





1039307

### 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

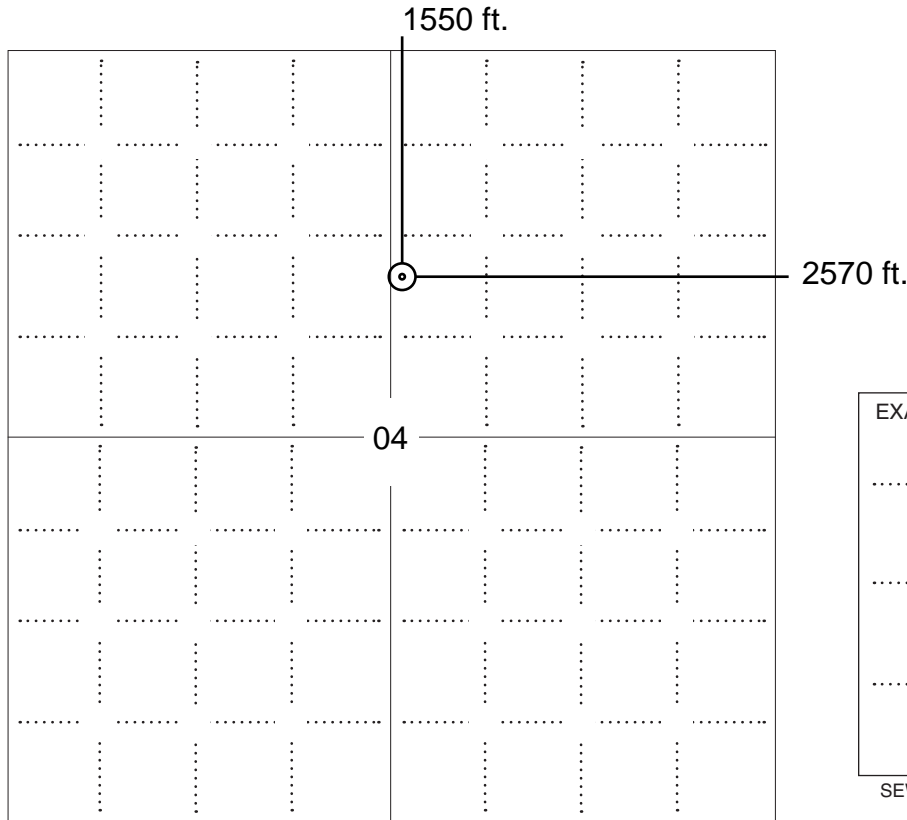
**If Section is Irregular, locate well from nearest corner boundary.**

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 1039307  
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	
<b>Emergency, Settling and Burn Pits ONLY:</b> 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		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> 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			

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

ORIGINAL COMPARED WITH RECORD  
OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this 30<sup>th</sup> day of January 2006, by and between James R. Beachner and Rebecca A. Beachner, husband and wife, hereinafter called Lessor (whether one or more), and Integrity Oil & Gas, LLC, a Kansas limited liability company, hereinafter called Lessee, does witness:

1. That the said Lessor, for and in consideration of TEN OR MORE DOLLARS cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let exclusively unto Lessee, for the sole and only purposes of investigating, exploring by geophysical and other means, drilling, producing, saving, taking, owning, gathering, transporting, storing, handling, processing, treating, and marketing; oil and liquid hydrocarbons (including, but not limited to, distillates and condensates) and all gases (including, but not limited to, casinghead gas, methane gases from coals and shales, helium and all other constituents and substances produced therewith) and; to the extent reasonably necessary or convenient to enable Lessee to carry out said purposes, including the dewatering for production of any gases, the right of constructing, operating and maintaining pipelines, flowlines, gathering lines, compressors, tank batteries, electric lines, roadways, metering facilities and equipment, facilities for the injection of water, other fluids and gaseous substances into subsurface strata, and other facilities, structures, and equipment required by Lessee for said purposes; all of the following described land, together with any reversionary rights and after acquired interest therein, situated in the County of Labette, State of Kansas described as follows, to wit:

See Attached Exhibits

less and except the wellsite of any abandoned well(s) existing on this land on the date of this lease that is not claimed by Lessee, and containing 400 acres, more or less (herein called leased premises).

2. This lease shall remain in full force for a term of one (1) year from this date, and as long thereafter as oil or gas, or either of them, is produced from the leased premises or acreage pooled therewith, or the leased premises are being developed or operated, including dewatering operations, or are otherwise perpetuated as provided herein.

3. In consideration of these premises Lessee covenants and agrees:

(a) To deliver to the credit of Lessor, as royalty, three-sixteenths (3/16) part of the oil produced and saved from the leased premises, said payments to be made monthly.

