



1071455

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

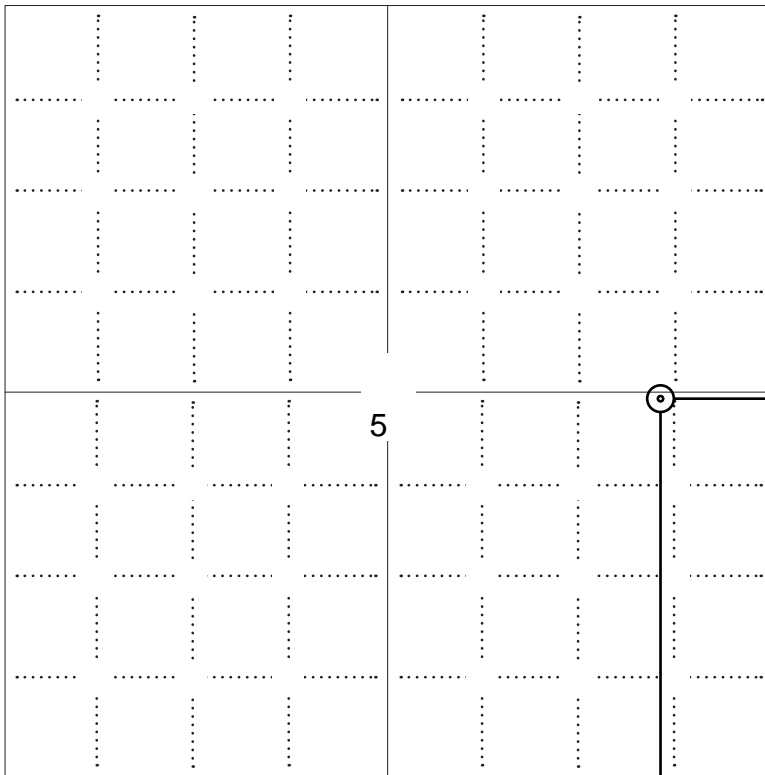
Is Section: Regular or Irregular

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

Section corner used: NE NW SE SW

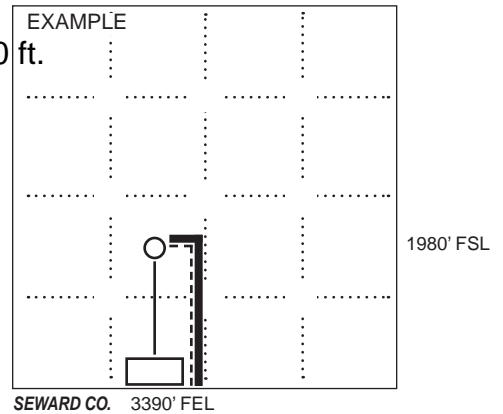
PLAT

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.

2590 ft.

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 1071455
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.

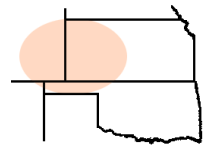
Submitted Electronically



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



a120811-b
PLAT NO.

9752
INVOICE NO.

Strata Exploration, Inc.

OPERATOR

Kiowa County, KS

COUNTY

5 **28s** **18w**
Sec. Twp. Rng.

Heft #3-5

LEASE NAME

2590' FSL & 770' FEL

LOCATION SPOT

SCALE: **1"=1000'**
DATE STAKED: **Dec 8th, 2011**
MEASURED BY: **Ben R.**
DRAWN BY: **Ben R.**
AUTHORIZED BY: **Bobby K.**



