



1030457

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

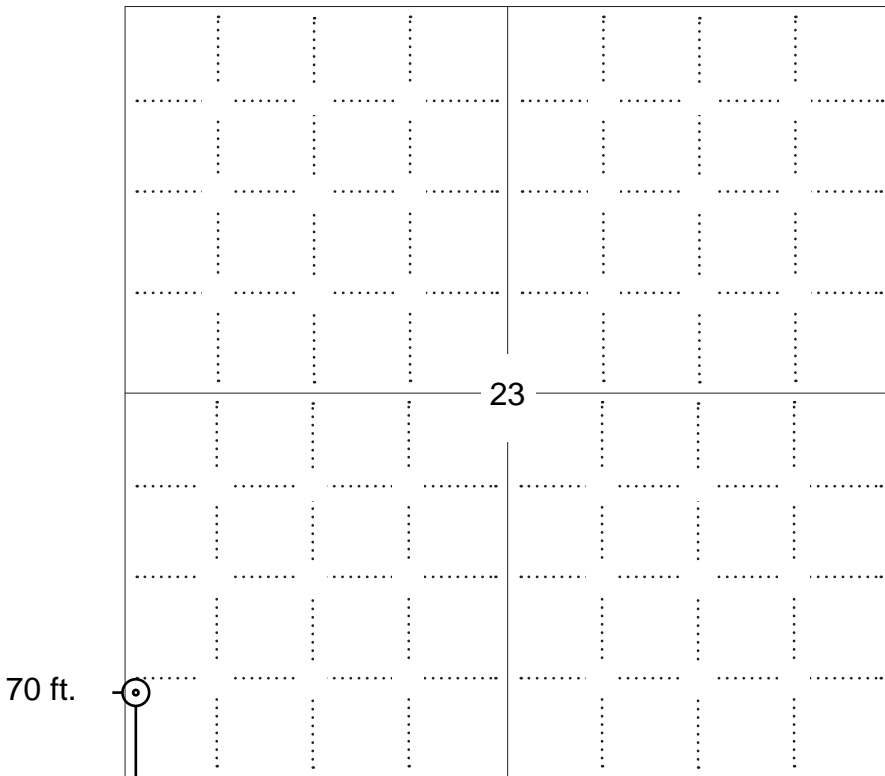
If Section is Irregular, locate well from nearest corner boundary.

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.

590 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 1030457
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 | |

Ver Num ✓
Scan ✓
C- ✓



N 0082117 Book M112

RECORDED

Dec 17, 2008 10:10 AM rees

Janice M. Rees
Register of Deeds

FORM 88 - (PRODUCERS SPECIAL)(PAID-UP W/OPT)
63U (Rev. 2004 CRI)

OIL & GAS LEASE

AGREEMENT, Made and entered into the 14th day of October, 2008, by and between Deborah M. Fox, Conservator for Darlene Z. Fox, a widow, whose mailing address is 1354 100th Avenue, Larned, KS 67550, hereinafter called Lessor (whether one or more), and CAPTIVA II, LLC, 1658 Cole Boulevard, Suite 205, Lakewood, CO 80401, hereinafter called Lessee:

Lessor, in consideration of Ten and more Dollars (\$10.00) in hand paid, receipt of which is hereby acknowledged and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases and their respective constituent products, injecting gas, water, other fluids and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest, therein situated in County of Pawnee, State of Kansas described as follows, to-wit:

TOWNSHIP 21 SOUTH, RANGE 16 WEST OF THE 6TH PRINCIPAL MERIDIAN
Section 23: SW/4 less the following two tracts:

Tract A: All of that part of the Southwest Quarter (SW/4) of said section lying North and West of the AT&SF RY. Co. Right-of-way and U.S. 56 Highway, same being a tract of 4.2 acres, more or less, described by metes and bounds as follows: Commencing at the northwest corner of said Southwest Quarter (SW/4) of said section for a place of beginning; thence due East 606 feet, more or less, to the North line of the highway Right-of-way of U.S. 56; thence in a southwesterly direction along the north line of said right-of-way to the point of its intersection with the center line of the township road along the west side of said section; thence north along the center line of said township road 610 feet, more or less, to the place of beginning.

Tract B: Beginning at the Southeast corner of the Southwest Quarter (SW/4), of said section; thence West 968 feet for a point of beginning, thence North 600 feet, thence West 653 feet, thence South 600 feet, thence East 653 feet to the place of beginning.

containing 146.80 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or land with which said land is pooled.

