



For KCC Use:
 Effective Date: _____
 District #: _____
 SGA? Yes No

KANSAS CORPORATION COMMISSION 1034697
OIL & GAS CONSERVATION DIVISION

Form C-1
 October 2007

Form must be Typed
Form must be Signed
All blanks must be Filled

NOTICE OF INTENT TO DRILL

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

Expected Spud Date: _____
 month day year

OPERATOR: License# _____
 Name: _____
 Address 1: _____
 Address 2: _____
 City: _____ State: _____ Zip: _____ + _____
 Contact Person: _____
 Phone: _____

CONTRACTOR: License# _____
 Name: _____

Well Drilled For:	Well Class:	Type Equipment:
<input type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input type="checkbox"/> Infield
<input type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Pool Ext.
	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat
<input type="checkbox"/> Seismic ; _____ # of Holes	<input type="checkbox"/> Other	<input type="checkbox"/> Mud Rotary
<input type="checkbox"/> Other: _____		<input type="checkbox"/> Air Rotary
		<input type="checkbox"/> Cable

If OWWO: old well information as follows:

Operator: _____
 Well Name: _____
 Original Completion Date: _____ Original Total Depth: _____

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

Spot Description: _____
 _____ - _____ - _____ - _____ Sec. _____ Twp. _____ S. R. _____ E W
 (AAA/AAA) _____ feet from N / S Line of Section
 _____ feet from E / W Line of Section

Is SECTION: Regular Irregular?
 (Note: Locate well on the Section Plat on reverse side)

County: _____
 Lease Name: _____ Well #: _____

Field Name: _____
 Is this a Prorated / Spaced Field? Yes No

Target Formation(s): _____
 Nearest Lease or unit boundary line (in footage): _____

Ground Surface Elevation: _____ feet MSL
 Water well within one-quarter mile: Yes No

Public water supply well within one mile: Yes No
 Depth to bottom of fresh water: _____

Depth to bottom of usable water: _____
 Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set: _____
 Length of Conductor Pipe (if any): _____

Projected Total Depth: _____
 Formation at Total Depth: _____

Water Source for Drilling Operations:
 Well Farm Pond Other: _____

DWR Permit #: _____
 (Note: Apply for Permit with DWR)

Will Cores be taken? Yes No
 If Yes, proposed zone: _____

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq.

It is agreed that the following minimum requirements will be met:

1. Notify the appropriate district office **prior** to spudding of well;
2. A copy of the approved notice of intent to drill **shall be** posted on each drilling rig;
3. The minimum amount of surface pipe as specified below **shall be set** by circulating cement to the top; in all cases surface pipe **shall be set** through all unconsolidated materials plus a minimum of 20 feet into the underlying formation.
4. If the well is dry hole, an agreement between the operator and the district office on plug length and placement is necessary **prior to plugging**;
5. The appropriate district office will be notified before well is either plugged or production casing is cemented in;
6. If an ALTERNATE II COMPLETION, production pipe shall be cemented from below any usable water to surface within **120 DAYS** of spud date.
 Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC District 3 area, alternate II cementing must be completed within 30 days of the spud date or the well shall be plugged. **In all cases, NOTIFY district office** prior to any cementing.

Submitted Electronically

For KCC Use ONLY
 API # 15 - _____
 Conductor pipe required _____ feet
 Minimum surface pipe required _____ feet per ALT. I II
 Approved by: _____
This authorization expires: _____
 (This authorization void if drilling not started within 12 months of approval date.)
 Spud date: _____ Agent: _____

Remember to:

- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spud date;
- File acreage attribution plat according to field proration orders;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CP-4) after plugging is completed (within 60 days);
- Obtain written approval before disposing or injecting salt water.
- If this permit has expired (See: authorized expiration date) please check the box below and return to the address below.

