





1017125

**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 and 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: \_\_\_\_\_

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

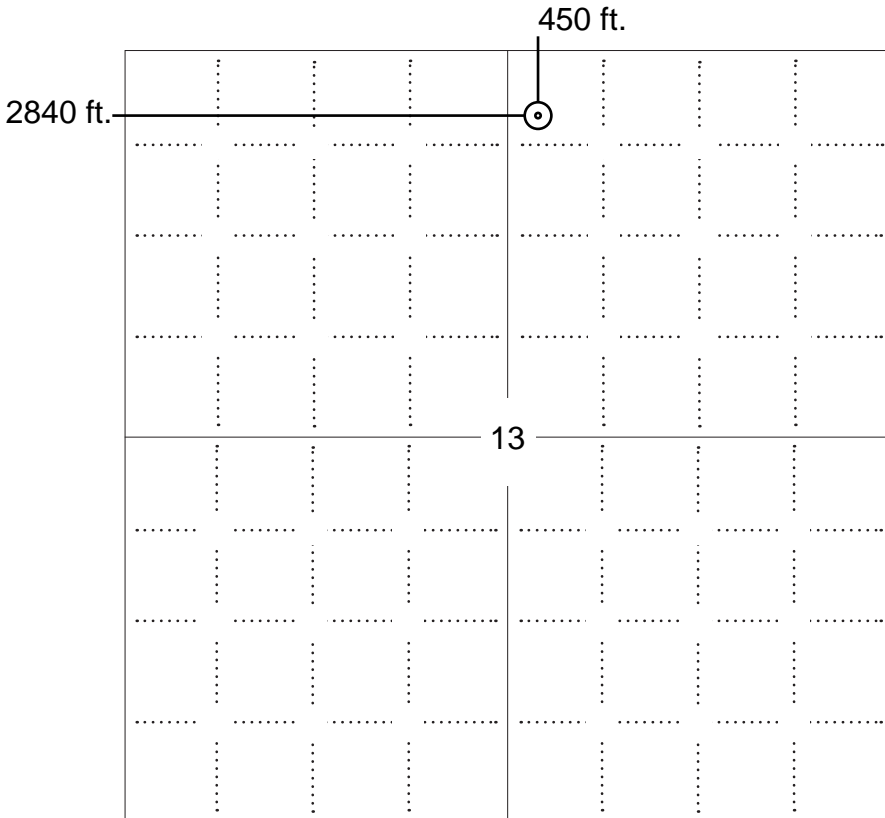
**If Section is Irregular, locate well from nearest corner boundary.**

Section corner used:  NE  NW  SE  SW

**PLAT**

*(Show location of the well and shade attributable acreage for prorated or spaced wells.)*

*(Show footage to the nearest lease or unit boundary line.)*



**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).



KANSAS CORPORATION COMMISSION 1017125  
OIL & GAS CONSERVATION DIVISION

Form CDP-1  
April 2004  
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)    _____ N/A: Steel Pits Depth from ground level to deepest point: _____ (feet)    _____ 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: _____ measured    _____ well owner    _____ electric log    _____ KDWR	
<b>Emergency, Settling and Burn Pits ONLY:</b> 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		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> 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.	
Submitted Electronically			

<b>KCC OFFICE USE ONLY</b>		Steel Pit	RFAC	RFAS
Date Received: _____	Permit Number: _____	Permit Date: _____	Lease Inspection: <input type="checkbox"/> Yes <input type="checkbox"/> No	

# OIL AND GAS LEASE

2004

October

THIS AGREEMENT, Entered into this 1st day of October  
between Joyce E. Scranton and Joe D. Scranton, her husband 926 N. Oak Street,  
Medicine Lodge, Kansas 67104

Oil Producers, Inc. of Kansas 2400 N. Woodlawn, Ste. 230 Wichita, KS 67220 hereinafter called lessor,  
and hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of \$10.00 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, 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 gasolme 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 Comanche

State of Kansas and described as follows:

N/2 of Section 13-35S-16W  
Consisting of 142.90 acres of the W/2 of the N/2

PHOTOCOPIED

20060836  
STATE OF KANSAS, COMANCHE COUNTY  
07/31/2006 at 11:00 AM and duly recorded  
Book 105 Page 0107 Fees \$20.00

Guyneth Snyder, Register of Deeds. *MS*

- containing 142.90 acres, more or less.
- 2. This lease shall remain in force for a term of Three (3) 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 part 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 said shut in 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 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 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 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 heirs, devisees, executors, administrators, 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 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 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 severally 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 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, 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 at 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 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 40 acres each in the event of an oil well, or into a unit or units not exceeding ~~320~~ 320 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 ATTACHED EXHIBIT "A"  
\* - See attached Exhibit "A", paragraph A.  
\*\* - Not to exceed 320 acres

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

Joyce E. Scranton and Joe D. Scranton, her husband

*Joyce E. Scranton*  
*Joe D. Scranton*

STATE OF Kansas } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Okla., and Colo.)  
COUNTY OF Barber

Before me, the undersigned, a Notary Public, within and for said county and state, on this  
day of October 14, 2004, 19\_\_\_, personally appeared Joyce E. Scranton  
and Joe D. Scranton, her husband

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me  
that Joyce E. Scranton executed the same as 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.

