

EFFECTIVE DATE: 11-29-99

State of Kansas

FORM MUST BE TYPED

DISTRICT # 1

NOTICE OF INTENTION TO DRILL

FORM MUST BE SIGNED

SGA? Yes No

Must be approved by the K.C.C. five (5) days prior to commencing well.

ALL BLANKS MUST BE FILLED

Expected Spud Date January 31 2000
month day year

Spot 250' NW East
SW NW NE Sec 34 Twp 18 S, Rg 21 West

OPERATOR: License # 4058
Name: American Warrior, Inc.
Address: P.O. Box 399
City/State/Zip: Garden City, KS 67846
Contact Person: Scott Corsair
Phone: 785-398-2270

1 750 feet from South North line of Section
2400 feet from East West line of Section
IS SECTION X REGULAR IRREGULAR?
(NOTE: Locate well on the Section Plat on Reverse Side)

CONTRACTOR: License #: 31548
Name: Discovery Drilling

County: Ness
Lease Name: Price Well #: 11
Field Name: Ryerssee NW

Well Drilled For: Well Class: Type Equipment:
X Oil ✓ ... Enh Rec ... Infield X Mud Rotary
... Gas ... Storage ... Pool Ext. ... Air Rotary
... OWWO ... Disposal ... Wildcat ... Cable
... Seismic; ... # of Holes ... Other
... Other

Is this a Prorated/Spaced Field? ... yes X no
Target Formation(s): Cherokee/Mississippian
* Nearest lease or unit boundary: 750'

If OWWO: old well information as follows:
Operator:
Well Name:
Comp. Date: Old Total Depth

Ground Surface Elevation: 2175' est. feet MSL
Water well within one-quarter mile: ... yes X no
Public water supply well within one mile: ... yes X no

Directional, Deviated or Horizontal wellbore? ... yes X no
If yes, true vertical depth:
Bottom Hole Location:

Depth to bottom of fresh water: 180'
Depth to bottom of usable water: 640'
Surface Pipe by Alternate: ... 1 X 2
Length of Surface Pipe Planned to be set: 200'
Length of Conductor pipe required: NA

Projected Total Depth: 4250'
Formation at Total Depth: Mississippian
Water Source for Drilling Operations:
... well X farm pond ... other

Will Cores Be Taken?: ... yes X no
If yes, proposed zones:

AFFIDAVIT

* LEASE COVERS ALL OF SEC 34

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-101, et. seq.
It is agreed that the following minimum requirements will be met:

1. Notify the appropriate district office prior to spudding of well;
2. A copy of the approved notice of intent to drill shall be posted on each drilling rig;
3. The minimum amount of surface pipe as specified below shall be set by circulating cement to the top; in all cases surface pipe shall be set through all unconsolidated materials plus a minimum of 20 feet into the underlying formation;
4. If the well is dry hole, an agreement between the operator and the district office on plug length and placement is necessary prior to plugging;
5. The appropriate district office will be notified before well is either plugged or production casing is cemented in;
6. IF AN ALTERNATE II COMPLETION, PRODUCTION PIPE SHALL BE CEMENTED FROM BELOW ANY USABLE WATER TO SURFACE WITHIN 120 DAYS OF SPUD DATE. IN ALL CASES, NOTIFY DISTRICT OFFICE PRIOR TO ANY CEMENTING.

I hereby certify that the statements made herein are true and to the best of my knowledge and belief.
Date: 11-19-99 Signature of Operator or Agent: Scott Corsair Title: Agent

FOR KCC USE:
API # 15- 135-240910000
Conductor pipe required NONE feet
Minimum surface pipe required 200 feet per Alt. X(2)
Approved by: JK 11-24-99

This authorization expires: 5-24-2000
(This authorization void if drilling not started within 6 months of effective date.)
Spud date: _____ Agent: _____

RECEIVED
KANSAS CORPORATION COMMISSION

NOV 22 1999
11-22-99
CONSERVATION DIVISION
WICHITA, KS

34
18
210

REMEMBER TO:

- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spud date;
- File acreage attribution plat according to field proration orders;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CP-4) after plugging is completed;
- Obtain written approval before disposing or injecting salt water.

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

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

PLAT OF ACREAGE ATTRIBUTABLE TO A WELL IN A PRORATED OR SPACED FIELD

If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please show all the wells within 1 mile of the boundaries of the proposed acreage attribution unit for gas wells and within 1/2 mile of the boundaries of the proposed acreage attribution unit for oil wells.