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



1034697

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

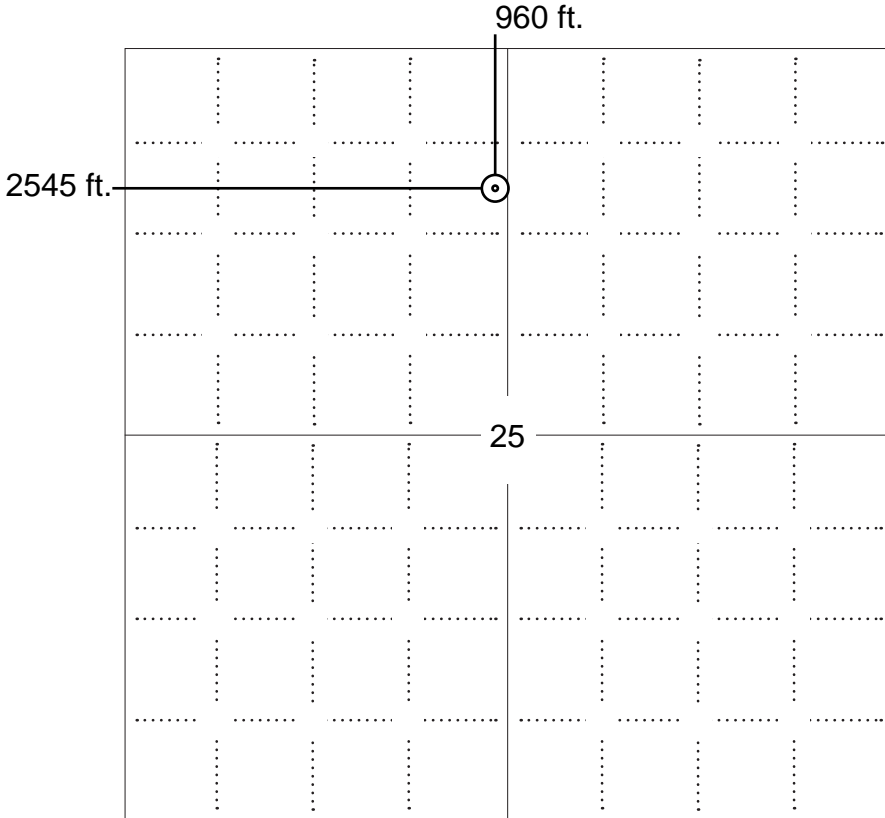
If Section is Irregular, locate well from nearest corner boundary.

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.)



SEWARD CO.

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 1034697
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	

AGREEMENT, Made and entered into the 11th day of February, 2009 by and between **WFF Oil & Gas, LLC d/b/a Ward Feed Yard** whose mailing address is PO Box 1506, Great Bend, KS 67530, hereinafter called Lessor (whether one or more), and **CAPTIVA II, LLC**, 445 Union Blvd., Suite 208, Lakewood, CO 80228, hereinafter called Lessee:

Lessor, in consideration of Ten and more Dollars (\$10,000+) 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 interests, 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 25: NE $\frac{1}{4}$ less and except the well bore of the Ward Feed Yard No. 1 which is located approximately 2,410' South, 2,310' West from the NE corner of said section 25

containing **160.00** acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of **Two (2) 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 pipeline 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. However, Lessee's ability to retain the lease by payment of such "shut in" royalties is not indefinite and if no actual sale of gas is made within five years of completion of a gas well, then this lease shall terminate and expire.

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 pipelines 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. It is agreed and understood by and between Lessor and Lessee, and their successors and assigns that subject lease is subject to a side letter agreement and any successor or assignee will be bound by the terms therein.

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 except those obligations relating to any plugging of wells or restoration of the portion surrendered.

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.

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 royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved. In the event this lease is extended beyond the primary term solely by production from a well in a unit which comprises a portion of the lands covered hereby and other lands, Lessee agrees to release all lands not included in any such unit one (1) year subsequent to the end of the primary term.

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 the 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 shall not go upon or conduct any operations upon the irrigated portion of the above-described real estate between April 1st and November 1st in any calendar year unless given written permission by the Lessor.

Upon the establishment of a drillsite and the excavation of the reserve pit, all topsoil shall be removed and piled separately and shall be returned to the surface when this pit is filled. Lessee further agrees to clean up the drillsite area and remove all trash and debris and to restore the surface of the land damaged by the Lessee's operations to its original contour and condition as nearly as is practicable.

Lessee shall pay any actual damages to growing crops, pasture grasses, fences and irrigation systems which may arise from Lessee's maintenance and operation of said drillsite(s) / production operations.