(b) To pay Lessor, as royalty, for gas of whatsoever nature or kind (with all of its constituents) produced and sold, three-sixteenths (3/16) of the proceeds at the wellhead, or when used off the leased premises (unless for development, operation, gathering or processing thereof) or used on the leased premises by Lessee for any purpose other than the development, operation, gathering, or processing thereof or used in the manufacture of any products therefrom, three-sixteenths (3/16) of the market value of the gas at the well, said payments to be made monthly. The proceeds from the sale of gas at the well, or the market value of gas at the well, shall be the amount paid by the gas purchaser at such well to the Lessee.

(c) To bury all pipelines associated with this lease below normal plow depth.

(d) To pay for damages caused by Lessee's operations to the leased premises. . Lessee agrees to pay a minimum of Four Hundred Dollars \$400.00 per well site

(e) To avoid drilling a well closer than 300 feet to the house(s) now existing on said premises.

(f) To pay Lessor a minimum amount per year, including royalties and rentals, of \$10.00 per acre of the leased premises. If the Lessor's annual payment(s) received fail to meet this amount, then Lessee shall have forty-five (45) days after receiving written notice from Lessor to pay the difference. This minimum payment shall be due on the anniversary date of this lease in 2007 for the preceding twelve (12) months and each anniversary date thereafter.

(g) To consult with Lessor on all well locations and to place wells so as not interfere with Lessor's use of land whenever possible.

(h) To drill three wells within 180 days of the date of this lease and said wells shall be in production within 180 days of the drilling date provided that: Lessee has evidence of commercial quantities of oil or gas available, all required rights-of-way are obtained in a timely manner, and Lessee is not prevented from achieving production status due to circumstances beyond Lessee's control.

(i) ) To provide availability for Lessor's free use of gas for domestic purposes only in the principal dwelling located on the leased premises from a gas well on the leased premises by Lessor making his own connections with the well at his expense, all in a manner approved by Lessee, with the use of such gas at the sole risk and expense of Lessor. Lessor, including Lessor's users of such gas for domestic purposes, shall save, hold harmless, defend and indemnify Lessee from any claim asserted against Lessee arising out of or in connection with Lessor's use of such gas, and for any act or omission by Lessee related to the use of such gas.

4. When gas is not being sold or used and a gas well capable of producing in paying quantities is shut in or has commenced dewatering operations on the leased premises or on acreage pooled therewith, whether or not said well has theretofore actually produced, and there is no current production of oil or gas or operations on the leased premises or acreage pooled therewith sufficient to keep this lease in force beyond the primary term, this lease shall, nonetheless, remain in full force and effect, and it will be deemed that gas is being produced in paying quantities if Lessee pays or tenders \$10.00 per net mineral acre annually as shut-in royalty, at the end of each yearly period during which such gas is not sold or used.

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

6. This is a paid up lease. In consideration of the cash down payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. All of Lessee's operations shall be conducted at the sole cost, risk and expense of Lessee, and Lessee agrees to indemnify, defend and hold Lessor harmless from any and all claims, liens, demands, judgments and liabilities of whatsoever nature arising out of Lessee's operations. At all times during the term of this lease, Lessee shall carry and require all contractors performing work under this lease to carry insurance to protect all relevant parties from loss or liability in accordance with amounts and coverages normally carried by prudent operators in similar operations in the area.

## OIL AND GAS LEASE

7. If, at the expiration of the primary term of this lease, there is no well on the leased premises which is capable of producing oil or gas in paying quantities, but Lessee is then engaged in drilling or reworking operations, then this lease shall continue in force so long after the primary term as drilling or reworking operations are being conducted on said land and drilling or reworking operations shall be considered to be conducted if not more than one-hundred-twenty (120) consecutive days shall lapse between the completion or abandonment of a well and the beginning of operations for the drilling or reworking of the well or another well whether such completion or abandonment occurred during or after the primary term.

8. If, after the expiration of the primary term, at any time, or from time to time, there is no production from Lessee's well(s), and there is no well on the leased premises which is capable of producing oil or gas in paying quantities and there are no drilling or reworking operations being conducted on the leased premises, this lease shall continue in effect if, within 365 days from the date of cessation of production or drilling or reworking operations, Lessee restores the capability of a well to produce in paying quantities, or if Lessee has commenced additional drilling or reworking operations or other operations designed to restore production, and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then this lease shall remain in force as long as such production continues.

9. If said Lessor owns a less interest in the leased premises than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid to the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee. If the leased premises are now or hereafter owned in severalty or in separate tracts, the premises, nevertheless, may be developed and operated as an entirety, and the royalties shall be paid to each separate owner in the proportion that the acreage owned by him bears to the entire area of the leased premises. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may hereafter be divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks for the oil or gas produced from such separate tracts.