API NO. 15- _____
 OPERATOR American Warrior, Inc.
 LEASE Price _____
 WELL NUMBER 11
 FIELD Ryersee

LOCATION OF WELL: COUNTY Ness
 _____ 750 feet from south/north line of section
 _____ 2400 feet from east/west line of section
 SECTION 34 TWP 18 S RG 21W

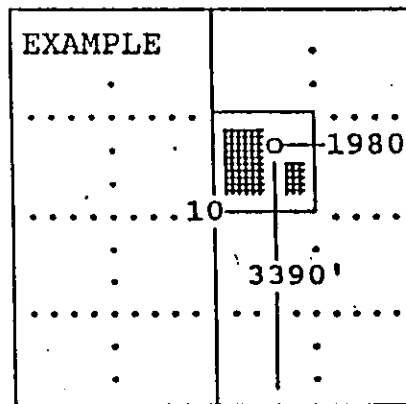
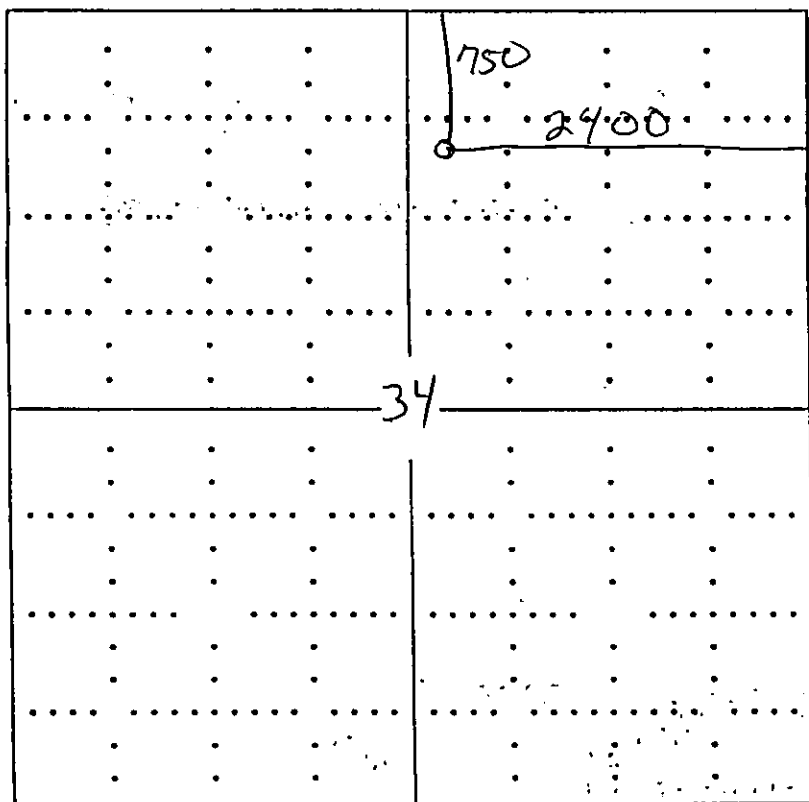
NUMBER OF ACRES ATTRIBUTABLE TO WELL 10
 QTR/QTR/QTR OF ACREAGE SW - NW - NE

IS SECTION X 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 and shade attributable acreage for prorated or spaced wells.)
 (Show footage to the nearest lease or unit boundary line.)



SEWARD CO.

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 section's south/north and east/west; and
- 3) the distance to the nearest lease or unit boundary line.

OIL AND GAS LEASE



Number No. 09-143



Form 66—(Producers)
(KsOkCoNe) 1942 Rev. **B** W

THIS AGREEMENT, Entered into this the 1st day of March, 1988
between Melba I. Witthuhn and Verlyn F. Witthuhn, her husband

hereinafter called lessor.
and American Warrior, Inc. hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of Ten & other Dollars 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, and with the right to utilize this tract of any part thereof with other oil and gas leases as to all or any part of the lands covered hereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work, including core drilling, and the drilling, mining, thereby or hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work, including core drilling, and the drilling, mining, and operating for producing and saving all petroleum, gas, coalbed methane gas, coalbed methane gas, coalbed methane gas and all other gases and their respective condensates, vapors, and for constructing roads, laying pipe lines, building tanks, storing oil, building power, stations, telephone lines and other structures necessary or convenient for the economical operation of said land alone or jointly with neighboring lands, to produce, save, take care of, and manufacture oil or such substances, and for housing and boarding employees, said tract of land with any reversionary rights therein being situated in the County of Ness

State of Kansas and described as follows:
/All of Section 34 and the West one-half of Section 35
Township 18 South Range 21 West and containing 960 acres, more or less.

Price #11

2. This lease shall remain in force for a term of Two (2) years and as long thereafter as oil, gas, coalbed methane gas, coalbed methane gas 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 as the lessee's option may pay to the lessor for such one-eighth royalty the market price 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 lessor for gas produced from any oil well and used by the lessee for the manufacture of gasoline or any other product as royalty $\frac{1}{8}$ of the market value of such gas at the mouth of the well; if said gas is sold by the lessee, then as royalty $\frac{1}{8}$ of the proceeds of the sale thereof at the mouth of the well. The lessee shall pay to lessor as royalty $\frac{1}{8}$ of the proceeds from the sale of gas as such at the mouth of the well where gas only is found and where such gas is not sold or used, lessee shall pay or tender annually at the end of each yearly period during which such gas is not sold or used, as royalty, an amount equal to the delay rental provided in paragraph 5 hereof, and while said royalty is so paid or tendered this lease shall be held, as a producing lease under paragraph 3 hereof; the lessor to have gas free of charge from any gas well on the leased premises for show and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of such gas to be at the lessor's sole risk and expense.