No wells drilled on the leased premises shall be used for saltwater disposal or other waste disposal without the written consent of Lessor. Provided, however, the terms of this paragraph do not apply to the disposal of salt water produced from a well or wells held by production where the minerals are owned by Lessor or lands pooled therewith.

Lessee shall not have the right to use water from Lessor's pond(s) or water wells for any purpose without Lessor's written consent, and Lessee will not conduct any exploration or drilling operations within 200 feet of any water well on the leased premises and further agrees that any water well damaged by Lessee's operations shall be re-drilled at Lessee's sole expense.

Lessor shall have the right to 1,000 MCF of free gas annually on any quarter section where there is a well capable of producing gas in commercial quantities. The free gas shall only be used on the quarter section where said gas well is located and shall only be used for the irrigation of said lands.

Any gas so used by Lessor shall be limited to 1,000 MCF annually.

The Lessor shall install, operate and maintain, at a point to be designated by Lessee, at or near the mouth of the well, all connections, regulators and meters necessary to control and measure such gas, at the sole cost of Lessor.

All such meters and appurtenant equipment shall remain the property of the Lessor. Lessor, at its own risk and expense and at locations that will not interfere with the Lessee's lease operations, shall install, operate and maintain the line(s) necessary to service the engine or engines operating the pumping equipment.

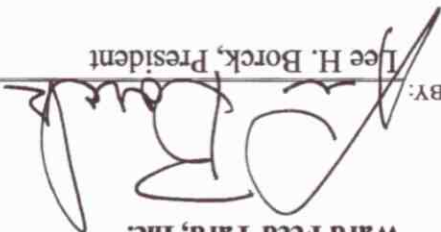
The equipment and facilities used by Lessor for the measurement and transportation of such gas and the utilization and operation thereof shall at all times be in compliance with all reasonable current requirements of Lessee. Lessor will, at all times, hold Lessee harmless from all claims and liabilities arising from taking transportation and use of such gas. Lessee makes no warranty or representation as to the quality or suitability of the gas and Lessor agrees it takes such gas "as is". Lessor further agrees to indemnify Captiva II, LLC, and hold and save it harmless from and against any and all actions, causes of action, claims, demands, liabilities, loss, damage or expense of whatever kind and nature including attorney fees which shall at any time be sustained or incurred by reason of, or in consequence of, the providing of the gas pursuant to this agreement, as well as fees and liabilities incurred in connection with any litigation, investigation, including any suit to enforce this indemnity agreement.

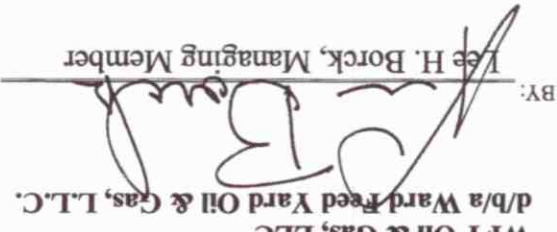
Nothing herein contained shall operate by implication to enlarge or increase the obligations which Lessee would have in the absence of this agreement as to the operation of said wells or impair any right it would otherwise have to determine the quantity of gas it shall produce at any particular time; and the purchase, transportation and use of such gas shall be without interference with or danger to Lessee's property or its rights and operations under said leases.

Lessee shall pay to Lessor as damages a flat rate of \$2,500.00 for each well location at the time of commencement of any drilling activity for any damages caused by it drilling operations, including damage to growing crops and any damages caused as a result of setting tank batteries and laying lead lines. Lessee shall pay in addition to the \$2,500.00 flat rate, any damages caused by its operations to livestock, fences and other structures on the leased premises.

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 one (1) year by tendering to Lessor hereunder the sum of \$10.00 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.

Ward Feed Yard, Inc.
BY: 
Lee H. Borck, President

WFO Oil & Gas, LLC
d/b/a Ward Feed Yard Oil & Gas, L.L.C.
BY: 
Lee H. Borck, Managing Member

State of Kansas - Notary Public
Brooke M. Zoller
My Commission Expires 6-18-2012

Notary Public: Brooke M. Zoller
Address: PO Box 30
Harrison KS 67544

My Commission Expires: 6-18-2012

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 31 day of July, 2009, personally appeared Lee H. Borck, as President of WFY Holding Company, Inc. d/b/a WFY Holding Co., Inc.