In consideration of the premises the said Lessee covenants and agrees:

- 1st. To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal one eighth (1/8th) part of all oil produced and saved from the leased premises.
- 2nd. To pay Lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8th), at the market price at the well, (but, as to gas sold by Lessee, in no event more than one-eighth (1/8th) of the proceeds received by Lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. Where gas from a well producing gas only is not sold or used, Lessee may pay or tender as royalty One Dollar (\$1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the Lessee shall commence to drill a well within the term of this lease or any extension thereof, the Lessee shall have the right to drill such well to completion 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.

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 for shall be paid the said Lessor only in the proportion which Lessor's 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 Lessee's operations thereon, except water from the wells of Lessor.

When requested by Lessor, Lessee shall bury Lessee's pipe lines below plow depth.

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

Lessee shall pay for damages caused by Lessee's operations to growing crops 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, but no change in the ownership of the land or assignment of rentals 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.

Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

All expressor implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or 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 if such failure is the result of, any such Law, Order, Rule or Regulation.

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 the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 160 acres each in the event of a gas well. 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.

Lessee agrees to consult with Lessor prior to conducting any surface operations so as to cause the least amount of interference to Lessor's irrigation operations on leased premises, including but not limited to using low profile pumping equipment on any producing well drilled by Lessee. Lessee further agrees not to locate any pits where there are currently tire tracks for Lessor's irrigation system.

In the event production is secured and a tank battery installation is necessary, such tank battery shall be placed at a location mutually agreeable by Lessor and Lessee.

Lessee, its successors and assigns, shall have the sole and exclusive options, but not the obligation, ending upon the expiration date of the primary or secondary term of this lease, to elect to extend the term of all or any part of said lease for a term of two (2) years by tendering to Lessor hereunder the sum of \$15.00 per net mineral acre owned by Lessor and selected by Lessee. Lessee shall file an Affidavit of Extension in the records of Pawnee County, Kansas, upon its election to exercise the foregoing option.

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written.

x Deborah M. Fox
Deborah M. Fox, Conservator for Darlene Z. Fox

x

STATE OF Kansas
COUNTY OF Pawnee

§.

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 15th day of Oct.

Deborah M. Fox, Conservator for Darlene Z. Fox, a widow

My Commission Expires: 2/9/12

Deborah Lewis
Notary Public:
Address: 11400 5th
Harrod, KS 67530





FORM 88 - (PRODUCERS SPECIAL)(PAID-UP W/OPT)
63U (Rev. 2004 eRI)

OIL & GAS LEASE

AGREEMENT, Made and entered into the 14th day of October, 2008, by and between Diane E. Zook and Owen Zook, wife and husband, whose mailing address is 1122 H Road, Larned, KS 67550, hereinafter called Lessor (whether one or more), and CAPTIVA II, LLC, 1658 Cole Boulevard, Suite 205, Lakewood ,CO 80401, hereinafter called Lessee:

Lessor, in consideration of Ten and more Dollars (\$10.00) in hand paid, receipt of which is hereby acknowledged and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases and their respective constituent products, ~~injecting gas, water, other fluids and air into~~ *NEZ 11/10/08*
~~subsurface strata,~~ laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, *02/19/08*
treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest, therein situated in County of Pawnee, State of Kansas described as follows, to-wit:

TOWNSHIP 21 SOUTH, RANGE 16 WEST OF THE 6TH PRINCIPAL MERIDIAN

Section 22: SE/4 less and except a tract of land described as follows: Beginning at a point on the East line, 572.9 feet South of the Northeast corner of said Quarter Section, the East line of said Quarter Section having an assumed bearing of South 00 degrees 10 minutes West; thence South 00 degrees 10 minutes West along said East line to the Northerly right of way of Atchison, Topeka and Santa Fe Railway; thence South 44 degrees 44 minutes West along said right of way line to the South line of said Quarter Section; thence North 89 degrees 55 minutes West along said South line to a point 565.8 feet East of the Southwest corner of said Quarter Section; thence North 44 degrees 44 minutes East, 1996.0 feet; thence North 43 degrees 47 minutes East, 300.0 feet; thence North 44 degrees 44 minutes East to the place of beginning.

SEE EXHIBIT 'A' ATTACHED HERETO AND MADE A PART HEREOF:

containing 140.00 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or land with which said land is pooled.

