



1038709

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please show all the wells and within 1 mile of the boundaries of the proposed acreage attribution unit for gas wells and within 1/2 mile of the boundaries of the proposed acreage attribution unit for oil wells.

API No. 15 - _____
 Operator: _____
 Lease: _____
 Well Number: _____
 Field: _____
 Number of Acres attributable to well: _____
 QTR/QTR/QTR/QTR of acreage: _____ - _____ - _____ - _____

Location of Well: County: _____
 _____ feet from N / S Line of Section
 _____ feet from E / W Line of Section
 Sec. _____ Twp. _____ S. R. _____ E W

Is Section: Regular or Irregular

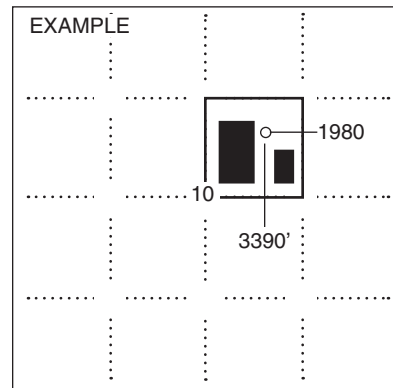
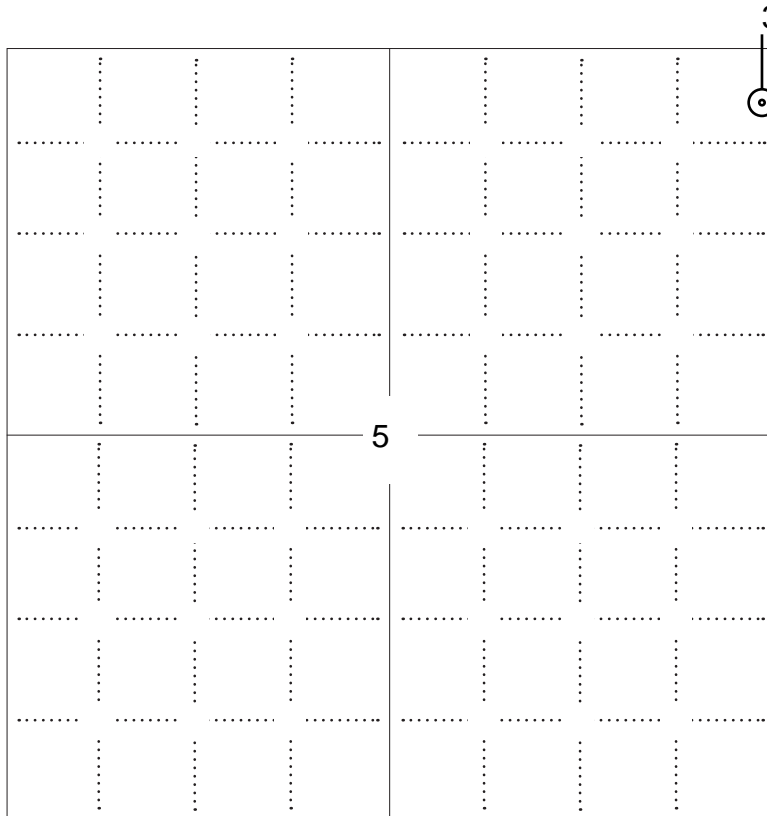
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

PLAT

(Show location of the well and shade attributable acreage for prorated or spaced wells.)

(Show footage to the nearest lease or unit boundary line.)



NOTE: In all cases locate the spot of the proposed drilling locaton.

In plotting the proposed location of the well, you must show:

1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the south / north and east / west outside section lines.
3. The distance to the nearest lease or unit boundary line (in footage).
4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (C0-7 for oil wells; CG-8 for gas wells).



KANSAS CORPORATION COMMISSION 1038709
OIL & GAS CONSERVATION DIVISION

Form CDP-1
April 2004
Form must be Typed

APPLICATION FOR SURFACE PIT

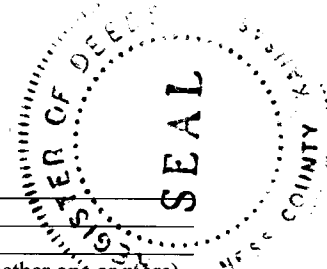
Submit in Duplicate

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			

OIL AND GAS LEASE

THIS AGREEMENT, Entered into this the 27th the day of October, 20 08 between Norma Schlegel as Attorney-In-Fact for Elton L. Margheim, also known as Elton Leroy Margheim
307 N Main
Bazine, KS 67516, hereinafter called Lessor (whether one or more),
and American Warrior, Inc., hereinafter called Lessee:



Lessor, in consideration of Dollars in hand paid, receipt of which is here 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 by geophysical and other means, 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 the County of Ness State of Kansas and described as follows to-wit:
The Northeast Quarter (NE/4)

In Section 5, Township 19 South, Range 21 West, and containing 160 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 or can be produced from said land or land with which said land is pooled. If, due to circumstances beyond Lessee's control, Lessee is unable to obtain a rotary drilling rig prior to the expiration of the primary term, Lessor agrees that Lessee shall have a reasonable time, not to exceed ninety (90) days, within which to obtain such rotary drilling rig and commence operations for the drilling of a well. 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 (1/8) 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 (1/8), at the market price at the well, (but, as to gas sold by Lessee, in no event more than one-eighth (1/8) 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. At any time, either before or after the expiration of the primary term of this lease, if there is a gas well or wells on the above land (and, for the purposes of this clause, the term "gas well" shall include wells capable of producing natural gas, condensate, distillate or any gaseous substance, whether completed or not completed, due to the lack of a pipeline connection, and wells classified as gas wells by any governmental authority) and such well or wells are shut-in, before or after production therefrom, Lessee or any assignee hereunder may pay or tender annually, within sixty (60) days after the end of each yearly period during which such gas well or gas wells are shut-in, as substitute gas royalty, One Dollar (\$1.00) per net mineral acre retained hereunder, for the acreage then held under this lease, by the party making such payments or tenders, and, if such payments or tenders are made, it shall be considered under all provisions of this lease that gas is being produced from the leased premises in paying quantities.
3. 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.
4. 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.
5. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor.
6. Lessee shall bury Lessee's pipelines below plow depth.
7. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor.
8. Lessee shall pay for damages caused by Lessee's operations to said land.
9. 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.
10. 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.
11. 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.
12. 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.

13. 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 of 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.

14. 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 into a unit or units not exceeding Ten (10) acres each, centered on the wellbore, in the event of an oil well, or into a unit or units not exceeding 640 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.

15. If at the end of the primary term, this lease is not otherwise extended by production, Lessee or its assigns is hereby granted an option to extend this lease for an additional one (1) year. In the event the Lessee elects to exercise this option, a consideration of Ten dollars (\$10.00) per mineral acre shall be paid to the Lessor.

IN WITNESS WHEREOF, we sign the day and year first above written.

SS or Tax#:
Norma Schlegel as Attorney-in-Fact for Elton L. Margheim, also known as Elton Leroy Margheim

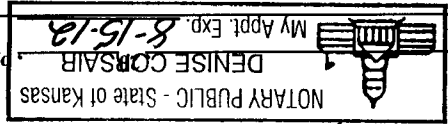
SS# or Tax #:

SS# or Tax #:

SS# or Tax #:

STATE OF KANSAS
COUNTY OF NESS
The foregoing instrument was acknowledged before me this 27th day of October, 2008, by
Norma Schlegel as Attorney-in-Fact for Elton L. Margheim, also known as Elton Leroy Margheim

My commission expires 8-15-12



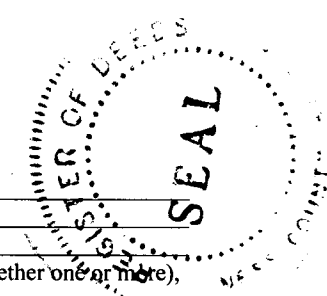
STATE OF _____
COUNTY OF _____
The foregoing instrument was acknowledged before me this _____ day of _____, 20____

My commission expires _____
Notary Public _____

STATE OF _____
COUNTY OF _____
The foregoing instrument was acknowledged before me this _____ day of _____, 20____

My commission expires _____
Notary Public _____

OIL AND GAS LEASE



THIS AGREEMENT, Entered into this the 27th the day of October, 2008 between Norma Schlegel as Attorney-In-Fact for Elton L. Margheim, also known as Elton Leroy Margheim
307 N Main
Bazine, KS 67516, hereinafter called Lessor (whether one or more),
and American Warrior, Inc., hereinafter called Lessee:

Lessor, in consideration of Dollars in hand paid, receipt of which is here 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 by geophysical and other means, 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 the County of Ness State of Kansas and described as follows to-wit:
The Northwest Quarter (NW/4)

