For KCC Use:

Eff	e	ct	iv	е	Date

District	±	
DISTINCT	TT .	

SGA?	Yes	No

Form

KANSAS CORPORATION COMMISSION **OIL & GAS CONSERVATION DIVISION**

March 2010 Form must be Typed Form must be Signed All blanks must be Filled

Form C-1

1039960

NOTICE OF INTENT TO DRILL

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

KSONA-1, Certifi	cation of Compliance	with the Kansas Surface	Owner Notification Act,	, MUST be submitted with this form
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Expected Spud Date:	Spot Description:
month day year	
OPERATOR: License#	feet from N / S Line of Section
Name:	feet from E / W Line of Section
Address 1:	Is SECTION: Regular Irregular?
Address 2:	(Note: Locate well on the Section Plat on reverse side)
City: State: Zip: +	County:
Contact Person:	Lease Name: Well #:
Phone:	Field Name:
CONTRACTOR: License#	Is this a Prorated / Spaced Field?
Name:	Target Formation(s):
Well Drilled For: Well Class: Type Equipment:	Nearest Lease or unit boundary line (in footage):
Oil Enh Rec Infield Mud Rotary	Ground Surface Elevation:feet MSL
Gas Storage Pool Ext. Air Rotary	Water well within one-quarter mile:
Disposal Wildcat Cable	Public water supply well within one mile:
Seismic ; # of Holes Other	Depth to bottom of fresh water:
Other:	Depth to bottom of usable water:
	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?	Well Farm Pond Other:
If Yes, true vertical depth:	DWR Permit #:
Bottom Hole Location:	(Note: Apply for Permit with DWR)
KCC DKT #:	Will Cores be taken?
	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:	tarted within 12 months of approval date.)
Spud date: Ag	gent:

Remember to:

- File Certification of Compliance with the Kansas Surface Owner Notification Act (KSONA-1) with Intent to Drill;
- 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 well will not be drilled or permit has expired (See: authorized expiration date) please check the box below and return to the address below.
 - Well will not be drilled or Permit Expired Date: _ Signature of Operator or Agent:

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Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202



For KCC Use ONLY

API # 15 - ____

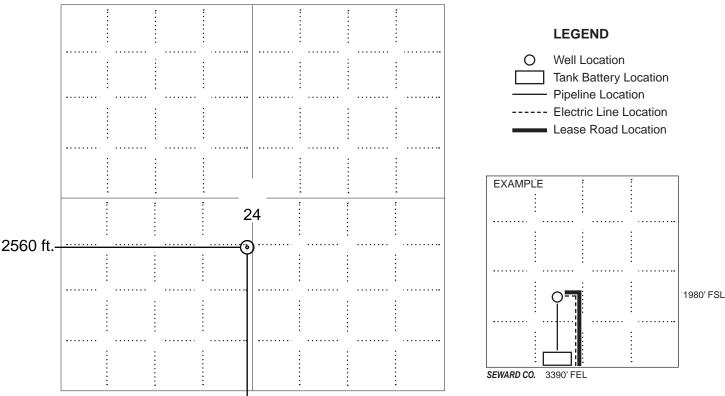
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

In all cases, please fully complete this side of the form. Include items 1 through 5 at the bottom of this page.

Operator:	Location of Well: County:
Lease:	feet from N / S Line of Section
Well Number:	feet from E / W Line of Section
Field:	Sec Twp S. R E 📃 W
Number of Acres attributable to well: QTR/QTR/QTR/QTR of acreage:	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. Show footage to the nearest lease or unit boundary line. Show the predicted locations of lease roads, tank batteries, pipelines and electrical lines, as required by the Kansas Surface Owner Notice Act (House Bill 2032). You may attach a separate plat if desired.



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

In plotting the proposed location of the web, 1/204 ft ust 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).
- 5. The predicted locations of lease roads, tank batteries, pipelines, and electrical lines.

Side Two



KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION Form CDP-1 May 2010 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: _ - ____ - ____ - ____ Pit is: **Emergency Pit** Burn Pit Proposed Existing Sec.____Twp.____R.___ East West Settling Pit **Drilling Pit** If Existing, date constructed: Feet from North / South Line of Section Haul-Off Pit Workover Pit ____Feet from ___ East / ___ West Line of Section Pit capacity: (If WP Supply API No. or Year Drilled) County _(bbls) Is the pit located in a Sensitive Ground Water Area? Yes No Chloride concentration: mg/l (For Emergency Pits and Settling Pits only) Is the bottom below ground level? Artificial Liner? How is the pit lined if a plastic liner is not used? Yes Yes No No ____Length (feet) ___ _____Width (feet) Pit dimensions (all but working pits): 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 Describe procedures for periodic maintenance and determining material, thickness and installation procedure. liner integrity, including any special monitoring. Depth to shallowest fresh water ____ Distance to nearest water well within one-mile of pit: feet. Source of information: KDWR measured well owner electric log _feet Depth of water well ____ __ feet Emergency, Settling and Burn Pits ONLY: Drilling, Workover and Haul-Off Pits ONLY: Producing Formation: _ Type of material utilized in drilling/workover: Number of producing wells on lease: _____ Number of working pits to be utilized: ____ Barrels of fluid produced daily: Abandonment procedure: Does the slope from the tank battery allow all spilled fluids to flow into the pit? Yes No Drill pits must be closed within 365 days of spud date. Submitted Electronically KCC OFFICE USE ONLY Steel Pit Liner RFAC RFAS Permit Number: No Date Received: Permit Date: Lease Inspection: Yes

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202



KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT Form KSONA-1 July 2010 Form Must Be Typed Form must be Signed All blanks must be Filled

This form must be submitted with all Forms C-1 (Notice of Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); T-1 (Request for Change of Operator Transfer of Injection or Surface Pit Permit); and CP-1 (Well Plugging Application). Any such form submitted without an accompanying Form KSONA-1 will be returned.

