



1044746

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: _____

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

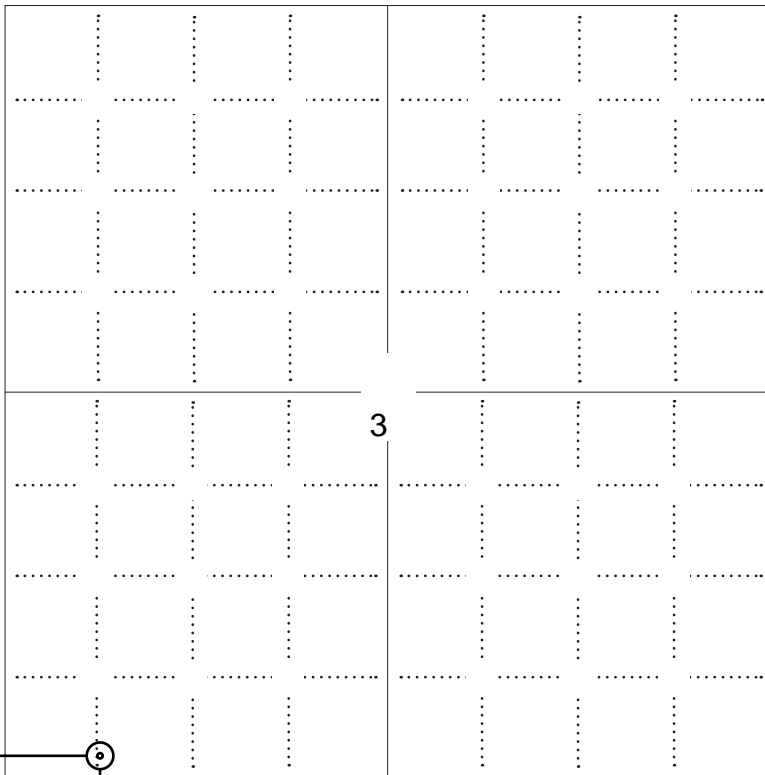
Is Section: Regular or Irregular

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

Section corner used: NE NW SE SW

PLAT

Show location of the well. 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.



LEGEND

- Well Location
- Tank Battery Location
- Pipeline Location
- Electric Line Location
- Lease Road Location



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

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).
5. The predicted locations of lease roads, tank batteries, pipelines, and electrical lines.



KANSAS CORPORATION COMMISSION 1044746
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: <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) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: _____ (feet) <input type="checkbox"/> 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: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input type="checkbox"/> KDWR	
Emergency, Settling and Burn Pits ONLY: Producing Formation: _____ Number of producing wells on lease: _____ Barrels of fluid produced daily: _____ Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: _____ Number of working pits to be utilized: _____ Abandonment procedure: _____ Drill pits must be closed within 365 days of spud date.	
<p>Submitted Electronically</p>			

KCC OFFICE USE ONLY

Liner Steel Pit RFAC RFAS

Date Received: _____ Permit Number: _____ Permit Date: _____ Lease Inspection: Yes No



CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

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 # _____
Name: _____
Address 1: _____
Address 2: _____
City: _____ State: _____ Zip: _____ + _____
Contact Person: _____
Phone: (_____) _____ Fax: (_____) _____
Email Address: _____

Well Location:
____ - ____ - ____ - ____ Sec. ____ Twp. ____ S. R. ____ East West
County: _____
Lease Name: _____ Well #: _____

If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:

Surface Owner Information:

Name: _____
Address 1: _____
Address 2: _____
City: _____ State: _____ Zip: _____ + _____

When filing a Form T-1 involving multiple surface owners, attach an additional 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 county, and in the real estate property tax records of the county treasurer.

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.

