



**EXPLORATION & PRODUCTION WASTE TRANSFER**

Operator Name:		License Number:	
Operator Address:			
Contact Person:		Phone Number: (     )     -     -	
Permit Number (API No. if applicable):		Lease Name:	
Source of Waste:  <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Dike <input type="checkbox"/> Workover Pit <input type="checkbox"/> Settling Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Drilling Pit <input type="checkbox"/> Steel Pit <input type="checkbox"/> Haul-off Pit <input type="checkbox"/> <input type="checkbox"/> Spill / Escape		Well Number:	
		Source Location (QQQQ):     -     -     -     - Sec.     Twp.     R. <input type="checkbox"/> East <input type="checkbox"/> West _____ Feet from <input type="checkbox"/> North / <input type="checkbox"/> South Line of Section _____ Feet from <input type="checkbox"/> East / <input type="checkbox"/> West Line of Section _____ County	
Type of waste to be disposed: <input type="checkbox"/> Fluid <input type="checkbox"/> Soil <input type="checkbox"/> Mud / Cuttings <input type="checkbox"/> Other: _____			
Amount of waste:     _____ No. of loads     _____ Barrels     _____ Tons     _____ YDS			
Destination of waste: <input type="checkbox"/> Reserve Pit <input type="checkbox"/> Haul Off Pit <input type="checkbox"/> Disposal Well <input type="checkbox"/> Lease Road <input type="checkbox"/> Dike / Berm <input type="checkbox"/> Other: _____			
If waste is transferred to another reserve pit, is the lease active? <input type="checkbox"/> Yes <input type="checkbox"/> No			
Location of waste disposal:		Date of Waste Transfer: _____	
Operator Name: _____		License No.: _____	
Lease Name: _____		Sec.     Twp.     R. <input type="checkbox"/> East <input type="checkbox"/> West	
Docket No./API No.: _____		County: _____	
Comments:			

Submitted Electronically

AGREEMENT, Made and entered into the 11<sup>th</sup> day of February, 2009 by and between **WFY Oil & Gas, LLC d/b/a Ward Feed Yard**  
**Yard Oil & Gas, L.L.C., Ward Feed Yard, Inc., and WFY Holding Company, Inc. d/b/a WFY Holding Co., Inc.**  
whose mailing address is PO Box 1506, Great Bend, KS 67530, hereinafter called Lessor (whether one or more), and **CAPTIVA II, LLC**, 445 Union Blvd.,  
Suite 208, Lakewood, CO 80228, hereinafter called Lessee:

Lessor, in consideration of Ten and more Dollars (\$10.00++) in hand paid, receipt of which is hereby 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, prospecting, drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases and their respective constituent products, injecting gas, water, other fluids and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest, therein situated in County of Pawnee, State of Kansas described as follows, to-wit:

**Township 21 South, Range 16 West of the 6<sup>th</sup> Principal Meridian**

**Section 25: NE $\frac{1}{4}$  less and except the well bore of the Ward Feed Yard No. 1 which is located approximately 2,410' South, 2,310' West from the NE corner of said section 25**

containing **160.00** acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of **Two (2) years** from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or land with which said land is pooled.

In consideration of the premises the said Lessee covenants and agrees:

- 1<sup>st</sup>. 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 (1/8th) part of all oil produced and saved from the leased premises.
- 2<sup>nd</sup>. 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 (1/8th), at the market price at the well, (but, as to gas sold by Lessee, in no event more than one-eighth (1/8th) 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. Where gas from a well producing gas only is not sold or used, Lessee may pay or tender as royalty One Dollar (\$1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph. However, Lessee's ability to retain the lease by payment of such "shut in" royalties is not indefinite and if no actual sale of gas is made within five years of completion of a gas well, then this lease shall terminate and expire.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the Lessee shall commence to drill a well within the term of this lease or any extension thereof, the Lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid the said Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operations thereon, except water from the wells of Lessor.

When requested by Lessor, Lessee shall bury Lessee's pipelines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now located on said premises without written consent of Lessor.

Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the Lessee until after the Lessee has been furnished with a written transfer or assignment or a true copy thereof. In case Lessee assigns this lease, in whole or in part, Lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment. It is agreed and understood by and between Lessor and Lessee, and their successors and assigns that subject lease is subject to a side letter agreement and any successor or assignee will be bound by the terms therein.