Select the corresponding form being filed: C-1 (Intent) CB-1 (Cathodic Protection Borehole Intent) T-1 (Transfer) CP-1 (Plugging Application)

OPERATOR: License #	Well Location:
Name:	
Address 1:	County:
Address 2:	Lease Name: Well #:
City: Zip: Contact Person:	If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:
Phone: () Fax: () Email Address:	
Surface Owner Information:	
Name:	When filing a Form T-1 involving multiple surface owners, attach an additional
Address 1:	sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the
Address 2:	county, and in the real estate property tax records of the county treasurer.
City: State: Zip:+	

If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary non-binding estimates. The locations may be entered on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.

Select one of the following:

- I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this form; 2) if the form being filed is a Form C-1 or Form CB-1, the plat(s) required by this form; and 3) my operator name, address, phone number, fax, and email address.
- □ I have not provided this information to the surface owner(s). I acknowledge that, because I have not provided this information, the KCC will be required to send this information to the surface owner(s). To mitigate the additional cost of the KCC performing this task, I acknowledge that I am being charged a \$30.00 handling fee, payable to the KCC, which is enclosed with this form.

If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.

Submitted Electronically

I

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OIL AND GAS LEASE

THIS AGREEMENT, Entered into this the <u>15th</u> the day of <u>August</u>, 20<u>08</u> between Mathew A. Seltman, a single person and Rebecca A. Seltman, a single person

hereinafter called Lessor (whether one of 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 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 <u>Ness</u> State of Kansas and described as follows to-wit: <u>The Southwest Quarter (SW/4)</u>

In Section <u>24</u>, Township <u>18 South</u>, Range <u>21 West</u>, and containing <u>160</u> acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of <u>Three (3)</u> 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, Five dollars (\$5.00) 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.

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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 lesse is made, as recited herein. 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 Lessor herby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee 131

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 acreage basis bears to the total acreage so pooled in the particular unit involved. 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. <u>Ten (10)</u> 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 transmission of oil, participation of the transmission of oil, participation of oil, participation of oil, participation of on the wellbore, in the event of an oil well, or into a unit or units not exceeding 640 acres each in the transmission of other mission of other mission of the transmission of transmission of the transmission of transmi 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

	operate center pivot irrigation system located on Lessor's property.
Lessor may use gas from gas wells located on Lessors property to	In lieu of shut in gas royalty of five dollars (\$5.00) per mineral acre,

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Selecca A. Seliman Rebecca A. Seliman	
Istitew A. Seltman	·
N WITNESS WHEREOF, we sign the day and year first above written.	

OIL AND GAS LEASE

THIS AGREEMENT, Entered into this the <u>15th</u> the day of <u>August</u>, 20<u>08</u> between <u>Mathew A. Seltman, a single person and Rebecca A. Seltman, a single person</u>

hereinafter called Lessor (Whather 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 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 <u>Ness</u> State of Kansas and described as follows to-wit: <u>The Northwest Quarter (NW/4)</u>

In Section <u>24</u>, Township <u>18 South</u>, Range <u>21 West</u>, and containing <u>160</u> acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of <u>Three (3)</u> 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, Five dollars (\$5.00) 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.

8.

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.

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.

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465 :9064 615 :4008

13. 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 lands, in the event of default of payment by Lessors 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 minetals in and under and that may be produced from said premises, such pooling to be into a unit or units not exceeding the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land therein lease is stuaded in instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated is struated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or or wells be located on the production from the pooled unit, as if it were included in this case. If production is found on the pooled acreage, it shall be treated as if production is found on the production from the pooled unit, as if it were included in the event of any the royalites elsewhere herein specified, Lessor shall exceeding by this lease or not. In lieu of the royalites elsewhere herein specified, Lessor shall receive on production from the pooled unit, as if it were included in the wells on the wells of a mit so and on the production of only such portion of the royalites elsewhere herein specified, Lessor shall receive on production from the production from this fease, whether the well involuted in the unit or unit shall be treated on the production of only such portion of the royalites elsewhere herein specified, Lessor shall receive on production from the production from the production from the production from the preceives and the well be accease or production from the production fr

state center pivot irrigation system located on Lessor's property.
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pumping units shall be set as not to interfere with the operation of the existing center pivot irrigation system.

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OIL AND GAS LEASE

THIS AGREEMENT, Entered into this the <u>15th</u> the day of <u>August</u>, 20<u>08</u> between <u>Mathew A. Seltman, a single person and Rebecca A. Seltman, a single person</u>

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and American Warrior, Inc.

hereinafter called Lessee:

1.1.

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 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 <u>Ness</u> State of Kansas and described as follows to-wit:

The South One-half of the Northeast Quarter (S/2 NE/4) and The North One-Half of the Southeast Quarter (N/2 SE/4)

In Section 24 _____, Township <u>18 South</u>, Range <u>21 West</u>, and containing <u>160</u> acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of <u>Three (3)</u> 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, Five dollars (\$5.00) 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.

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13. 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 lands, in the event of default of payment by Lessors 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 lesser 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 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 exceeding the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land nerein 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 from the pooled unit, as if it were included in 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 age tifted, Lessor shall receive on production from a unit so only and so and acceage is storage so pooled in the particular unit involved 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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Votary Public



July 08, 2010

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

Re: Drilling Pit Application Seltman 6 SW/4 Sec.24-18S-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 north 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.