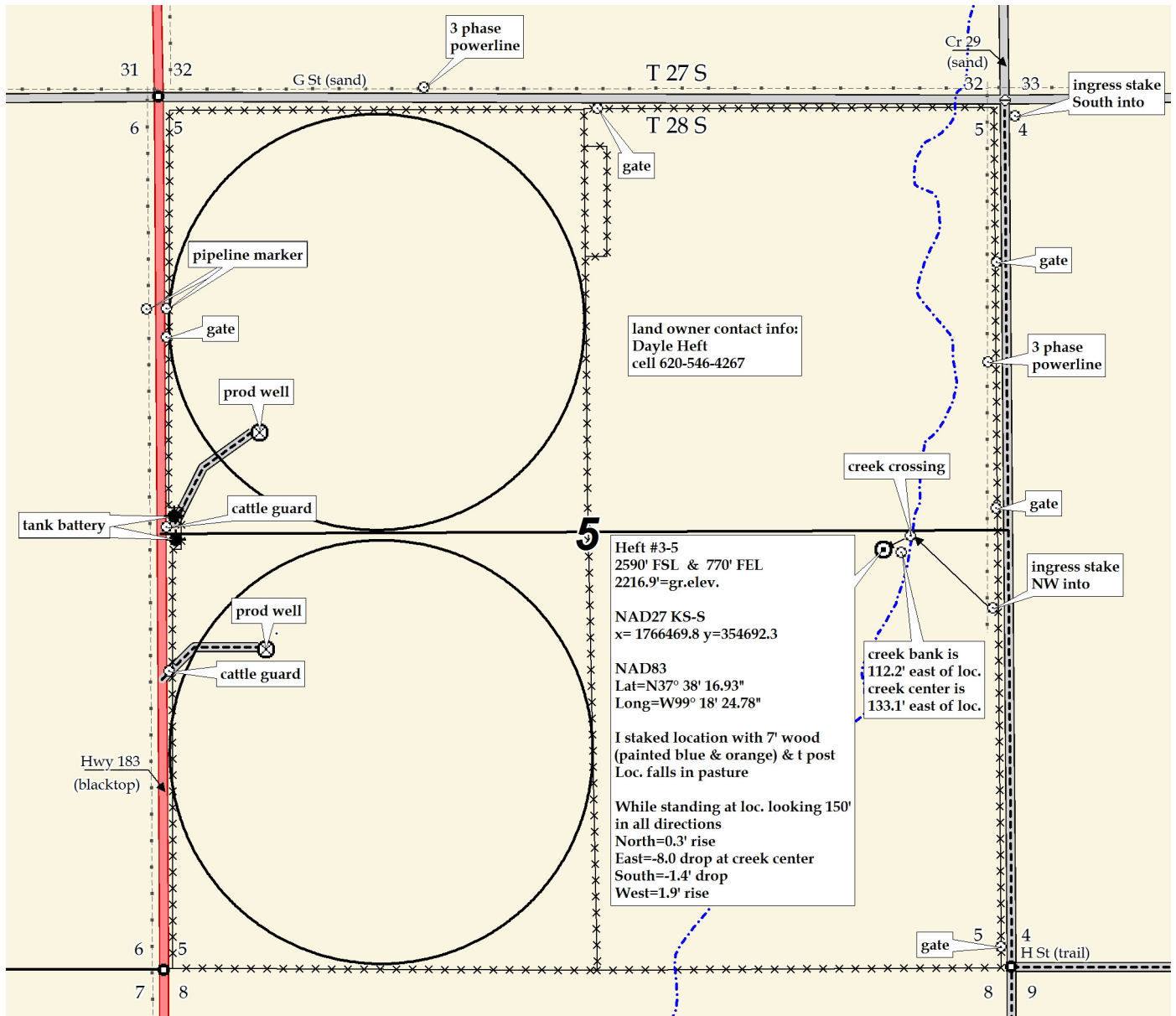
GR. ELEVATION: **2216.9'**

Directions: From the center of Greensburg, KS, at the intersection of Main St and Hwy 54 – Now go 1.6 miles West on Hwy 54 – Now go 2.7 miles North on Hwy 183 – Now go 1 mile East on G St to ingress stake South into – Now go 0.6 miles South on lease road to ingress stake West into – Now go approx. 800 feet Northwest through pasture – Now go approx. 200 feet Southwest through pasture into staked location.

Final ingress must be verified with land owner or Operator.

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

This drawing is for construction purposes only.



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

Operator: Strata Exploration, Inc.