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 except those obligations relating to any plugging of wells or restoration of the portion surrendered.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved. In the event this lease is extended beyond the primary term solely by production from a well in a unit which comprises a portion of the lands covered hereby and other lands, Lessee agrees to release all lands not included in any such unit one (1) year subsequent to the end of the primary term.

Lessee agrees to consult with Lessor prior to conducting any surface operations so as to cause the least amount of interference to Lessor's irrigation operations on the leased premises, including but not limited to using low profile pumping equipment on any producing well drilled by Lessee. Lessee further agrees not to locate any pits where there are currently tire tracks for Lessor's irrigation system.

In the event production is secured and a tank battery installation is necessary, such tank battery shall be placed at a location mutually agreeable by Lessor and Lessee.

Lessee shall not go upon or conduct any operations upon the irrigated portion of the above-described real estate between April 1<sup>st</sup> and November 1<sup>st</sup> in any calendar year unless given written permission by the Lessor.

Upon the establishment of a drillsite and the excavation of the reserve pit, all topsoil shall be removed and piled separately and shall be returned to the surface when this pit is filled. Lessee further agrees to clean up the drillsite area and remove all trash and debris and to restore the surface of the land damaged by the Lessee's operations to its original contour and condition as nearly as is practicable.

Lessee shall pay any actual damages to growing crops, pasture grasses, fences and irrigation systems which may arise from Lessee's maintenance and operation of said drillsite(s) / production operations.

No wells drilled on the leased premises shall be used for saltwater disposal or other waste disposal without the written consent of Lessors. Provided, however, the terms of this paragraph do not apply to the disposal of salt water produced from a well or wells held by production where the minerals are owned by Lessor or lands pooled therewith.

Lessee shall not have the right to use water from Lessor's pond(s) or water wells for any purpose without Lessor's written consent, and Lessee will not conduct any exploration or drilling operations within 200 feet of any water well on the leased premises and further agrees that any water well damaged by Lessee's operations shall be re-drilled at Lessee's sole expense.

Lessor shall have the right to 1,000 MCF of free gas annually on any quarter section where there is a well capable of producing gas in commercial quantities. The free gas shall only be used on the quarter section where said gas well is located and shall only be used for the irrigation of said lands.

Any gas so used by Lessor shall be limited to 1,000 MCF annually.

The Lessor shall install, operate and maintain, at a point to be designated by Lessee, at or near the mouth of the well, all connections, regulators and meters necessary to control and measure such gas, at the sole cost of Lessor.

All such meters and appurtenant equipment shall remain the property of the Lessor. Lessor, at its own risk and expense and at locations that will not interfere with the Lessee's lease operations, shall install, operate and maintain the line(s) necessary to service the engine or engines operating the pumping equipment.

The equipment and facilities used by Lessor for the measurement and transportation of such gas and the utilization and operation thereof shall at all times be in compliance with all reasonable current requirements of Lessee. Lessor will, at all times, hold Lessee harmless from all claims and liabilities arising from taking, transportation and use of such gas. Lessee makes no warranty or representation as to the quality or suitability of the gas and Lessor agrees it takes such gas "as is". Lessor further agrees to indemnify Captiva II, LLC, and hold and save it harmless from and against any and all actions, causes of action, claims, demands, liabilities, loss, damage or expense of whatever kind and nature including attorney fees which shall at any time be sustained or incurred by reason of, or in consequence of, the providing of the gas pursuant to this agreement, as well as fees and liabilities incurred in connection with any litigation, investigation, including any suit to enforce this indemnity agreement.

Nothing herein contained shall operate by implication to enlarge or increase the obligations which Lessee would have in the absence of this agreement as to the operation of said wells or impair any right it would otherwise have to determine the quantity of gas it shall produce at any particular time; and the purchase, transportation and use of such gas shall be without interference with or danger to Lessee's property or its rights and operations under said leases.

Lessee shall pay to Lessor as damages a flat rate of \$2,500.00 for each well location at the time of commencement of any drilling activity for any damages caused by it drilling operations, including damage to growing crops and any damages caused as a result of setting tank batteries and laying lead lines. Lessee shall pay in addition to the \$2,500.00 flat rate, any damages caused by its operations to livestock, fences and other structures on the leased premises.