STATE OF Kansas
COUNTY OF Barton
§.

State of Kansas - Notary Public
Brooke M. Zoller
My Commission Expires 6-18-2012

Notary Public: Brooke M. Zoller
Address: PO Box 30
Harrison KS 67544

My Commission Expires: 6-18-2012

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 31 day of July, 2009, personally appeared Lee H. Borck, as President of Ward Feed Yard, Inc.

STATE OF Kansas
COUNTY OF Barton
§.

State of Kansas - Notary Public
Brooke M. Zoller
My Commission Expires 6-18-2012

Notary Public: Brooke M. Zoller
Address: PO Box 30
Harrison KS 67544

My Commission Expires: 6-18-2012

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 31 day of July, 2009, personally appeared Lee H. Borck, as Managing Member of WFY Oil & Gas, LLC d/b/a Ward Feed Yard Oil & Gas, L.L.C.

STATE OF Kansas
COUNTY OF Barton
§.

AGREEMENT, Made and entered into the 11th day of February, 2009 by and between WFF Oil & Gas, LLC d/b/a Ward Feed Yard and WFF Oil & Gas, LLC d/b/a Ward Feed Yard, Inc., and WFF Holding Company, Inc. d/b/a WFF Holding Co., Inc., whose mailing address is PO Box 1506, Great Bend, KS 67530, hereinafter called Lessor (whether one or more), and CAPTVA II, LLC, 445 Union Blvd., Suite 208, Lakewood, CO 80228, 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 employes, 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 25: NW¼

containing 160.00 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of **TWO (2) 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:

1. To deliver to the credit of Lessor, free of cost, in the pipeline 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.

2. 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. However, Lessee's ability to retain the lease by payment of such "shut in" royalties is not indefinite and if no actual sale of gas is made within five years of completion of a gas well, then this lease shall terminate and expire.

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 pipelines 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. It is agreed and understood by and between Lessor and Lessee, and their successors and assigns that subject lease is subject to a side letter agreement and any successor or assignee will be bound by the terms therein.

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 except those obligations relating to any plugging of wells or restoration of the portion surrendered.

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.

part of the particular tract involved. In the event this lease is exercised beyond the primary term solely by production from a well in a unit which comprises a portion of the lands covered hereby and other lands, Lessee agrees to release all lands not included in any such unit one (1) year subsequent to the end of the primary term.

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 the 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 shall not go upon or conduct any operations upon the irrigated portion of the above-described real estate between April 1st and November 1st in any calendar year unless given written permission by the Lessor.

Upon the establishment of a ditches and the excavation of the reserve pit, all topsoil shall be removed and piled separately and shall be returned to the surface when this pit is filled. Lessee further agrees to clean up the ditches area and remove all trash and debris and to restore the surface of the land damaged by the Lessee's operations to its original contour and condition as nearly as is practicable.

Lessee shall pay any actual damages to growing crops, pasture grasses, fences and irrigation systems which may arise from Lessee's maintenance and operation of said ditches(s) / production operations.

No wells drilled on the leased premises shall be used for saltwater disposal or other waste disposal without the written consent of Lessor. Provided, however, the terms of this paragraph do not apply to the disposal of salt water produced from a well or wells held by production where the minerals are owned by Lessor or lands pooled therewith.

Lessee shall not have the right to use water from Lessor's pond(s) or water wells for any purpose without Lessor's written consent, and Lessee will not conduct any exploration or drilling operations within 200 feet of any water well on the leased premises and further agrees that any water well damaged by Lessee's operations shall be re-drilled at Lessee's sole expense.

Lessee shall have the right to 1,000 MCF of free gas annually on any quarter section where there is a well capable of producing gas in commercial quantities. The free gas shall only be used on the quarter section where said gas well is located and shall only be used for the irrigation of said lands.

Any gas so used by Lessor shall be limited to 1,000 MCF annually.

The Lessor shall install, operate and maintain, at a point to be designated by Lessee, all or near the mouth of the well, all connections, regulators and meters necessary to control and measure such gas, at the sole cost of Lessor.