In consideration of the premises the said Lessee covenants and agrees:

- 1st. To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal one eighth (1/8th) part of all oil produced and saved from the leased premises.
- 2nd. To pay Lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8th), at the market price at the well, (but, as to gas sold by Lessee, in no event more than one-eighth (1/8th) of the proceeds received by Lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. Where gas from a well producing gas only is not sold or used, Lessee may pay or tender as royalty One Dollar (\$1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph. *NEZ 11/10/08*
02/19/08

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the Lessee shall commence to drill a well within the term of this lease or any extension thereof, the Lessee shall have the right to drill such well to completion 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.

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 for shall be paid the said Lessor only in the proportion which Lessor's 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 Lessee's operations thereon, except water from the wells of Lessor.

~~When requested by Lessor, Lessee shall bury Lessee's pipe lines below plow depth.~~ *NEZ 11/10/08*
02/19/08

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

~~Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.~~ *NEZ 11/10/08*
02/19/08

~~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.~~ *NEZ 11/10/08*
02/19/08

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 rentals 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. 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.

Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

Ver JM
Num JM
Scan JW
Copy AW
Ck _____

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or 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 if such failure is the result of, any such Law, Order, Rule or Regulation.

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 the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 160 acres each in the event of a gas well. 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 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.

~~Lessee agrees to consult with Lessor prior to conducting any surface operations so as to cause the least amount of interference to Lessor's irrigation operations on leased premises, including but not limited to using low profile pumping equipment on any producing well drilled by Lessee. Lessee further agrees not to locate any pits where there are currently fire tracks for Lessor's irrigation system.~~

02/11/10
02/11/10

In the event production is secured and a tank battery installation is necessary, such tank battery shall be placed at a location mutually agreeable by Lessor and Lessee.

~~Lessee, its successors and assigns, shall have the sole and exclusive options, but not the obligation, ending upon the expiration date of the primary or secondary term of this lease, to elect to extend the term of all or any part of said lease for a term of two (2) years by tendering to Lessor hereunder the sum of \$15.00 per net mineral acre owned by Lessor and selected by Lessee. Lessee shall file an Affidavit of Extension in the records of Pawnee County, Kansas, to exercise the foregoing option.~~

02/11/10
02/11/10

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written.

X Diane E Zook
Diane E. Zook

X Owen Zook
Owen Zook

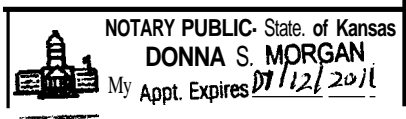
STATE OF Kansas
§.
COUNTY OF Pawnee

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 18 day of November

Diane E. Zook and Owen Zook, wife and husband

My Commission Expires: July 12, 2011

Donna S Morgan
Notary Public:
Address: Larned, Ks



ADDENDUM TO OIL AND GAS LEASE

This Addendum is attached hereto and made a part of that certain Oil and Gas Lease dated October 14th 2008, by and between Diane E. Zook and Owen Zook, wife and husband, 1122 H Road, Larned, KS 67550, Lessor, and Captiva II, LLC, address is 1658 Cole Boulevard, Suite 205, Lakewood, CO 80401, as Lessee, covering the following described property in Pawnee County, Kansas, to-wit:

Township 21 South, Range 16 West of the 6th Principal Meridian

Section 22: SE/4 less and except a tract of land described as follows: Beginning at a point on the East line, 572.9 feet South of the Northeast corner of said Quarter Section, the East line of said Quarter Section having an assumed bearing of South 00 degrees 10 minutes West; thence South 00 degrees 10 minutes West along said East line to the Northernly right of way of Atchison, Topeka and Santa Fe Railway; thence South 44 degrees 44 minutes West along said right of way line to the South line of said Quarter Section; thence North 89 degrees 55 minutes West along said South line to a point 565.8 feet East of the Southwest corner of said Quarter Section; thence North 44 degrees 44 minutes East, 1996.0 feet; thence North 43 degrees 47 minutes East, 300.0 feet; thence North 44 degrees 44 minutes East to the place of beginning. See Exhibit "A" Attached Hereto and Made a Part of Hereof:

3rd. Lessee agrees to notify Lessor at least thirty (30) days prior to the commencement of any operations. Lessor's approval of routes of ingress and egress by Lessee as may be necessary to the operation shall be required, which approval shall not be unreasonably withheld. Lessee agrees to maintain in good repair all roads used by Lessee whether existing or developed by Lessee to keep all gates across such roads, if any, closed or to install suitable cattle guards if Lessor or his agricultural tenant pasture cattle upon the previously described real property.

4th. Lessor's approval shall be required for the location of all permanent structures and equipment by Lessee, which approval shall not be unreasonably withheld.