In Section 4, Township 19 South, Range 21 West, and containing 160 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 or can be produced from said land or land with which said land is pooled. If, due to circumstances beyond Lessee's control, Lessee is unable to obtain a rotary drilling rig prior to the expiration of the primary term, Lessor agrees that Lessee shall have a reasonable time, not to exceed ninety (90) days, within which to obtain such rotary drilling rig and commence operations for the drilling of a well. 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 (1/8) 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 (1/8), at the market price at the well, (but, as to gas sold by Lessee, in no event more than one-eighth (1/8) 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. At any time, either before or after the expiration of the primary term of this lease, if there is a gas well or wells on the above land (and, for the purposes of this clause, the term "gas well" shall include wells capable of producing natural gas, condensate, distillate or any gaseous substance, whether completed or not completed, due to the lack of a pipeline connection, and wells classified as gas wells by any governmental authority) and such well or wells are shut-in, before or after production therefrom, Lessee or any assignee hereunder may pay or tender annually, within sixty (60) days after the end of each yearly period during which such gas well or gas wells are shut-in, as substitute gas royalty, One Dollar (\$1.00) per net mineral acre retained hereunder, for the acreage then held under this lease, by the party making such payments or tenders, and, if such payments or tenders are made, it shall be considered under all provisions of this lease that gas is being produced from the leased premises in paying quantities.
3. 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.
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6. Lessee shall bury Lessee's pipelines below plow depth.
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10. 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.
11. 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.
12. 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.

13. 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.

14. 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 into a unit or units not exceeding Ten (10) acres each, centered on the wellbore, in the event of an oil well, or into a unit or units not exceeding 640 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.

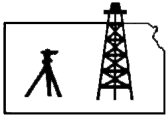
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IN WITNESS WHEREOF, we sign the day and year first above written.

STATE OF KANSAS
 COUNTY OF NESS
 Norma Schlegel as Attorney-In-Fact for Elton L. Margheim, also known as Elton Leroy Margheim
 My commission expires _____
 SS# or Tax#: _____
 SS# or Tax#: _____
 SS# or Tax#: _____
 SS# or Tax#: _____

STATE OF KANSAS
 COUNTY OF NESS
 The foregoing instrument was acknowledged before me this 27th day of October, 2008, by Norma Schlegel as Attorney-In-Fact for Elton L. Margheim, also known as Elton Leroy Margheim
 My commission expires 8-15-12
 DENISE CORSAIR
 NOTARY PUBLIC - State of Kansas
 My Appt. Exp. by 8-15-12

STATE OF _____
 COUNTY OF _____
 The foregoing instrument was acknowledged before me this _____ day of _____, 20____, by _____
 My commission expires _____
 Notary Public _____



ROBINSON SERVICES

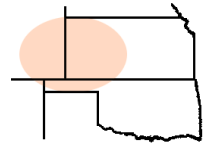
Oil Field & Construction Staking

P.O. Box 2324

Garden City, Kansas 67846

Office/Fax: (620) 276-6159

Cell: (620) 272-1499



s051010-d
PLAT NO.

8722
INVOICE NO.

American Warrior

OPERATOR

Ness County, KS

COUNTY

5 **19s** **21w**
Sec. Twp. Rng.

Elton #4-5 Unit

LEASE NAME

375' FNL - 85' FEL

LOCATION SPOT

Prospect ???

PROSPECT

SCALE: 1" = 1000'
DATE STAKED: May 5th, 2010
MEASURED BY: Ben R.
DRAWN BY: Gabe Q.
AUTHORIZED BY: Scott C.