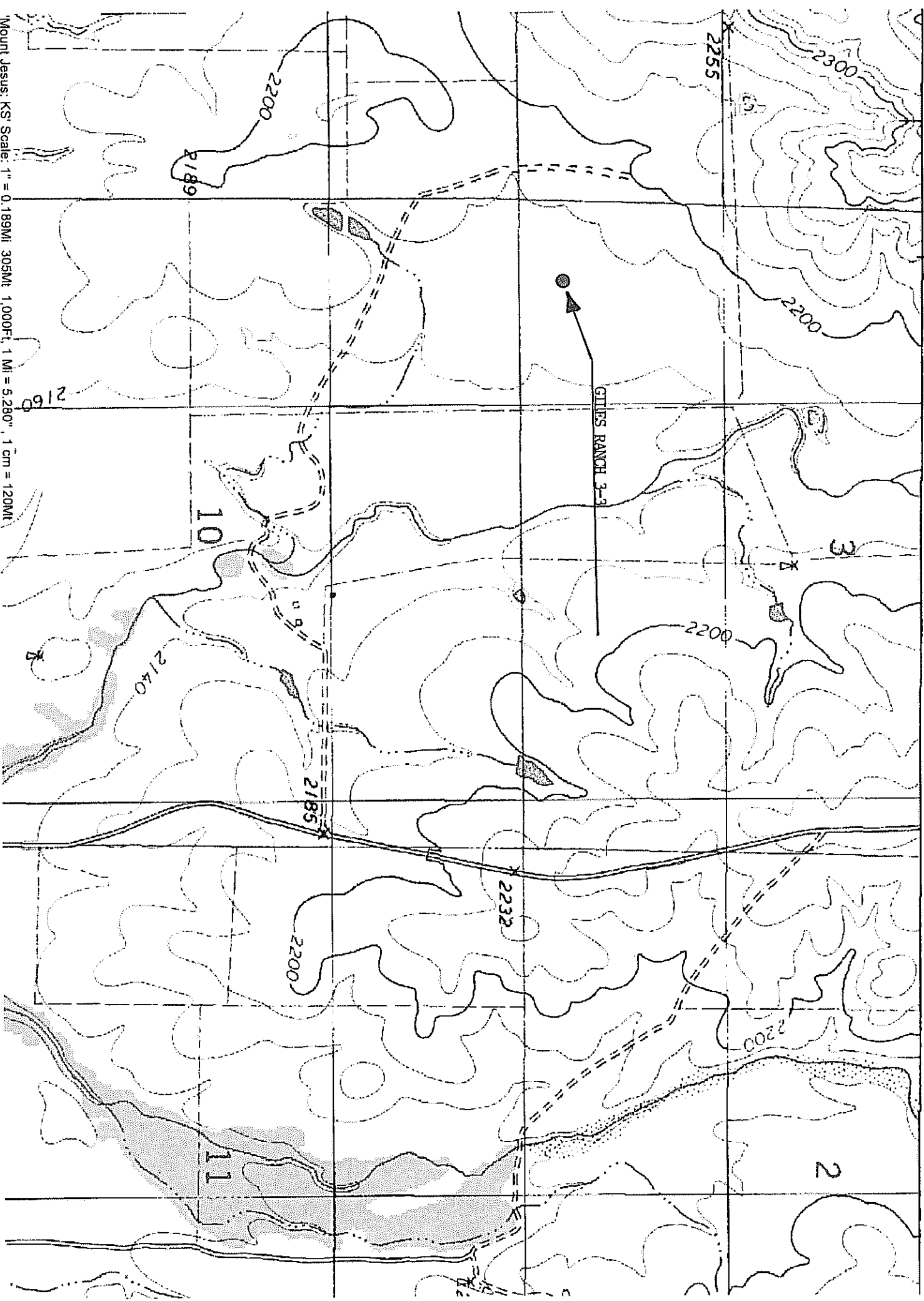
I Submitted Electronically

17 42'30"

438

6058 1 NW
(MOUNT JESUS NW)

440



Mount Jesus, KS Scale: 1" = 0.189MI 305MT 1,000FT, 1 MI = 5,280', 1 cm = 120MM

OIL AND GAS LEASE
(Paid-up)

(Prod. Pooling)(Kansas, Oklahoma)(640 Shut-In)(Paid-Up)

Melissa L. Young
Melissa L. Young, Register of Deeds

AGREEMENT, made and entered into this 19th day of November, 2004, by and between, **Giles Ranch Company, a Partnership, P. O. Box 1000, Ashland, KS 67831**, party of the first part, hereinafter called Lessor (whether one or more), and **Wint Harris, P. O. Box 489, Elkhart, KS 67950**, party of the second part, hereinafter called Lessee.

WITNESSETH, that the said Lessor, for and in consideration of Ten Dollars, cash in hand paid, and other good and valuable consideration 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 exclusively grant, demise, lease and let unto the said Lessee, for the sole and only purpose of exploring by geophysical and other methods, mining and operating for oil (including but not limited to distillate and condensate), gas (including casinghead gas and helium and all other constituents), and for laying pipelines, and building tanks, power stations and structures thereon, to produce, save and take care of said products, all that certain tract of land, together with any reversionary rights therein, situated in the County of Clark, State of Kansas, described as follows, to-wit:

The Southwest Quarter (SW/4) of Section 3, Township 31 South, Range 22 West.
Containing 160.00 acres more or less.