5. If operations for the drilling of a well for oil or gas are not commenced on said land on or before the day of 19 this lease shall terminate as to both parties, unless the lessee shall on or before said date pay or tender to the lessor or for the lessor's credit in the Bank at _____ or its successors, which Bank and its successors are the lessor's agent and shall continue as the depository of any and all sums payable under this lease regardless of changes of ownership in said land or in the oil and gas or in the rentals to accrue hereunder, the sum of _____ Dollars, which shall operate as a rental and cover the privilege of operations for drilling for a period of one year. In like manner, if the payments or tenders the commencement of operations for drilling may further be deferred for like periods successively. All payments or tenders may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the rental paying date, either direct to lessor or assignee or to said depository bank, and it is understood and agreed that the consideration first recited herein, the down payment, covers not only the privilege granted to the date when said first rental is received, but also the lessee's option, of extending that period at his own risk and expense, and all other rights considered. Notwithstanding the death of the lessor or his successors in interest, the payment or tender of rentals in the manner above shall be binding on the heirs, devisees, executors, and administrators of such persons.

6. If at any time prior to the discovery of oil or gas on this land and during the term of this lease, the lessee shall drill a dry hole or holes on this land, this lease shall not terminate, provided operations for the drilling of a well shall be commenced by the next ensuing rental paying date, or provided the lessee begins or resumes the payment of rentals in the manner and amount hereinbefore provided, and in this event the preceding paragraphs hereof governing the payment of rentals and the manner and effect thereof shall continue in force.

7. In case said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein then the royalties and rentals herein provided for shall be paid to the lessor only in the proportion which his interest bears to the whole and undivided fee. However, such rental shall be increased at the next succeeding rental anniversary after any reversion occurs to cover the interest so acquired.

8. 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 the wells of the lessor. When required by lessee, 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 deeper than 200 feet to the base or base 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, but lessee shall be under no obligation to do so, nor shall lessee be under any obligation to restore the surface to its original condition, where any alterations or changes were due to operations reasonably necessary under this lease.

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 the heirs, devisees, executors, administrators, purchasers, and assigns, and no change of ownership in the land or in the rentals or 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 for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in obtaining complete title to the land, or to the full insurance claim, and all advance payments of rentals made hereafter before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of lessor.

10. If the leased premises are now or shall hereafter be owned in severalty or in separate tracts, the premises nevertheless shall be developed and operated as one lease, and all royalties accruing hereunder shall be treated as if they were 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 drill wells on separate tracts into which the land covered by this lease may be hereafter divided by sale, devise, descent or otherwise or to furnish separate measuring or receiving tanks. It is hereby agreed that in the event this lease shall be assigned as to a part or as to parts of the above described land and the holder or owners of any such part or parts shall make default in the payment of the proportionate part of the rent due from them, such default shall not operate to defeat or affect this lease insofar as it covers a part of said land upon which the lessee or any assignee hereof shall make due payment of said rentals.

11. 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 land and, in event it exercises such option, it shall be subrogated to the rights of any holder or holder thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

12. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if lessee shall commence operations for drilling at any time while this lease is in force, this lease shall remain in force and its term shall continue so long as such operations are prosecuted and, if production results therefrom, then as long as production continues.

13. If within the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well shall be commenced before or on the next ensuing rental paying date; or, provided lessee begins or resumes the payment of rentals in the manner and amount hereinbefore provided, or, after the expiration of the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided lessee resumes operations for drilling a well within sixty (60) days from such cessation, and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then as long as production continues.

14. 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 filing 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 and all rentals thereafter paid may be apportioned on an acreage basis, 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.

15. 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 for 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 lease 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 thereof, or if lease should be unable during said period to drill a well hereunder due to equipment necessary in the drilling thereof not being available on account of any cause, the primary term of this lease shall continue until six months after said order is suspended and/or said equipment is available, but the lessee shall pay delay rentals herein provided during such extended time.

16. The utilization of this lease or any portion thereof with any other lease or leases or portions thereof shall be accomplished by the execution and filing by lessee in the recording office of said county of an instrument declaring its purpose to unitize and describing the leases and lands unitized, which instrument shall cover the gas rights only and comprise an area not exceeding approximately 640 acres. The royalty provided for herein with respect to gas minerals under the lands within such unitized area, bear to the minerals under all of the lands in the unitized area, in the proportion that their interests in the all purposes a well under this lease and shall satisfy the rental provision of this lease as to all of the land covered thereby. Provided, however, lessee shall be under no obligation, express or implied, to drill more than one gas well on said Unit.

17. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor and lessee.

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

Melba I. Witthuhn (SEAL) _____ (WAKT)
Melba I. Witthuhn (SEAL) SS#: 509-70-1019 (SEAL)
Verlyn F. Witthuhn (SEAL) _____ (WAKT)
Verlyn F. Witthuhn (SEAL) SS#: 512-18-0468 (SEAL)

