

For KCC	Use:	
Effective	Date:	
District #		
SGA?	Yes No	

Kansas Corporation Commission Oil & Gas Conservation Division

Form C-1 March 2010 Form must be Typed Form must be Signed All blanks must be Filled

NOTICE OF INTENT TO DRILL

Expected Spud Date:	Spot Description:
month day year	Sec Twp S. R
OPERATOR: License#	(O/O/O/O) feet from N / S Line of Sectio
Name:	feet from E / W Line of Sectio
Address 1:	Is SECTION: Regular Irregular?
Address 2:	(Note: Locate well on the Section Plat on reverse side)
City:	County:
Contact Person:	Lease Name: Well #:
Phone:	Field Name:
CONTRACTOR: License#	Is this a Prorated / Spaced Field?
Name:	Target Formation(s):
	Nearest Lease or unit boundary line (in footage):
Well Drilled For: Well Class: Type Equipment:	Ground Surface Elevation:feet MSI
Oil Enh Rec Infield Mud Rotary	
Gas Storage Pool Ext. Air Rotary	Water well within one-quarter mile: Yes No
Disposal Wildcat Cable	Public water supply well within one mile: Yes No
Seismic ;# of HolesOther	Depth to bottom of fresh water:
Other:	Depth to bottom of usable water:
If OWWO: old well information as follows:	Surface Pipe by Alternate: I II
	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:
Directional, Deviated or Horizontal wellbore?	Water Source for Drilling Operations:
Directional, Deviated or Horizontal wellbore? Yes No If Yes, true vertical depth:	Well Farm Pond Other:
Bottom Hole Location:	DWR Permit #:
KCC DKT #:	(Note: Apply for Permit with DWR)
	Will Cores be taken? Yes No
	If Yes, proposed zone:
AFI	IDAVIT
	prince of this well will possess with K.C.A. EE at one
The undersigned hereby affirms that the drilling, completion and eventual plu	gging of this well will comply with K.S.A. 55 et. seq.
The undersigned hereby affirms that the drilling, completion and eventual plut is agreed that the following minimum requirements will be met:	gging 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 <i>prior</i> to spudding of well; 2. A copy of the approved notice of intent to drill <i>shall be</i> posted on each 3. The minimum amount of surface pipe as specified below <i>shall be set</i> through all unconsolidated materials plus a minimum of 20 feet into the 4. If the well is dry hole, an agreement between the operator and the dist 5. The appropriate district office will be notified before well is either plugg 6. If an ALTERNATE II COMPLETION, production pipe shall be cemente Or pursuant to Appendix "B" - Eastern Kansas surface casing order #1	drilling rig; by circulating cement to the top; in all cases surface pipe <i>shall be set</i> e underlying formation. rict office on plug length and placement is necessary <i>prior to plugging;</i> ed or production casing is cemented in; d from below any usable water to surface within <i>120 DAYS</i> of spud date. 33,891-C, which applies to the KCC District 3 area, alternate II cementing
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Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

Spud 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:		



SEWARD CO. 3390' FEL

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:							_			fee	t from	N /	S Line	of Section
Well Number:			feet from E / W Line of Section											
Field:					_ Se						W			
Number of A							15	Section:	Regu	lar or	Irregular			
						If Section is Irregular, locate well from nearest corner boundary. Section corner used: NE NW SE SW								
				pelines an	d electrica	the neares	required b		as Surfac	Show the pr ce Owner No				
		:	:	:		:	:	:			LEGE	ND		
0500 #											Well Lo	ocation attery L e Locati c Line Lo	ion ocation	
2593 ft		: : : :	:			:	•	:		EXAMPLE	:			
				3										
				: 				:			0-7			1980' FSL
		:	·	· :		:		:						