1. It is agreed that this lease shall remain in force for a term of Three (3) years from date (herein called primary term) and so long thereafter as oil or gas, or either of them, is produced from said land or lands pooled therewith
2. In consideration of the premises the said Lessee covenants and agrees:
 - A. To deliver to the credit of Lessor free of cost, in the pipeline to which it may connect its wells, a 1/8th part of all oil (including but not limited to condensate and distillate) produced and saved from the leased premises.
 - B. The Lessee shall pay to the Lessor as royalty, one-eighth (1/8th) of the proceeds received by the Lessee from the sale of gas, gas condensate, gas distillate, casinghead gas, gas used for the manufacture of gasoline or any other product, and for all other gases, including their constituent parts, produced from the land herein leased. During any period (whether before or after expiration of the primary term hereof) when gas is not being so sold or used and the well or wells are shut in and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, Lessee shall pay or tender a royalty of One Dollar (\$1.00) per year per net royalty acre retained hereunder, such payment or tender to be made, on or before the later of ninety (90) days following the date of shut in or the anniversary date of this lease during the period such well is shut in, to the Lessor. When such payment or tender is made it will be considered that gas is being produced within the meaning of the entire lease.
3. If, at the expiration of the primary term, there is no production in paying quantities on the leased land or on lands pooled therewith but Lessee is conducting operations for drilling, completing or reworking a well, this lease nevertheless shall continue as long as such operations are prosecuted or additional operations are commenced and prosecuted (whether on the same or successive wells) with no cessation of more than one hundred eighty (180) days, and if production is discovered, this lease shall continue as long thereafter as oil or gas are produced. In addition, if at any time or times after the primary term, there is a total cessation of all production, for any cause (other than an event of force majeure), this lease shall not terminate if Lessee commences or resumes any drilling or reworking operations or production within one hundred eighty (180) days after such cessation. Drilling operations or mining operations shall be deemed to be commenced when the first material is placed on the leased premises or when the first work other than surveying or staking the location is done thereon which is necessary for such operations.
4. Lessee is hereby granted the right at any time and from time to time to utilize the leased premises or any portion or portions 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 primarily of oil or primarily of gas with or without distillate. However, no unit for the production primarily of oil shall embrace more than 40 acres, or for the production primarily of gas with or without distillate more than 640 acres; provided that if any governmental regulation shall permit or 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 permitted or 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 unless the pooling or unitization results from governmental order or rule, in which case no such written designation shall be required. Operations upon and production from the unit shall be treated as if such 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.
5. 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 shall be paid to the Lessor only in the proportion which his interest bears to the whole and undivided fee.
6. If the leased premises are now or shall hereafter be owned in severalty or in separate tracts, the premises may nonetheless be developed and operated as one lease, and all royalties accruing hereunder shall be divided among and paid to such separate

owners in the portion that the acreage owned by each separate owner bears to the entire leased acreage. 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 now or hereafter be divided by sale, devise, descent or otherwise, or to furnish separate measuring or receiving tanks.

7. Lessee shall have the right to use, free of cost, gas, oil, and water produced on said land for its operations thereon, except water from wells of Lessor.
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.
9. 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. However, no change or division in ownership of the land or royalties shall enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land 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.

10. If at any time within the primary term of this lease or any continuation thereof, Lessor receives any bona fide offer, acceptable to Lessor, to grant an additional lease (top lease) covering all or part of the aforesaid lands, Lessee shall have the continuing option by meeting any such offer to acquire such top lease. Any offer must be in writing and must set forth the proposed Lessee's name, bonus consideration and royalty consideration to be paid for such lease, and include a copy of the lease form to be utilized reflecting all pertinent and relevant terms and conditions of the top lease. Lessee shall have fifteen (15) days after receipt from Lessor of a complete copy of any such offer to advise Lessor in writing of its election to enter into an oil and gas lease with Lessor on equivalent terms and conditions. If Lessee fails to notify Lessor within the aforesaid fifteen (15) day period of its election to meet any such bona fide offer, Lessor shall have the right to accept said offer. Any top lease granted by Lessor in violation of this provision shall be null and void. Nothing in this paragraph shall interfere with Lessee's rights during the term of this lease.

11. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules and 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 such failure is the result of any such Law, Order, Rule or Regulation, or operation of force majeure.

12. This lease shall be effective as to each Lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the Lessors above named may not join in the execution hereof. The word "Lessor" as used in this lease means the party or parties who execute this lease as Lessor, although not named above.

13. Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to lessor, or by placing a release of record in the proper County.

14. Lessor hereby warrants and agrees to defend the title to the lands herein described and to indemnify Lessee of all adverse claims thereto, and all expenses incurred by Lessee in defending such claims, including reasonable attorney fees, 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.

