

For KCC Use:	
Effective Date: _	
District #	
0040 🖂	

Spud date: _

_ Agent: _

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

1038709

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

	OF INTENT TO DRILL CCC five (5) days prior to commencing well
Expected Spud Date:	Spot Description:
month day year	Sec Two S.B. F. W
ODEDATOR III #	(Q/Q/Q/Q) foot from N / S Line of Section
OPERATOR: License#Name:	fact from F / W Line of Section
Address 1:	
Address 2:	
City: State: Zip: +	(
Contact Person:	County: Well #:
Phone:	Field Name:
CONTRACTOR: License#	
Name:	Target Formation(s):
W # D # # F	Nearest Lease or unit boundary line (in footage):
Well Drilled For: Well Class: Type Equipment:	Ground Surface Elevation:
Oil Enh Rec Infield Mud Rotary	Water well within one-quarter mile:
Gas Storage Pool Ext. Air Rotary	Public water supply well within one mile:
Disposal Wildcat Cable Seismic ; # of Holes Other	Depth to bottom of fresh water:
Other:	Depth to bottom of usable water:
Other.	Surface Pipe by Alternate:
If OWWO: old well information as follows:	Length of Surface Pipe Planned to be set:
Operator:	Length of Conductor Pipe (if any):
Well Name:	Projected Total Depth:
Original Completion Date: Original Total Depth:	Formation at Total Depth:
	Water Source for Drilling Operations:
Directional, Deviated or Horizontal wellbore?	
If Yes, true vertical depth:	DWN FEITIIL #.
Bottom Hole Location: KCC DKT #:	(Note: Apply for Permit with DWR)
ROC DRI #.	Will Cores be taken?
	If Yes, proposed zone:
	AFFIDAVIT
The undersigned hereby affirms that the drilling, completion and event	· · · · · - · · · · · · · · · · · · · · · · · · ·
It is agreed that the following minimum requirements will be met:	
Notify the appropriate district office <i>prior</i> to spudding of well;	
2. A copy of the approved notice of intent to drill shall be posted o	on each drilling rig;
3. The minimum amount of surface pipe as specified below shall to	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	
 If the well is dry hole, an agreement between the operator and t The appropriate district office will be notified before well is eithe 	the district office on plug length and placement is necessary <i>prior to plugging</i> ;
• • •	emented from below any usable water to surface within <i>120 DAYS</i> of spud date.
	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 s	shall be plugged. In all cases, NOTIFY district office prior to any cementing.
Submitted Electronically	
	Remember to:
For KCC Use ONLY	- File Drill Pit Application (form CDP-1) with Intent to Drill;
API # 15	- File Completion Form ACO-1 within 120 days of spud date;
Conductor pipe requiredfeet	- File acreage attribution plat according to field proration orders;
	- Notify appropriate district office 48 hours prior to workover or re-entry;
Minimum surface pipe requiredfeet per ALT.	 II - Submit plugging report (CP-4) after plugging is completed (within 60 days); Obtain written approval before disposing or injecting salt water.
Approved by:	Obtain written approval before disposing or injecting salt water. If this permit has expired (See: authorized expiration date) please
This authorization expires:	check the box below and return to the address below.
(This authorization void if drilling not started within 12 months of approval dat	to)

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



IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

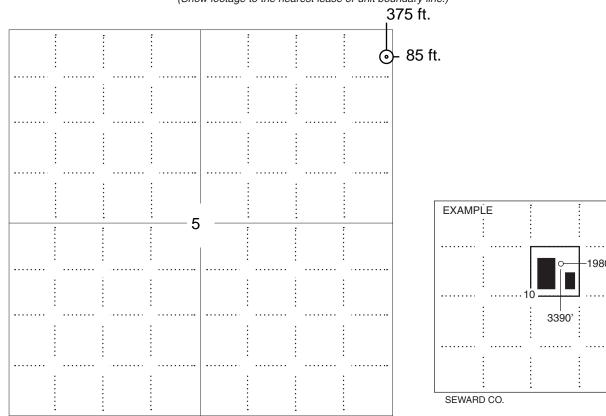
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please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

Location of Well: County:
feet from N / S Line of Section
feet from E / W Line of Section
SecTwp S. R
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 OIL & GAS CONSERVATION DIVISION