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



KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

1051306

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	SecTwpR			
Settling Pit Drilling Pit	If Existing, date co	nstructed:	Feet from North / South Line of Section			
Workover Pit Haul-Off Pit	Pit capacity:		Feet from East / West Line of Section			
(If WP Supply API No. or Year Drilled)	п и сарасну.	(bbls)	County			
Is the pit located in a Sensitive Ground Water A	rea? Yes	No	Chloride concentration: mg/l			
To the processing in a content of country training			(For Emergency Pits and Settling Pits only)			
Is the bottom below ground level? Yes No	Artificial Liner? Yes N	No	How is the pit lined if a plastic liner is not used?			
			NAC data (force)			
Pit dimensions (all but working pits):	Length (feet)	,	Width (feet) N/A: Steel Pits No Pit			
If the pit is lined give a brief description of the li			dures for periodic maintenance and determining			
material, thickness and installation procedure.			cluding any special monitoring.			
Distance to nearest water well within one-mile	of pit:	Depth to shallo Source of inforr	west fresh water feet. nation:			
feet Depth of water well	feet	measured	well owner electric log KDWR			
Emergency, Settling and Burn Pits ONLY:		Drilling, Work	ver 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 s flow into the pit? Yes No	pilled fluids to	Drill nite must h	e closed within 365 days of spud date.			
Submitted Electronically						
	KCC	OFFICE USE O	NLY			
	11.00	513 2 332 0 1	Liner Steel Pit RFAC RFAS			
Date Received: Permit Num	ber:	Permi	t Date: Lease Inspection: Yes No			



Kansas Corporation Commission Oil & Gas Conservation Division

1051306

Form KSONA-1
July 2010
Form Must Be Typed
Form must be Signed
All blanks must be Filled

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 (CB-1)	Cathodic Protection Borehole Intent) T-1 (Transfer) CP-1 (Plugging Application)					
OPERATOR: License #	Well Location:					
Name:	SecTwpS. R East					
Address 1:	County:					
Address 2:	Lease Name: Well #:					
City: State: Zip:+	If filing a Form T-1 for multiple wells on a lease, enter the legal description of					
Contact Person:	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:						
the KCC with a plat showing the predicted locations of lease roads, tank	dic Protection Borehole Intent), you must supply the surface owners and k batteries, pipelines, and electrical lines. The locations shown on the plat in the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.					
☐ I certify that, pursuant to the Kansas Surface Owner Notice A owner(s) of the land upon which the subject well is or will be to CP-1 that I am filing in connection with this form; 2) if the form to form; and 3) my operator name, address, phone number, fax, at ☐ I have not provided this information to the surface owner(s). I at KCC will be required to send this information to the surface owner(s).	cknowledge that, because I have not provided this information, the vner(s). To mitigate the additional cost of the KCC performing this					
task, I acknowledge that I am being charged a \$30.00 handling If choosing the second option, submit payment of the \$30.00 handling form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-	fee with this form. If the fee is not received with this form, the KSONA-1					
Submitted Electronically						



Logan County, KS

COUNTY

Pro-Stake LLC

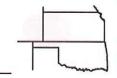
Oil Field & Construction Site Staking

P.O. Box 2324

Garden City, Kansas 67846 Office/Fax: (620) 276-6159

Cell: (620) 272-1499

9212 INVOICE NO



b022111-v

Lario Oil & Gas Company

OPERATOR

3 15s 32w

Main loc, = 1980'FNL - 2641'FWL - 2662' FEL= 2713.8' gr. Alt. #1 = 2031'FNL - 2593' FWL - 2710'FEL = 2716.1' gr.

LOCATION SPOT

Rose # 1-3

LEASE NAME

SCALE: 1" =1000'

DATE: Feb. 18th, 2011

MEASURED BY: Luke R.

DRAWN BY: Luke R.

AUTHORIZED BY: Jay S.

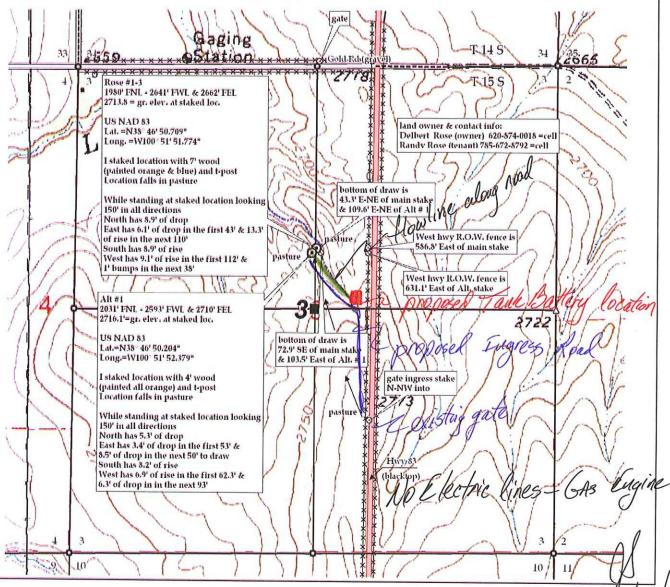
This drawing does not constitute a monumented survey or a land survey plat

This drawing is for construction purposes only

Directions: From the South side of Oakley, Ks at the intersection of Hwy 83 South & Hwy 40 – Now go 23.1 miles South on Hwy 83 to approx. 0.4 mile West of the NE corner of section 3-15s-32w – Now go 0.7 mile South on Hwy 83 to ingress stake N-NW into at gate – Now go approx. 1980' N-NW through pasture into staked locations.