5th. Where gas from a well capable of producing gas is not sold or used, Lessee may pay or tender as royalty to the royalty owners Five Dollars (\$5.00) 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 expiration of ninety (90) days from the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease.

6th. Lessee shall at any time during or within ninety (90) days, weather permitting, after the expiration of this lease, unless otherwise agreed upon in writing by the parties, remove all property and fixtures placed by Lessee on the land, including the right to draw and remove casing. Any property of Lessee not so removed, at the option of Lessor, shall become the property of Lessor without reimbursement to Lessee.

7th. Unless otherwise agreed upon in writing by the parties hereto, Lessee agrees to remove and reserve top soil at drill site, pits and other temporary locations, to a depth of twenty-four (24) inches, such materials to be kept separate from other soil removed by Lessee in its operations.

8th. Unless otherwise agreed upon in writing by the parties hereto, all pits as may be utilized by Lessee in drilling and in the operation of a well or wells under this lease shall be fully lined with materials that are acceptable to the Lessor so as to protect the environment, including, but not limited to the soil, surface and/or groundwater and crops, grass, trees or other vegetation on the premises.

9th. Lessee agrees that on completion or abandonment of a well on the leased premises, the surface of the land will be restored to its original condition as nearly as possible, within ninety (90) days, weather permitting, after completion or abandonment of the well. The area on which operations have been conducted must be compacted so its condition is equal to the adjoining land on which operations were not conducted and previously removed and segregated top soil shall be restored to the surface where pits, if any, were located at the drilling location. The land shall be restored to its contour as existed at the time of execution of this lease agreement.

10th. All pipelines used by Lessee in its operations shall be buried below plow depth, which shall not be less than thirty-six (36) inches.

11th. Lessee shall conduct its operations in accordance with prudent standards of the oil and gas industry and further, shall conduct its operations in accordance with the rules and regulations of the Kansas Corporation Commission, the Kansas Department of Health and Environment, and the Environmental

Protection Agency of the United States. Lessee shall observe all required safety precautions to insure that no damages occur except those defined as "Force Majeure". Except as hereinabove otherwise provided, Lessee shall pay Lessor, or his order, for all damage arising out of its operations under this lease, including but not limited to. persons. trees. pastures. growing crops, surface and ground water. terraces. and other improvements on the leased premises. As a demonstration of good faith, without any means of limitation whatsoever, Lessee shall advance to the Lessor the sum of One Thousand Five Hundred Dollars (\$1,500.00) prior to the commencement of any drilling operations hereunder as a deposit to be applied against well site damage. Said payment shall be nonrefundable and shall not be construed as liquidated damages or in any other way limiting actual damages ~~or~~ specific performances required by the Lessee herein.

12th. Installation of any salt water disposal equipment by the Lessee in the operation of this lease shall be subject to prior written approval of the Lessor. Lessee shall not be permitted to utilize any well drilled on the leased premises for the disposal of salt water from wells located on other premises unless otherwise agreed upon by the parties hereto in writing. Lessee shall be entitled to compensation for disposal of salt water in wells upon the leased premises and the parties shall agree, in writing, as to such compensation prior to disposal occurring therein.

13th. It is understood that the Lessee, its successors and assigns shall be responsible for the plugging of all wells upon the leased premises in compliance with Kansas law and regulations of the Kansas Corporation Commission. An assignment or assignments of the oil and gas lease, including the provisions of this Addendum to Oil and Gas Lease, the Lessee shall include an express provision that such assignment or assignments shall be subject to the responsibility of the assignee for plugging all wells as required by Kansas law and regulations of the Kansas Corporation Commission.

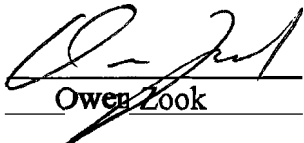
14th. To the extent that the provisions of the attached oil and gas lease are inconsistent or in contradiction of the terms of this addendum, the terms of the addendum to oil and gas lease shall control.

Signed for identification:

Date:


Diane E. Zook

Date: 11/18/07


Owen Zook



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

August 18, 2009

Chris Gottschalk
Shelby Resources LLC
P.O. Box 1213

Hays, KS67601

Re: Drilling Pit Application
Fox-Zook Unit 1-23
SW/4 Sec.23-21S-16W
Pawnee County, Kansas

Dear Chris Gottschalk:

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 within 96 hours after drilling operations have ceased. KEEP PITS on North East side of stake.

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 2008), Exploration and Production Waste Transfer, through SOLAR within 30 days of fluid removal.

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.

CONSERVATION DIVISION

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