1038709

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: Emergency Pit Burn Pit Settling Pit Drilling Pit Workover Pit Haul-Off Pit (If WP Supply API No. or Year Drilled) Is the pit located in a Sensitive Ground Water Is the bottom below ground level? Yes No Pit dimensions (all but working pits): Depth from If the pit is lined give a brief description of the material, thickness and installation procedure	Artificial Liner? Yes 1 Length (feom ground level to de	No No et) Describe proce	
Distance to nearest water well within one-mile	of pit	Depth to shallo	west fresh waterfeet.
feet Depth of water well	feet		redwell owner electric logKDWR
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 flow into the pit? Yes No Submitted Electronically		Type of material Number of work Abandonment	bover and Haul-Off Pits ONLY: al utilized in drilling/workover:
	KCC (OFFICE USE OF	NLY Steel Pit RFAC RFAS
Date Received: Permit Num	ber:	Permi	it Date: Lease Inspection:

accretions thereto.

OIL AND GAS LEASE

OIL	THILD GIRD DEFICE	= = = = = = = = = = = = = = = = = = = =	***
THIS AGREEMENT, Entered into this the 27th the day Norma Schlegel as Attorney-In-Fact for Elton L. Marg 307 N Main		pheim E. S.	<u>~</u>
Bazine, KS 67516	, hereinafter called Le	ssor (whether one or	more),
and American Warrior, Inc.		•	
		_, hereinafter called l	Lessee:
Lessor, in consideration of Dollars in hand paid, in provided and of the agreements of the Lessee herein contain purpose of investigating, exploring by geophysical and other pill liquid hydrocarbons, all gases, and their respective constitution.	ned, hereby grants, leases and lets exclusiver means, prospecting drilling, mining and	vely unto Lessee for to operating for and pro	the oducing

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

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

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 he 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.

State of Kansas - Ness County

Book: 319 Page: 781
Receipt *: 4804
Receipt *: 4804

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Lessor herby 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 into a unit or units not exceeding other minerals in and under and that may be produced from said premises, such pooling to be into a unit or units not units not exceeding fance other 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 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 or wells be located on the premises covered by this lease or not. In lieu of the royalty stipulated herein as the amount of his acreage placed or wells be located on the premises covered by this lease or not. In lieu 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.

OUNTY OF The foregoing instrument was acknowledged before me this	lo ysb	γd. 02 .
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Ay commission expires		Notary Public
		81-21-8 .qx∃ .tqq vM
OUNTY OF	јо увр	MOTARY PUBLIC - State of Kansas DENISE CORSAIR WAN Apont, Exp. & - 15-18
TATE OF		Notary Public
CI-CI-B səniqxə noissimmoə yl		Monios Losais
Vorma Schlegel a s Attorney-In-Fact for Elton L. Margheim. als	o known a s Elton	eroy Margheim
he foregoing instrument was acknowledged before me this	day of October	yd, 80.02,
TATE OF KAUSAS		
	SS# or Tax #:	
	SS# or Tax #:	
	SS# or Tax #:	- Address
lorma Schlegel a s Attorney-In-Fact for Elton L. Margheim, ala		егоу Магдлеіт
Morma Saleyal	:#xgT 10 SS	
WITNESS WHEREOF, we sign the day and year first above v	ritten.	

Notary Public

7

My commission expires

OIL AND GAS LEASE

THIS AGREEMENT, Entered into this the 27th the day of October	r , 20 <u>08</u>	between	= 111;	
Norma Schlegel as Attorney-In-Fact for Elton L. Margheim, also	known as Elto	n Leroy Margheim	- 0.	U
307 N Main				••••
Bazine, KS 67516	, herein	nafter called Lessor (wh	iether one or mo	re),
and American Warrior, Inc.			**************************************	
		, hereir	nafter called Less	see:
Lessor, in consideration of Dollars in hand paid, receipt of where provided and of the agreements of the Lessee herein contained, hereby purpose of investigating, exploring by geophysical and other means, probability oil, liquid hydrocarbons, all gases, and their respective constituent products ubsurface strata, laying pipe lines, storing oil, building tanks, power statement to produce, save, take care of, treat, manufacture, process, store their respective constituent products and other products manufactured themployees, the following described land, together with any reversionary County of Ness State of Kansas and described as follows to-verthe Northwest Quarter (NW/4)	grants, leases an ospecting drilling lucts, injecting grations, telephore and transport sherefrom, and hy rights and after	nd lets exclusively unto ng, mining and operatir gas, water, other fluids, ne lines, and other struc said oil, liquid hydrocan nousing and otherwise o	D Lessee for the ng for and production and air into etures and things rbons, gases and caring for its	
In Section 4 , Township 19 South , Range 21 West , ar	nd containing 1	60 acres, more	e or less, and all	
accretions thereto.		un de la constante de la const		
Subject to the provisions herein contained, this lease shall rendate (called "primary term"), and as long thereafter as oil, liquid hydroc any of them, is or can be produced from said land or land with which sa Lessee's control, Lessee is unable to obtain a rotary drilling rig prior to the same of the sam	carbons, gas or o	other respective constited. If, due to circumstar	tuent products, or nces beyond	