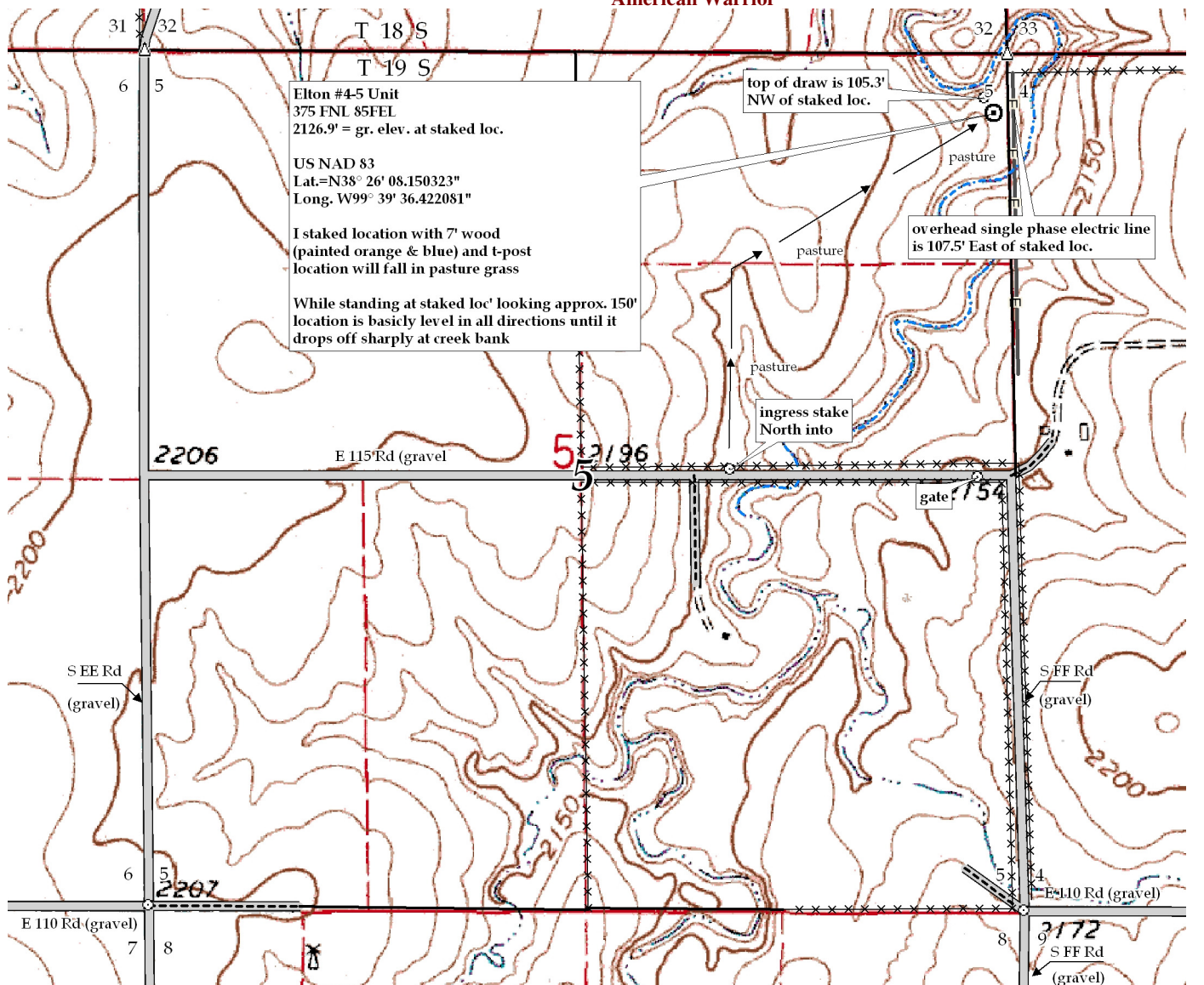


GR. ELEVATION: **2126.9'**

Directions: From the North side of Bazine, Ks at the intersection of Hwy 96 & Main St. South - Now go 0.6 mile South & SE on Main St. - Now go 0.2 mile East on Burgess Ave. - Now go 0.1 mile South on unknown road - Now go 0.4 mile on East on 115 Rd - Now go 0.3 mile South & SE on S EE RD to the NW corner of section 5-19s-21w - Now go 0.5 mile on South on S EE RD - Now go 0.7 mile East on E 115 RD to ingress stake North into - Now go approx. 1230' North through pasture - Now go approx. 1860' NE through pasture into staked location.

Final ingress must be verified with land owner or American Warrior

This drawing does not constitute a monumented survey or a land survey plat
This drawing is for construction purposes only





*Mark Parkinson, Governor
Thomas E. Wright, Chairman
Joseph F. Harkins, Commissioner
Ward Loyd, Commissioner*

June 08, 2010

Scott Corsair
American Warrior, Inc.
PO Box 399
GARDEN CITY, KS 67846

Re: Drilling Pit Application
Elton 4-5 Unit
NE/4 Sec.05-19S-21W
Ness County, Kansas

Dear Scott Corsair:

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. Keep pits on South 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

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