNTY OF Seward)

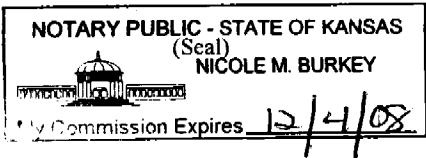
Before me, the undersigned, a Notary Public, in and for said County and State, on this 4th day of January, 2006, personally appeared Mitchell G. Ehrlich, to me known to be the identical person who executed the within and foregoing instrument, and acknowledged to me that he executed the same as his free and voluntary act and deed, for the uses and purposes therein set forth.

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

My commission expires: 12/4/08

Nicole M. Burkey

Notary Public



Attached to and made a part of that certain Oil and Gas Lease, dated January 4, 2006, by and between Mitchell Ehrlich, Lessor, and Altrav Petroleum Company, Lessee.

EXHIBIT "A"

AGREEMENT

This Agreement entered into this 4th day of January, 2006, between Altrav Petroleum Company ("Altrav") and Mitchell G. Ehrlich ("Ehrlich") and Mitchell Ehrlich Oil & Gas, LLC ("MEOG").

WHEREAS, Ehrlich own thirty-six (36) net mineral acres in all that part of the West Half (W/2) of Section 10, Township 35 South, Range 42 West, lying northwesterly of the railroad right-of-way, Morton County, Kansas, containing 128.79 acres, more or less (the "Ehrlich Tract");

WHEREAS, Altrav owns oil and gas leases covering the following described lands in Morton County, Kansas: West Half (W/2) of Section 10, Northeast Quarter (NE/4) of Section 16, Southeast Quarter (SE/4) of Section 4, all in Township 35 South, Range 42 West, Morton County, Kansas (the "Elkhart Prospect");

WHEREAS, Wheeler Oil Company ("Wheeler") as a contract operator has drilled and completed an oil well known as the Simmons #1-10 well on the Ehrlich Tract which well located at 330' FWL and 2,582' FSL of Section 10, which well is producing oil from the Morrow Keys formation; and

WHEREAS, the parties hereto desire to stipulate and agree as to the ownership of production from the Morrow Keys formation in the Simmons #1-10 well, and other wells drilled upon the Ehrlich Tract or as to which the Ehrlich Tract is pooled or unitized.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto stipulate, covenant, and agree as follows:

1. The parties stipulate and agree that Ehrlich owns thirty-six (36) net mineral acres in the Ehrlich Tract. Ehrlich agrees to execute, acknowledge, and deliver to Altrav the oil and gas lease covering the Ehrlich Tract (the "Ehrlich Lease"). Ehrlich and MEOG represent and acknowledged they have conveyed, mortgaged, or otherwise encumbered the subject mineral interest in the Ehrlich Tract. Prior to executing said oil and gas lease, Ehrlich and MEOG represent and agree that they will obtain a release of said mortgage or encumbrance and said release shall be recorded in the records of Morton County, Kansas prior to the execution of this agreement. If said release is not obtained, this agreement shall be null and void.

Attached to and made a part of that certain Oil and Gas Lease, dated January 4, 2006, by and between Mitchell Ehrlich, Lessor, and Altrav Petroleum Company, Lessee.

2. MEOG shall execute, acknowledge, and record a full and complete release of the oil and gas lease dated December 15, 2004, between Mitchell G. Ehrlich, as lessor, and MEOG, as lessee, recorded in the Office of the Register of Deeds of Morton County, Kansas, in Book 134 at Page 75.

3. Notwithstanding anything contained in the oil and gas leases covering the Elkhart Prospect or the Operating Agreement to the contrary, the parties stipulate and agree that MEOG shall own an undivided 28% **after 100% payout** working interest in production from the Morrow Keys formation (defined as the interval from 4,650' to 4,700' as shown on the Schlumberger Array Induction Log for the Wheeler Oil Co. – Simmons #1-10 well) in the Simmons #1-10 well. From and after payout of the Simmons #1-10 well, MEOG shall be entitled to and shall receive 28% (.28 x 8/8) of the revenue attributable to the oil produced from the Morrow Keys formation in said well, and shall be obligated to pay 28% of the costs and expenses attributable to that working interest. MEOG shall be solely responsible for the payment of all royalties to Ehrlich attributable to the revenue on production from the Morrow Keys formation from the Simmons #1-10 well. Altrav agrees to execute an assignment in favor of MEOG conveying this working interest.