Location of Well: County: Kiowa

Lease: Heft

2590 feet from N / S Line of Section

Well Number: 3-5

770 feet from E / W Line of Section

Field: N/A

Sec. 5 Twp. 28 S. R. 18 E W

Number of Acres attributable to well: _____

Is Section: Regular or Irregular

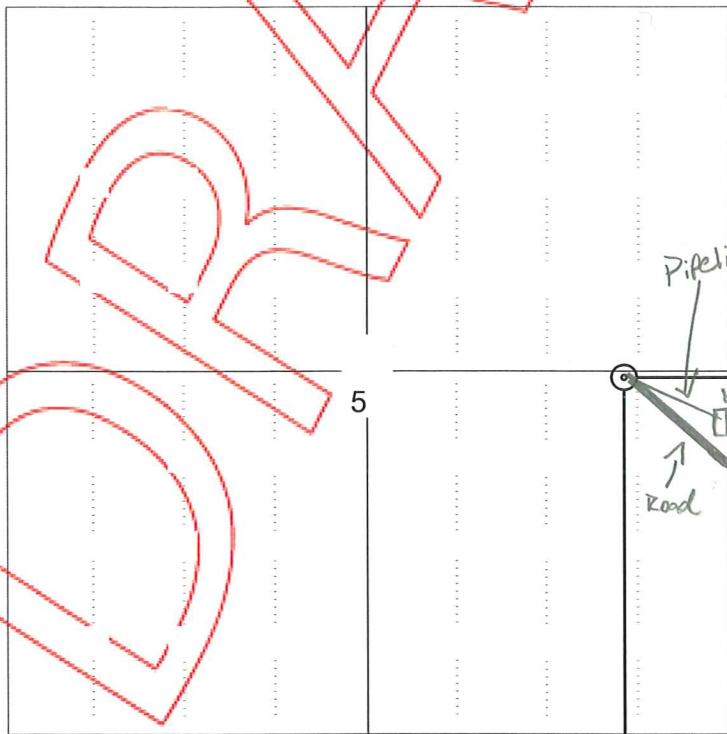
QTR/QTR/QTR/QTR of acreage: NE - NW - NE - SE

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

Section corner used: NE NW SE SW

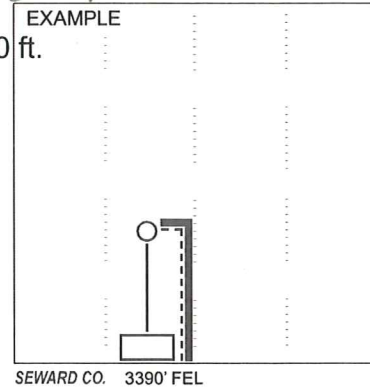
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OIL AND GAS LEASE

THIS AGREEMENT, Entered into this 16th day of May, 2008 between Dayle A. Heft and Sherrell K. Heft, husband and wife, PO Box 326, Greensburg, KS 67054 hereinafter called lessor, and,

Strata Exploration Inc. P.O. Box 401, 201 NE 7th St., Fairfield, Illinois 62837, hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of Ten and More Dollars (\$10.00) 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 these presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land, with any reversionary rights 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 lands covered thereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work thereon, including core drilling and the drilling, mining, and operating for, producing and saving all of the oil, gas, gas condensate, gas distillate, casinghead gasoline and their respective constituent vapors, and all other gases, found thereon, the exclusive right of injecting water, brine, and other fluids and substances into the subsurface strata, and for constructing roads, laying pipe lines, 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 of 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 Kiowa, State of Kansas, and described as follows:

Township 28 South, Range 18 West
Section 5: E/2

containing 320 acres, more or less.

2. This lease shall remain in force for a term of two (2) years (called "primary term") and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of the products covered by this lease is or can be produced.
3. The lessee shall deliver to lessor as royalty, free of cost, on the lease, or into the pipe line to which lessee may connect its wells the equal one-eighth part of all oil produced and saved from the leased premises, or at the lessee's option may pay to the lessor for such one-eighth royalty the market price at the wellhead for oil of like grade and gravity prevailing on the day such oil is run into the pipe line or into storage tanks.
4. The lessee shall pay to the lessor, as a 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 all other gases, including their constituent parts, produced from the land herein leased. If such gas is not sold by the lessee, lessee may pay or tender annually at or before the end of each yearly period during which such gas is not sold, as a shut-in royalty, whether one or more wells, an amount equal to one dollar per net mineral acre, and while shut in said royalty is so paid or tendered, it will be considered under all provisions of this lease that 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 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 for shall be paid to 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. When 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 be 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 the 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 heirs, devisees, executors, administrations, successors, and assigns, but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge 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 it 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 appointment of an administrator of the estate of any deceased owner, whichever is appropriate together 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 claimed, 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 lease, 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 obligations on the part of the lessee to offset wells on separate tracts into which the land covered by the lease may now or hereafter 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 part any taxes, mortgages or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such options it shall be subrogated to 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 or reworking operations within one hundred-twenty (120) days thereafter, or if as the expiration of the

primary term, oil or gas is not being produced on said land, but lessee is 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 or 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 provision 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, or regulations (and interpretations thereof) of all 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 to comply with any of the express or implied provisions hereof if such failure accords with any such laws, orders, rules or regulations (or interpretations thereof). If lessee should 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 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 other 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 as 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 unit or units not exceeding 640 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 Survey 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 payments 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 by this lease or not. Any well drilled on any 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 lessor and lessee.

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

IN WITNESS WHEREOF, we sign the day and year first above written.