All such meters and appurtenant equipment shall remain the property of the Lessor. Lessor, at its own risk and expense and at locations that will not interfere with the Lessee's lease operations, shall install, operate and maintain the line(s) necessary to service the engine or engines operating the pumping equipment.

The equipment and facilities used by Lessor for the measurement and transportation of such gas and the utilization and operation thereof shall at all times be in compliance with all reasonable current requirements of Lessee. Lessor will, at all times, hold Lessee harmless from all claims and liabilities arising from taking transportation and use of such gas. Lessee makes no warranty or representation as to the quality or suitability of the gas and Lessor agrees it takes such gas "as is".

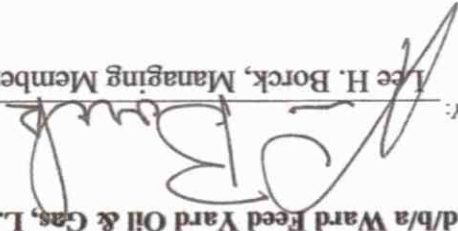
Lessor further agrees to indemnify Capiva II, L.L.C., and hold and save it harmless from and against any and all actions, causes of action, claims, demands, liabilities, loss, damage or expense of whatever kind and nature including attorney fees which shall at any time be sustained or incurred by reason of, or in consequence of, the providing of the gas pursuant to this agreement, as well as fees and liabilities incurred in connection with any litigation, investigation, including any suit to enforce this indemnity agreement.

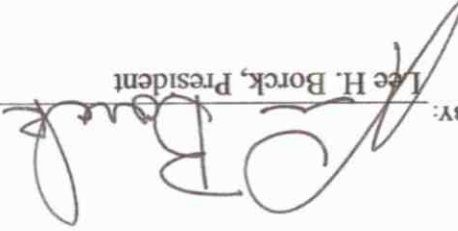
Nothing herein contained shall operate by implication to enlarge or increase the obligations which Lessee would have in the absence of this agreement as to the operation of said wells or impair any right it would otherwise have to determine the quantity of gas it shall produce at any particular time; and the purchase, transportation and use of such gas shall be without interference with or danger to Lessee's property or its rights and operations under said leases.

Lessee shall pay to Lessor as damages a flat rate of \$2,500.00 for each well location at the time of commencement of any drilling activity for any damages caused by it drilling operations, including damages to growing crops and any damages caused as a result of setting tank batteries and laying lead lines. Lessee shall pay in addition to the \$2,500.00 flat rate, any damages caused by its operations to livestock, fences and other structures on the leased premises.

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 one (1) year by tendering to Lessor hereunder the sum of \$10.00 per net mineral acre foregoing option.

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

WFY Oil & Gas, LLC
d/b/a Ward Feed Yard Oil & Gas, L.L.C.
BY:  Lee H. Borck, Managing Member

Ward Feed Yard, Inc.
BY:  Lee H. Borck, President

State of Kansas - Notary Public
Brooke M. Zoller
My Commission Expires 6-18-2012

Notary Public: Brooke M Zoller
Address: PO Box 30
Harrison KS 67544

My Commission Expires: 6-18-2012

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 31 day of July, 2009, personally appeared Lee H. Borck, as President of WFY Holding Company, Inc. d/b/a WFY Holding Co., Inc.

STATE OF Kansas
COUNTY OF Barton

State of Kansas - Notary Public
Brooke M. Zoller
My Commission Expires 6-18-2012

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BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 31 day of July, 2009, personally appeared Lee H. Borck, as President of Ward Feed Yard, Inc.

STATE OF Kansas
COUNTY OF Barton

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Harrison KS 67544

My Commission Expires: 6-18-2012

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 31 day of July, 2009, personally appeared Lee H. Borck, as Managing Member of WFY Oil & Gas, LLC d/b/a Ward Feed Yard Oil & Gas, L.L.C.

STATE OF Kansas
COUNTY OF Barton



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

January 26, 2010

Chris Gottschalk
Shelby Resources LLC
2717 Canal Blvd.
Suite C
HAYS, KS 67601

Re: Drilling Pit Application
WFY Unit 1
NW/4 Sec.25-21S-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 east side of stake and no deeper than 3 feet.

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

Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802
(316) 337-6200 • Fax: (316) 337-6211 • <http://kcc.ks.gov/>