Upon the execution of this Agreement by both parties, Altrav shall remit to MEOG its proportionate share of the revenues and MEOG shall remit to Wheeler is proportionate share of operating expenses attributable to MEOG's 28% after-payout interest in the Simmons #1-10 well as set forth herein. As to all future revenues from production attributable to that interest, the parties agree that MEOG shall be paid direct by the oil purchaser.

4. Notwithstanding anything contained in the oil and gas leases covering the Elkhart Prospect or the Operating Agreement to the contrary, the parties stipulate and agree that MEOG shall own an undivided 6% working interest in and to the following wells:

A. All wells drilled to and producing from Greenwood Gas Field at any location on the Elkhart Prospect, including any re-completion of the Simmons #1-10 well in that common source of supply. The Greenwood Gas Field shall be defined as the common source of supply identified by the Kansas Corporation Commission in KCC Docket No. 46,644-C (C-3,879).

B. All wells drilled to and producing from any formation located on the Ehrlich Tract.

As to those wells, MEOG shall be entitled to receive 6% of all revenue (.06 x 8/8), and shall be obligated to pay 6% of the costs and expenses attributable to that working interest including drilling, completion and operating costs in accordance with the terms of the Operating Agreement. In addition, MEOG shall assume and shall be solely responsible for paying all

Attached to and made a part of that certain Oil and Gas Lease, dated January 4, 2006, by and between Mitchell Ehrlich, Lessor, and Altrav Petroleum Company, Lessee.

royalties to Ehrlich attributable to the production revenue from those wells. The parties agree that MEOG shall be entitled to be paid direct by the purchasers of said production. Altrav agrees to execute an assignment in favor of MEOG conveying this working interest.

5. The parties further stipulate and agree that neither Ehrlich nor MEOG shall have nor be entitled to receive any interest in any other wells drilled on the Elkhart Prospect.

6. MEOG stipulates and agrees that its ownership of the Ehrlich Lease shall be governed by and subject to the terms of the operating agreement dated August 27, 2004, between Wheeler Oil Company, as operator, and MEOG, as non-operator (the "Operating Agreement"). MEOG hereby ratifies and adopts the Operating Agreement. In the event of a conflict between the terms of the Operating Agreement and the terms of this Agreement, the parties agree that terms of this Agreement shall control.

7. The parties hereto release and forever discharge each other, their heirs, successors, executors, assigns, or any other person or entity claiming by through or under them, from any and all claims, demands, obligations, actions, causes of action, and any other claims of any nature whatsoever which the parties now have, or which may hereafter accrue, relating to or resulting from the drilling of the Simmons #1-10 well and the execution of the Operating Agreement.

8. Altrav represents and warrants that it has the authority to execute this agreement and is executing this agreement on behalf of the 100% of the leasehold owners and Wheeler, except for MEOG.

9. The parties hereto agree to execute, acknowledge, and deliver a Memorandum of Operating Agreement to be filed in the real estate records of Morton County, Kansas.

10. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors, and assigns. Altrav and MEOG agree that any assignment of any of the oil and gas leases that are subject to the Operating Agreement shall be made expressly subject to the terms and conditions of this Agreement.

11. Each party agrees that, subsequent to the execution hereof, they shall execute, acknowledge, and deliver to the other such additional and further instruments and take such other action as may be reasonably requested in order to assure to said party all of the respective properties, rights, titles and interests intended to be conveyed and assigned in consummation of the transactions and titles contemplated by this Agreement.

12. This Agreement may be supplemented, altered, amended, modified or revoked by writing only, signed by all of the parties.



*Mark Parkinson, Governor
Thomas E. Wright, Chairman
Michael C. Moffet, Commissioner
Joseph F. Harkins, Commissioner*

May 14, 2009

Roger Wheeler
Wheeler, Roger M. Jr. dba Wheeler Oil
Company
PO BOX 1439
TULSA, OK74101-1439

Re: Drilling Pit Application
Simmons Lease Well No. 3-10
SW/4 Sec.10-35S-42W
Morton County, Kansas

Dear Roger Wheeler:

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 within 96 hours of completion of drilling operations.

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:
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) 225-8888.