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 its heirs, executors, administrators, successors or assigns. However, no change in or division of the ownership of the right to receive royalties, delay rentals or other payment to Lessors hereunder, whether such change is by assignment, partition or otherwise, shall operate to increase or enlarge the obligation or to diminish the rights of Lessee hereunder. No change in the ownership of the land or assignment of royalties shall be binding on Lessee until after Lessee has been furnished with a written transfer or deed or a true copy thereof. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission on the part of any other leasehold owner. 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. For the consideration first stated above, Lessor conditionally grants to Lessee an easement and right of way as provided herein. The use of such easement and right of way are conditioned upon Lessee first paying or tendering to Lessor the sum of TEN DOLLARS (\$10.00) per rod. Such payment or tender may be made at any time while this Lease is in effect. Such easement and right of way are described as follows: Lessor grants to Lessee a strip of land three rods wide for the purpose of laying, constructing, operating, inspecting, maintaining, repairing, replacing and removing a pipeline or pipelines for the transportation of water, brines, oil, gas and other substances, and electric line(s), at a location or locations to be determined by Lessee, on, in, over and through the land described hereinabove. The centerline of such easement and right of way shall be the center of the pipeline(s) and/or electric line(s) as actually laid. Lessee will consult with Lessor on course, route and direction of lines so as to minimize interference with surface use by Lessor. Such pipeline(s) and electric line(s) shall be buried when reasonably possible below plow depth. Lessee shall pay for damages to growing crops, fences or other structures of Lessor that are caused by the construction, maintenance and operation of such pipeline(s) and electric line(s). Lessee shall have the right of ingress and egress to and from the premises for all purposes necessary to exercise of the rights granted herein. This easement and right of way shall be construed as if conveyed by separate instrument, without regard to the oil and gas Lease or the term thereof; provided, however, that if use of such easement and right of way is not actually commenced within the term of said oil and gas Lease or extension or renewal thereof then this easement and right of way and all rights granted thereunder shall cease and terminate on the date said oil and gas lease expires. This easement and right of way are independent of, and in addition to, and are not a substitute for, the rights of Lessee under said Lease, which rights are not hereby diminished or affected, it being understood that this easement and right of way provides for transporting products mentioned herein which may be produced, obtained, stored or transported upon or across lands adjacent thereto or in the vicinity thereof. The easement and right of way granted herein are a covenant running with the land and shall extend to Lessee and Lessee's successors and assigns, and shall remain in force for the term of said oil and gas Lease and as long thereafter as such easement and right of way are used by Lessee, its successors and assigns, for the purposes herein mentioned.

12. Lessee may at any time and from time to time surrender this lease as to all or any part of the leased premises by delivering or mailing a release thereof to Lessor, or by placing a release of record in the proper county, and thereafter Lessee shall be relieved of all obligations accruing hereunder as to the portion of the leased premises so surrendered. This lease shall continue in full force and effect as to all of the leased premises not surrendered. Lessee shall have the right to use, free of cost, gas, oil and water produced on the leased premises for Lessee's operations thereon, except water from wells of Lessor, or from ponds of Lessor without Lessor's consent. Lessee shall have the right at any time to remove all equipment and fixtures placed on the leased premises, including the right to draw and remove casing.

13. In the event the Lessor, at any time, considers that operations are not being conducted in compliance with this lease or that Lessee is otherwise in breach of, or in non-compliance with, any term of this lease, either express or implied, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach or non-compliance hereof, and Lessee shall have 60 days after receipt of such notice in which to commence any operations or other activities that are then legally necessary to comply with the requirements hereof. No default of Lessee with respect to any well or part of the leased premises shall impair Lessee's rights as to any other well or part of the leased premises.

14. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and producing of wells, and the price of oil, gas and other substances covered hereby. When drilling, reworking, producing or other operations are prevented or delayed by such laws, rules, regulations or orders, or by operation of force majeure, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and if such prevention or delay shall occur during the primary term the period of such prevention or delay shall be added to the primary term hereof. If any such prevention or delay should commence after the primary term hereof, Lessee shall have a period of 120 days after the termination of such period of prevention or delay within which to commence or resume drilling, producing or other operations hereunder, and this lease shall remain in force during such period and thereafter in accordance with the other provisions of this lease. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, producing or other operations are so prevented, delayed or interrupted.

OIL AND GAS LEASE

15. Lessor hereby grants and warrants to the Lessee all of the rights granted to the Lessee under this lease and warrants that Lessor has merchantable title to the leased premises, subject to mortgages and easements of record, and that Lessor has full and exclusive right to lease the same. Lessor further warrants and agrees to defend the title to the leased premises 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 leased premises, in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof. Lessee may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty, shut-in royalty, or rentals accruing hereunder.

16. This lease shall be effective as to each Lessor on execution hereof as to its interest and shall be binding on those signing, regardless of whether it is signed by any other Lessor party. This lease shall at all times and in all respects be subject to valid orders, rules, and regulations of any duly constituted authority having jurisdiction of the subject matter hereof. This instrument contains the entire agreement of the parties and it may not be changed or modified except by subsequent written agreement signed by both parties.