15. The Lessee's failure to comply with any covenant or obligation of this lease shall not result in the forfeiture of the lease unless and until lessor has provided lessee notice of such default and gives Lessee sixty (60) days in which to cure such default.

IN TESTIMONY WHEREOF, we sign this the 22 day of July, 2004

SEE EXHIBIT 'A' ATTACHED HERETO AND MADE A PART HEREOF.

Giles Ranch Company


(Norman Lee Giles, Managing Partner)

EXHIBIT "A"

Attached to and made a part of that certain oil and gas lease dated the 19th day of November, 2004, by and between, Giles Ranch Company, a Partnership, P. O. Box 1000, Ashland, KS 67831, hereinafter referred to as Lessors and Wint Harris, P. O. Box 489, Elkhart, KS 67950, hereinafter referred to as Lessee. Notwithstanding the provisions contained in the attached lease to the contrary, the following conditions, amendments, modifications, terms, conditions, and reservations shall apply.

1. The Lessor reserves the right to designate all routes of ingress and egress and must be consulted by Lessee as to the location of all roads, pipelines, tank batteries, power lines, and other equipment and machinery necessary for production prior to its construction and installation, so as to minimize interference with the surface farming operations. Lessor's designation of routes of ingress and egress shall not be unreasonably withheld. Lessee shall give 3 days prior notification of any operations on the leased premises.
2. All pipelines constructed under the terms of this lease in addition to being buried below plow depth shall also be maintained below this depth in such a manner so as not to interfere with farming, terracing, irrigation and cultivation practices of Lessor.
3. Lessee and its agents shall pay for all damages caused by its operations, whether such damages be temporary or permanent, and shall specifically include but are not limited to growing crops, native grass, livestock, fences, water wells and other structures or improvements located on the leased premises. Upon the establishment of a drilling site and the excavation of slush pits, the same shall be properly fenced against livestock by the Lessee and shall remain fenced until site is restored to its original condition and contour. Lessee further agrees to clean up the premises and to restore the surface of the land to its original condition and contour upon the completion of its drilling operations.
4. No seismograph or similar exploratory operations shall be conducted upon the leased premises without prior consultation with Lessor and without compensation for same. The Lessors herein shall and must be notified 3 days prior to entrance on to the leased premises. At the time of notification, the seismograph company shall establish all directions and routes to be followed during the seismograph procedure. Failure to perform said consultation will result in the immediate cessation of all seismic activities until said ingress and egress is established in writing with the Lessors.
5. No well drilled upon the leased premises shall be used for disposal of salt water and other wastes without the written consent of Lessor and without compensating Lessor for its use, except for water production on the leased premises or on lands unitized herewith.
6. Lessee shall indemnify, save and hold Lessor harmless from all claims, demands and causes of actions stemming from activity undertaken by Lessee or Lessee's assignees, their employees, agents, contractors and subcontractors during operations conducted on the leased premises.
7. No well shall be drilled closer than 500 feet to any barn or house on the leased premises without first having secured the written permission of the Lessors herein.
8. Any lands having a live spring or fresh water outlet shall have surface casing set to a depth sufficient to protect said fresh water formation. Lessee agrees to remove any trash or debris from the drill site immediately, either upon notification by Lessors or upon visual sighting by any of Lessee's agents, employees or personnel.

SIGNED FOR IDENTIFICATION:


(Norman Lee Giles, Managing Partner
of Giles Ranch Company)

ACKNOWLEDGEMENT

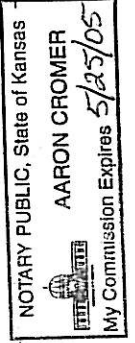
STATE OF KANSAS)
) ss.
COUNTY OF CLARK)

Before me, the undersigned, a Notary Public, within and for said County and State on this the 22nd day of November, 2004, personally appeared Norman Lee Giles, Managing Partner for the Giles Ranch Company, a Partnership, personally known to be the identical person(S) who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

5/25/05 Aaron Cromer

My Commission Expires:



Notary Public

September 24, 2010

MICHEAL S MITCHELL
Falcon Exploration, Inc.
125 N MARKET STE 1252
WICHITA, KS 67202

Re: Drilling Pit Application
GILES RANCH 3-3
SW/4 Sec.03-31S-22W
Clark County, Kansas

Dear MICHEAL S MITCHELL:

District staff has inspected the above referenced location and has determined that an unsealed condition will present a pollution threat to water resources.

District staff has recommended that the reserve pit be lined with bentonite or native clay, constructed **without slots**, the bottom shall be flat and reasonably level and the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred. The fluids should be removed again 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) 225-8888 when the fluids have been removed. Please file form CDP-5 (August 2008), Exploration and Production Waste Transfer, through KOLAR 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.