Dayle A. Heft
Dayle A. Heft

Sherrell K. Heft
Sherrell K. Heft

STATE OF Kansas)
COUNTY OF kiowa)

ACKNOWLEDGEMENT FOR INDIVIDUAL

This instrument was acknowledged to me on this 19 day of May, 2008, by Dayle A. Heft & Sherrell K. Heft, husband and wife.

My commission expires 4-13-09

Kimberly Heft
Notary Public



STATE OF KANSAS
KIOWA COUNTY } ss
This instrument was filed for record this 27 day of May, 2008
at 2:05 o'clock P. M. and recorded
in Book 20 Page 2162 Fees 16.00
Manilyn Brown
Register of Deeds
Manilyn Brown
Deputy

Exhibit "A"

20-2162

Attached to and made a part of that certain oil and gas lease dated the 16th day of May, 2008, by and between Dayle A. Heft and Sherrell K. Heft, husband and wife, Lessors, and Strata Exploration, Inc. Lessee. Exhibit "A" shall control and supersede the terms of the attached oil and gas lease when such terms conflict.

1. Where gas from a well or wells capable of producing gas only not sold for a period of One (1) year from the end of the primary term and the well is "shut-in", Lessee shall pay Lessor a shut-in royalty of \$7.00 per net mineral acre per year. Payment of shut-in royalty will not extend the lease for more than two (2) years from the date the well is shut-in.
2. The installation of a salt water disposal well or disposal of salt water on the premises is not permitted under any circumstances without the written consent of Lessor.
3. Lessee shall pay Lessor for any and all damages caused by Lessee's oil and gas exploration, operations, production or development, including but not limited to damage to improvements, livestock, personal property, land, soil, grass and crops. Lessee shall pay Lessor at least \$2,500.00 for each drill site location on the leased premises. Lessor may require prepayment of this amount prior to commencement of any drilling operations.
4. Lessee shall, upon the completion of any "dry-hole" test drilling operations, or upon the abandonment of any producing well, restore the surface of the land, including topsoil, to its original condition as nearly as possible and remove all equipment, fixtures, structures, and hard surface areas within six (6) months.
5. Lessee shall consult with Lessor regarding the route of ingress and egress on or through the leased premises relative to exploration, drilling, production and other lease operations prior to engaging in such operations.
6. Lessor reserves the right to pre-approve the location of all access roads, tank batteries and pipelines of any type prior to installation. Such approval shall not be unreasonably withheld.
7. In the event of production and continued use of the surface, Lessee or its assigns will maintain, restore and repair the land area affected by the lease operations.
8. Lessor's royalty shall be paid based upon the same price and the actual monies received by Lessee from the purchaser(s) of oil and/or gas sold under the terms of this lease, without deduction of any charge made directly by Lessee or any of its affiliates (but subject to off-lease charges by unaffiliated third parties) for production, separation, gathering, dehydration, compression, transportation, trucking, processing, treatment, storage or marketing of the oil or gas produced.
9. Use of water pursuant to this lease is limited to use for drilling operations only on the real estate described in the lease.
10. Lessee shall bury its pipelines to a depth of not less than forty-two (42) inches below the surface to the top of the pipe.
11. Lessee shall install and maintain (at Lessee's expense) fencing around Lessee's oil or gas well sites and tank battery sites to protect any livestock from any injury by equipment or by ingestion of oil, salt water or other liquids. Lessee shall install and maintain cattle guards in fence lines of any permanent fencing and shall keep any gates of temporary or permanent fencing closed when livestock are kept on the premises. Lessee shall be liable for any damages sustained by Lessor or tenants for violation of this covenant.
12. Lessee's obligations and liabilities under this lease and addendum include, cover and extend to the acts and omissions of Lessee's employees, agents, partners, principals, operators, contractors, invitees, successors and assigns.
13. At any time prior to expiration of the primary term of this lease, Lessee shall have the option to extend the primary term for an additional One (1) year period by paying Lessor the sum of \$7.00 per net mineral acre before the end of the original primary term. If Lessee exercises such option, the primary term shall continue until May 16, 2011
14. The provisions of the lease, including this addendum, shall be binding upon the successors and assigns of the parties hereto.

LESSORS:

LESSEE:

Dayle A Heft
Dayle A. Heft

Sherrell K Heft
Sherrell K. Heft

Strata Exploration, Inc.

By John R. Kinney
John R. Kinney
President

January 13, 2012

John R. Kinney
Strata Exploration, Inc.
PO BOX 401
FAIRFIELD, IL 62837-0401

Re: Drilling Pit Application
Heft 3-5
SE/4 Sec.05-28S-18W
Kiowa County, Kansas

Dear John R. Kinney:

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.