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.

operations for the drilling of a well. In consideration of the premises the said Lessee covenants and agrees:

Lessee shall have a reasonable time, not to exceed ninety (90) days, within which to obtain such rotary drilling rig and commence

- 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 he 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.
- 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 operation thereon, except water from the wells of Lessor.
 - 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.
 - Lessee shall pay for damages caused by Lessee's operations to said land. 8.
- 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 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 State of Kansas - Ness County

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 Receipt **: 4804
 Pages Recorded: 2
 Cashier Initials: KB Regulation.

in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved. receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, Lessor shall 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 unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land 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 an oil well, or into a unit or units may be acres each in the event of an oil well, or into a unit or units must not exceeding 640 acres each in the event of a conservation of the event of the ev 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 any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in Lessee's judgment it is necessary lease is made, as recited herein. the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this 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 shall have the right at any time to redeem for Lessor, by payment any mortgages, taxes or other liens on the above described Lessor herby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee Book: 319 Page: 780

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espires			
foregoing instrument was acknowledged before me this	Jo Yab	ÁW OZ	81-91-8 vd dx3 1ddA
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esvires A21-8 soviesimmo		Notary Public	moro
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ma Schlegel a s Attorney-In-Fact for Elton L. Margheim, al	known a s Elton Leto	Narg heim	
NTY OF MESS NTY OF MESS Oregoing instrument was acknowledged before me this	day of <u>October</u>	80.02	Aq
	:# x8T 10 #88		
	SS# of Tax #:		
	:# xgT 10 #SS		
Achlegel as Attorney-In-Fact for Elton L. Margheim, als	Known a \$ Elton Len		
VITNESS WHEREOF, we sign the day and year first above	itten.		

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E 110 Rd (gravel)

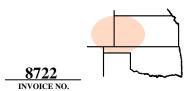
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ROBINSON SERVICES

Oil Field & Construction Staking

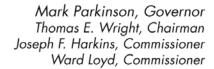
P.O. Box 2324 Garden City, Kansas 67846 Office/Fax: (620) 276-6159



E 110 Rd (gravel)

S FF Rd

Cell: (620) 272-1499 Elton #4-5 Unit **American Warrior** LEASE NAME 375' FNL – 85' FEL **Ness County, KS** 21w I.OCATION SPOT COUNTY Twp. Prospect ??? 1" =1000' GR. ELEVATION: 2126.9° SCALE: May 5th, 2010 DATE STAKED: **Directions:** From the North side of Bazine. Ks at the intersection Ben R. MEASURED BY: 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 Gabe Q. DRAWN BY: mile South on unknown road - Now go 0.4 mile on East on 115 Rd -Scott C. AUTHORIZED BY:__ Now go 0.3 mile South & SE on S EE RD to the NW conrer 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 This drawing does not constitute a monumented survey approx. 1230' North through pasture - Now go approx. 1860' NE or a land survey plat This drawing is for construction purposes only through pasture into staked location. Final ingress must be verified with land owner or **American Warrior** top of draw is 105.3 Elton #4-5 Unit NW of staked loc. 375 FNL 85FEL 2126.9' = gr. elev. at staked loc.US NAD 83 Lat.=N38° 26' 08.150323" Long. W99° 39' 36.422081" overhead single phase electric line I staked location with 7' wood is 107.5' East of staked loc. (painted orange & blue) and t-post location will fall in pasture grass While standing at staked loc' looking approx. 150' location is basicly level in all directions until it drops off sharply at creek bank ingress stake North into 2206 E 115 Rd (gravel gate : 154 S EE Rd SÆF R (gravel)





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.