Final ingress must be verified with land owner or Operator

Drilling alternate location



OIL AND GAS LEASE

THIS AGREEMENT, Entered into this <u>9th</u> day of <u>June</u> , 2008, between Delbert Rose, a single man
3401 Gold
and SAPPHIRE ENERGY, INC., 155 N. Market, Ste. 910, Wichita, Kansas 67202, hereinafter called lessee, does witness: 1. That lessor, for and in consideration of the sum ofOne (1) and moreDollars in hand paid and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted, leased, and let and by their presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land, with any reversionary right therein, and with the right to unitize this lease or any part thereof with other oil and gas leases as to all or any part of the land covered thereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work thereof including core drilling and the drilling, mining, and operating for, producing and saving all of the oil, gas, gas condensate, gardistillate, casinghead gasoline and their respective constituent vapors, and all other gases, found thereon, the exclusive right injecting water, brine, and other fluids and substances into the subsurface strata, and for constructing roads, laying pipe line building tanks, storing oil, building power stations, electrical lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save, take care of, and manufacture all such substances, and the injection of water, brine, and other substances into the subsurface strata, said tract of land being situated in the County of
See Exhibit "A"
containing 673 acres, more or less.
2. This lease shall remain in force for a term of
3. The lessee shall deliver to tessor as royalty, free of cost, on the lease, or into the pipe line to which lessee may connect its wells the equal one-eighth (1/8) part of all produced and saved from the leased premises, or at the lessee's option may pay to the lessor for such one-eighth (1/8) royalty the market price at the wellhead for oil of it grade and gravity prevailing on the day such oil is sold from storage tanks.
4. The lessee shall pay to the lessor, as a royalty, one-eighth (1/8) of the proceeds received by the lessee from the sale of gas, gas condensate, gas distillate, casinghe, gas used for the manufacture of gasoline or any other product, and all other gases, including their constituent parts, produced from the land herein leased. If such gas not sold by the lessee, lessee may pay or tender annually at or before the end of each yearty period during which such gas is not sold, as a shut-in royalty, whether one more wells, an amount equal to one dollar per net mineral acre, and while said shut in royalty is so paid or tendered, it will be considered under all provisions of this lease the gas is being produced in paying quantities. The first yearly period during which such gas is not sold shall begin on the date the first well is completed for production of gas.
5. This lease is a paid-up lease and may be maintained during the primary term without further payments or drilling operations.
6. In the event 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 that it is said lessor only in the proportion which his interest bears to the whole and undivided fee, however, in the event the title to any interest in said land should revert to lessor, or his heirs, or his or their grantee, this lease shall cover such reversion.
7. The lessee shall have the right to use free of cost, gas, oil and water found on said land for its operations thereon, except water from existing wells of the lessor. Whe required by lessor, the lessee shall bury its pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall the drilled nearer than 200 feet to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during, or after the expiration of this lease to remove all machinery, fixtures, houses, buildings, and other structures placed on said premises, including the right to draw and remove all casing.
8. 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 the heir devisees, executors, administrators, successors, and assigns, but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarg the obligations or diminish the rights of lessee, and no change of ownership in the land or in the royalties or any sum due under this lease shall be binding on the lessee until has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof, or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing the appointment of an administrator for the estate of any deceased owner, whichever is appropriate, togeth with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to lessor of the full interest claims and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, or administrator executor, or heir of lessor.
9. 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 leas and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion 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 hereafted be divided by sale, devisee, descent or otherwise, or to furnish separate measuring or receiving tanks.
10. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge in whole or in pa any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in the event it exercises such options it shall be subrogated the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty accruing hereunder.
11. If after the expiration of the primary term, production of oil or gas should cease from any cause, this lease shall not terminate if lessee commences additional drilling reworking operations within one hundred-twenty (120) days thereafter, or if at the expiration of the primary term, oil or gas is not being produced on said land, but lessee then engaged in drilling or reworking operations thereon, then in either event, this lease shall remain in force so long as operations are prosecuted either on the same well any other well thereafter commenced, with no cessation of more than one hundred twenty (120) consecutive days, and if they result in production of oil or gas, this lease shall remain in effect so long thereafter as there is production of oil or gas under any provisions of this lease.
12. Lessee may at any time surrender or cancel this lease in whole or in part by delivering or mailing such release to the lessor, or by placing same of record in the proper county. In case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion canceled shall cease and determine, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes.
13. All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules, of regulations (and interpretations thereof) of a governmental agencies administering the same, and this lease shall not be in any way terminated wholly or partially nor shall the lessee be liable in damages for failure accords with any such laws, orders, rules or regulations (or interpretations thereof). If lessee shoul be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction thereover, the primary term of this lease shall continue until six months after said order is suspended.
14. Lessee, at its option, is hereby given the right and power to pool or combine into one or more units the land covered by this lease, or any portion thereof, with othe land covered by another lease, or leases when, in lessee's judgment, it is necessary or advisable to do so in order to properly develop and operate said lease premises so a to promote the conservation of such minerals in and under said land, such pooling to be in a unit or units not exceeding 80 acres each in the event of an oil well, or into a unor units not exceeding 60 acres each in the event of a gas and/or condensate or distillate well, plus a tolerance of ten percent (10%) to conform to Governmental Surve quarter sections. Lessee shall execute in writing and file for record in the county in which the land is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a unit or units 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 any part of the pooled acreage it shall be treated as if production is had from this lease whether any well is located on the land covered be this lease or not. Any well drilled on such unit shall be and constitute a well hereunder. In lieu of the royalties elsewhere herein specified lessor shall receive on production from the unit so pooled only such portion of the royalty stipulated herein as the amount of his net royalty interest therein on an acreage basis bears to the total mineral acreage so pooled in the particular unit involved.
15. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said tessor and lessee.
SEE RIDER ATTACHED
IN WITNESS WHEREOF, we sign the day and year first above written.
Delbert Rose