IN WITNESS WHEREOF, this lease agreement is signed and executed on the day and year first above written:

James R. Beachner  
James R. Beachner

Rebecca A. Beachner  
Rebecca A. Beachner

STATE OF KANSAS  
COUNTY OF LABETTE

Before me, the undersigned, a Notary Public, in and for said County and State, on this 30<sup>th</sup> day of January, 2006, personally appeared James R. Beachner and Rebecca A. Beachner, husband and wife, to me well known to be the identical persons who executed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

WITNESS my hand and official seal the day and year first above written.



My commission expires: 4/1/2006

George E. Slaughter  
George E. Slaughter Notary Public

0025709

✓  
✓  
✓

STATE OF KANSAS  
LABETTE COUNTY  
THIS INSTRUMENT WAS FILED FOR RECORD  
AND DULY RECORDED IN BOOK 113  
OF 38 AT PAGE 08 11:00  
JUL 05 2006  
Donna Strickland  
REGISTER OF DEEDS  
FEES 24.00

## OIL AND GAS LEASE

Exhibit "A"

To

Oil and Gas Lease

The North Half of the Northwest Quarter ( $N\frac{1}{2}$   $NW\frac{1}{4}$ ) of Section Four (4), Township Thirty-two (32), Range Eighteen (18), EXCEPT THE FOLLOWING: Beginning at the Northwest corner of Lot 4, Section 4, Township 32, Range 18, thence East along the North line thereof, 760 feet; thence South  $02^{\circ}13'21''$ , East 330 feet; thence south  $18^{\circ}25'19''$  West, 740.98 feet; thence Southwesterly on a straight line to the Southwest corner of said Lot 4; thence North along the West line thereof to the point of beginning also so much thereof used for public highway or road, Labette County, Kansas and

The South Half of the Southwest Quarter ( $S\frac{1}{2}$   $SW\frac{1}{4}$ ) of Section Thirty-three (33), Township Thirty-one (31) South, Range Eighteen (18) East of the 6th P.M. except so much thereof taken, deeded or used for easement purposes for Big Hill Lake and except so much thereof as is used for highway or road, Labette County, Kansas and

Beginning at the Southwest corner of Section Thirty-three (33), Township Thirty-one (31), Range Eighteen (18) East of the 6th P.M. in Labette County, Kansas, thence North along Section line 644.23 feet, thence deflecting to the right on an angle of  $90^{\circ}52''$  East 680.23 feet, thence South 636.51 feet to South line of Section, thence West 680.23 feet to the point of beginning, containing 10.0 acres.

## OIL AND GAS LEASE

The South half of the Northwest Quarter; the West half of the Southwest Quarter; the Southwest Quarter of the Northeast Quarter; the North 33 feet of the Southeast Quarter of the Northeast Quarter; the Northwest Quarter of the Southeast Quarter; and one rod off the East end of the South half of the Southwest Quarter; and One rod square in the Southeast corner of the Northeast Quarter of the Southwest Quarter all in Section 4, Township 32 South, Range 18 East of the 6th P.M., Except so much thereof as is used for public highway or road, Labette County, Kansas.

Beginning at the Northeast corner of the South half of the Northeast Quarter of Section 5, Township 32 South, Range 18 East, thence South 34 deg. 28'59" West 253.63 feet, thence South 385 feet, thence South 39 deg. 10'25" West 348.28 feet, thence South 01 deg. 55'50" East 445.25 feet, thence South 29 deg. 32'20" West 172.41 feet, thence South 87 deg. 16'25" West 315.36 feet, thence Northwesterly on a straight line 195.65 feet, more or less to the South line of said South half of Northeast Quarter, thence West to the Northwest corner of Northeast Quarter of Southeast Quarter, thence South along the West line thereof to a point 865 feet North of the Southwest corner of Northeast Quarter of Southeast Quarter, thence South 15 deg. 58'29" East 318.26 feet, thence South 34 deg. 20'16" East 466.26 feet, thence South 16 deg. 27'57" East 165.27 feet to a point on the South line of Northeast Quarter of Southeast Quarter, thence East along South line 890 feet to the Southeast corner of Northeast Quarter of Southeast Quarter, thence North along East line to the point of beginning, Except so much thereof as is used for public highway or road, all in Labette County, Kansas.



June 14, 2010

Kerry King  
SEK Energy, LLC  
149 BENEDICT RD  
PO BOX 55  
BENEDICT, KS 66714

Re: Drilling Pit Application  
Beachner, James R. 4-4  
NE/4 Sec.04-32S-18E  
Labette County, Kansas

Dear Kerry King:

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 practical after drilling operations have ceased.

**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) 432-2300 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) 432-2300.