Lessee, its successors and assigns, shall have the sole and exclusive options, but not the obligation, ending upon the expiration date of the primary or secondary term of this lease, to elect to extend the term of all or any part of said lease for a term of one (1) year by tendering to Lessor hereunder the sum of \$10.00 per net mineral acre owned by Lessor and selected by Lessee. Lessee shall file an Affidavit of Extension in the records of Pawnee County, Kansas, upon its election to exercise the foregoing option.

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written.

**WFY Oil & Gas, LLC**  
**d/b/a Ward Feed Yard Oil & Gas, L.L.C.**

BY:   
Lee H. Borck, Managing Member

**Ward Feed Yard, Inc.**

BY:   
Lee H. Borck, President

STATE OF Kansas


§.

COUNTY OF Barton

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 31 day of July, 2009, personally appeared **Lee H. Borck, as Managing Member of WFY Oil & Gas, LLC d/b/a Ward Feed Yard Oil & Gas, L.L.C.**

My Commission Expires: 6-18-2012

*Brooke M Zoller*  
Notary Public: *Brooke M Zoller*  
Address: *PO Box 30*  
*Hoisington KS 67544*

 State of Kansas -Notary Public  
**Brooke M. Zoller**  
My Commission Expires 6-18-2012

STATE OF Kansas


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Lessor, in consideration of Ten and more Dollars (\$10.00++) in hand paid, receipt of which is hereby 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, prospecting, drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases and their respective constituent products, injecting gas, water, other fluids and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest, therein situated in County of Pawnee, State of Kansas described as follows, to-wit:

**Township 21 South, Range 16 West of the 6<sup>th</sup> Principal Meridian**  
**Section 25: NW¼**

containing **160.00** acres, more or less, and all accretions thereto.

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portion of the lands covered hereby and other lands, Lessee agrees to release all lands not included in any such unit one (1) year subsequent to the end of the primary term.

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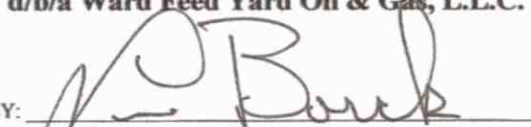
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IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written.

**WFY Oil & Gas, LLC**  
**d/b/a Ward Feed Yard Oil & Gas, L.L.C.**

BY:   
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Lee H. Borck, Managing Member

**Ward Feed Yard, Inc.**

BY:   
\_\_\_\_\_  
Lee H. Borck, President

STATE OF Kansas

§.

COUNTY OF Barton

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 31 day of July, 2009, personally appeared **Lee H. Borck, as Managing Member of WFY Oil & Gas, LLC d/b/a Ward Feed Yard Oil & Gas, L.L.C.**

My Commission Expires: 6-18-2012

*Brooke M Zoller*  
Notary Public: Brooke M Zoller  
Address: PO Box 30  
Hoisington KS 67544



State of Kansas -Notary Public

Brooke M. Zoller

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**WFY Oil & Gas, LLC**  
**d/b/a Ward Feed Yard Oil & Gas, LLC**  
**Ward Feed Yard Inc.**

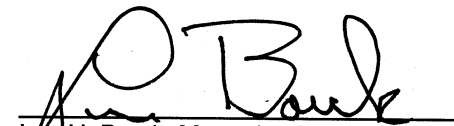
PO Box 1506  
Great Bend, KS 67530

December 28, 2010

J. A. Waechter, Managing Member  
Captive II LLC  
445 Union Boulevard  
Suite 208  
Lakewood, CO 80228

Dear Mr. Waechter:

I, Lee H. Borck, President of Ward Feed Yard Oil & Gas, and Lessor of the mineral rights located in Section 25, Township (21) South, Range (16) West Pawnee County Kansas, do hereby agree to and allow Captiva II LLC to dispose of the drill cuttings to this location from the Eakins Lease located in Section 7, Township (22) South, Range (16) West Pawnee County Kansas.

  
\_\_\_\_\_  
Lee H. Borck, Managing Member  
WFY Oil & Gas, LLC  
d/b/a Ward Feed Yard Oil & Gas, LLC

  
\_\_\_\_\_  
Lee H. Borck, President  
Ward Feed Yard, Inc