STATE OF Kansas)	A OVALOVAJI EDOMENIT FOD INDIVIDUAL	
COUNTY OF LOLAW)SS.)	ACKNOWLEDGMENT FOR INDIVIDUAL	
This instrument was acknowledged to me Delbert Rose, a single man		974 day of <u>June</u> ,	2008, by
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My commission expires: U/OF/55		- /ully No	otary Public_
		TRAVIS FORSBERG Notary Public - State of Kansas My Appointment Expires November 8, 2009	
		My Appointment Expires November 8, 2009	
STATE OF))ss.	ACKNOWLEDGMENT FOR CORPORATION	ON
COUNTY OF) n thia	day of	2008 by
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My commission expires:		Ne	otary Public_
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		Logan County Filed For Record June 11 at 9:05 o'clock AM. Book L. MICROFILMED - COUNTY AM. BOOK L.	14 Page 577 - 579
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Attached to and made a part of that certain Oil and Gas Lease dated the 9th of May, 2008, by and between Delbert Rose, a single man, as Lessor and Sapphire Energy, Inc., as Lessee and covering the following described land:

Township Fourteen (14) South, Range Thirty-Two (32) West, Logan County, Kansas

Tract #1 The Northeast Quarter (NE/4) of Section Thirty-One (31)

Tract #2 The West Half of the West Half (W/2W/2) of Section Thirty-Two (32)

Township Fifteen (15) South, Range Thirty-Two (32) West, Logan County, Kansas

Tract #3 The Northe

The Northeast Quarter (NE/4) and the Northwest Quarter (NW/4) of Section

Three (3), all lying West of U.S. Hwy 83

Tract #4

The Northeast Quarter (NE/4) of Section Four (4)

and containing 673 acres, more or less.

- 1. It is understood and agreed that the above described tracts shall constitute separate and individual leases according to the terms herein established. Production on any single tract shall not hold any other Tract Lease by said production.
- 2. If at the end of the primary term this lease is not otherwise continued in force under the provisions hereof, this lease shall expire, unless Lessee on or before the end of the primary term shall pay or tender to Lessor the sum of \$15.00 multiplied by the number of net mineral acres owned by Lessor in the land above described and then subject to this lease; and subject to the other provisions of this lease, this lease shall thereby be modified and the primary term shall be extended for an additional term of Two (2) years from the end of the primary term. Said payment may be made by check or draft of Lessee or any assignee thereof, mailed or delivered direct to Lessor at the address first provided above, on or before the end of the primary term. It is understood and agreed that the option to extend may be exercised individually according to the tracts herein described, with no obligation on the remainder tracts.
- 3. Lessee shall provide Lessor with no less than forty-eight (48) hours notice prior to entry upon the leased premises.

Rose 1-3