My commission expires 4/10/06  
Ruthie M. Huddler  
Notary Public State of Kansas  
Notary Public.

STATE OF \_\_\_\_\_ } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Okla., and Colo.)  
COUNTY OF \_\_\_\_\_

Before me, the undersigned, a Notary Public, within and for said county and state, on this  
day of \_\_\_\_\_, 19\_\_\_, personally appeared \_\_\_\_\_  
and \_\_\_\_\_

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me  
that \_\_\_\_\_ executed the same as \_\_\_\_\_ 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.

My commission expires \_\_\_\_\_  
\_\_\_\_\_  
Notary Public.

STATE OF \_\_\_\_\_ } ss.  
COUNTY OF \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, A. D., 19\_\_\_, before me, the undersigned, a Notary Public  
in and for the county and state aforesaid, personally appeared  
to me personally known to be the identical person who signed the name of the maker thereof to the within and foregoing  
instrument as its \_\_\_\_\_ President and acknowledged to me that \_\_\_\_\_ executed the same as \_\_\_\_\_ free and  
voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.  
Given under my hand and seal the day and year last above written.

My commission expires \_\_\_\_\_  
\_\_\_\_\_  
Notary Public.

ACKNOWLEDGMENT FOR CORPORATION

No. \_\_\_\_\_  
FROM \_\_\_\_\_ TO \_\_\_\_\_  
Date \_\_\_\_\_ 19\_\_\_  
Section \_\_\_\_\_ Twp \_\_\_\_\_ Rge \_\_\_\_\_  
No. of Acres \_\_\_\_\_  
Term \_\_\_\_\_  
County \_\_\_\_\_  
STATE OF \_\_\_\_\_  
County of \_\_\_\_\_  
ss: \_\_\_\_\_  
This instrument was filed for record on the \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_  
at \_\_\_\_\_ o'clock M., and duly recorded  
in Book \_\_\_\_\_ Page \_\_\_\_\_ of  
the records of this office.  
By \_\_\_\_\_  
Register of Deeds.  
When recorded, return to \_\_\_\_\_

NOTE: When signature by mark in Kansas, said mark to be witnessed by at least one person and also acknowledged.  
For acknowledgment by mark, use regular Kansas acknowledgment.

STATE OF Kansas } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Okla., and Colo.)  
COUNTY OF Barber

Before me, the undersigned, a Notary Public, within and for said county and state, on this  
day of October 14, 2004, 19\_\_\_, personally appeared Joyce E. Scranton  
and Joe D. Scranton, her husband

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me  
that Joyce E. Scranton executed the same as \_\_\_\_\_ 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.

My commission expires 4/10/06  
Ruthie M. Huddler  
Notary Public State of Kansas  
Notary Public.

Notary Public State of Kansas  
Ruthie M. Huddler  
My Appt Exp 4/10/06



## EXHIBIT "A"

AGREEMENT, made and entered into this October 1<sup>st</sup>, 2004, by and between: Joyce E. Scranton and Joe D. Scranton, her husband, 926 N. Oak Street, Medicine Lodge, Kansas, 67104, otherwise known as Lessor, and Oil Producers, Inc. of Kansas, 2400 N. Woodlawn, Suite 230, Wichita, Kansas, 67220, otherwise known as Lessee, do hereby agree to the following terms and conditions.

The following provisions are part of this oil and gas lease and if there be conflict between these provisions and any of the foregoing provisions, then the following provisions shall apply and take precedence:

- A. To pay Lessor for gas, gas condensate, oil, and casing head gas in the amount of three-sixteenths (3/16) of gross proceeds received for product sold off premises. Lessor's royalty interest shall be free of any costs whatsoever into the initial purchaser's pipeline. This is to say that Lessee shall not, either directly or indirectly, deduct from the royalties payable under this lease any of such costs, whether for drilling, operating, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting and marketing of gas. Lessee shall directly reimburse Lessor for any such charges or expenses, whether such costs are withheld by a purchaser, by Lessee or by others. As to costs which are incurred after gas is delivered into the initial purchaser's pipeline, Lessee shall not be obligated to reimburse Lessor for any such costs unless Lessee is actually reimbursed for such costs by a third party. In addition, however, Lessee's obligation to pay royalty under the royalty provisions of this lease shall extend to all value received by Lessee wherein Lessee receives consideration as a result of exercising rights granted under this oil and gas lease, including imputed value, and this obligation shall exist whether such value is received by the Lessee or by its wholly owned subsidiary, and further including value received pursuant to sales contracts, including without limitation premiums, bonuses, alternate performance payments, take or pay payments and reservation payments. It is further provided, however, that Lessee shall not be obligated to pay to Lessor any amount which Lessee or its wholly owned subsidiary does not actually receive as value or as consideration for a benefit delivered pursuant to this lease.
- B. In the event Lessee drills a water well on the leased premises, Lessee agrees that when drilling operations are completed, the water well will be abandoned to Lessor and left with casing intact. In the event Lessee utilizes lease premise water for the purpose of drilling operations, Lessee shall pay Lessor \$2,500.
- C. In the event this lease is extended beyond its initial primary term, then at the end of two (2) years from the expiration date of said primary term, Lessee agrees to release this lease as to all rights in any formations, horizons or zones which are (1) outside the bore hole of any producing well or wells drilled on the lease premises or on lands pooled, unitized or spaced with the lease premises, and (2) not productive of oil or gas in commercial quantities. It is the intent of this provision that at the end of five (5) years from the date of this lease, said five (5) year period referring to the three (3) year primary term of this lease and the two (2) years herein provided, Lessee may retain only the producing zones, horizons and formations and the right to produce from the existing well bore or well bores, any zone, horizon or formation penetrated by said well bore or well bores. If, prior to the end of said five (5) year period, Lessee shall commence operations to drill or rework a well under the terms of this lease, Lessee shall have the right to drill such well to completion and/or complete reworking operations with reasonable diligence and dispatch, and if oil or gas be found in commercial quantities, this lease shall terminate only as to those lands lying outside of said drilling and spacing unit.
- D. Notwithstanding anything to the contrary contained herein, it is expressly agreed that the completion of a well capable of production in commercial quantities on a drilling and spacing unit, established by any governmental authority or agency, shall extend beyond past the primary term only that portion of the leased premises contained within said drilling and spacing unit shall not perpetuate this lease as to the balance of the lease premises not contained within said drilling and spacing unit. Provided, however, that if, within the primary term of this lease Lessee shall commence operations to drill or rework a well under the terms of this lease, the Lessee shall have the right to drill such well to completion and/or complete reworking operations within reasonable diligence and dispatch, and if oil or gas be found in commercial quantities, this lease shall terminate only as to those lands lying outside of said drilling and spacing unit.
- E. In the event of oil or gas production being had in paying quantities on adjacent land, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances to protect the leased premises from drainage.
- F. Lessee shall be liable and agrees to pay for all damages to the range (including grass), livestock, crops and improvements on said land, caused by Lessee's operations on said land, and agrees to pay a minimum of \$5,000 as location damages for each well drilled on said land, and a minimum of \$40 per rod for any pipelines crossing damages whether connecting to the well on the premises or not.
- G. Lessee may not use fresh water obtained from or under this land for the purpose of re-pressuring, pressure maintenance, cycling or for secondary recovery operations without express written consent of the surface owners of said above described land.

**Exhibit "A"**  
**Page 2**

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H. In case of actual production, royalty payments in any event, shall not be less than the equivalent of Five and No/100ths Dollars (\$5.00) per acre per year, in any one year, on the net mineral acres owned by Lessor and covered by this lease. Provided, however, that this provision shall be a covenant for the payment of royalty only, and shall in no way serve to extend the term of this lease beyond the term otherwise provided herein.

I. Lessee, its successors or assigns, agree to make diligent effort to secure the best terms available for the sale of gas from the leased lands.

J. Lessor reserves the right to designate the direction and location of every road or roadway on the premises and no road, roadway or easement shall be constructed, laid or in any manner laid to and from any well location or drill site except as may be so designated by Lessor, provided only that such road shall upon the request of Lessee be so designated and the width thereof shall be sufficient for normal operations.

K. In the event that production is secured and a tank battery installation is necessary, Lessor reserves the right to designate the location of the tank battery and applicable equipment pertaining thereto so as to interfere as little as possible with Lessor's use of the premises. It is the intention of the parties hereto to reduce the amount of land used by the Lessee to a minimum.

# OIL AND GAS LEASE

THIS AGREEMENT, Entered into this 1st day of October xx 2004  
between Leon E. May and Angaleea J. May, his wife, NE of City of Freedom, Freedom,  
Oklahoma 73842

and Oil Producers, Inc. of Kansas, 2400 N. Woodlawn, Ste. 230, Wichita, Kansas <sup>hereinafter called lessor,</sup>  
<sup>hereinafter called lessee, does witness:</sup> 07220

1. That lessor, for and in consideration of the sum of \$10.00 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, 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 and work thereon, including core drilling and the drilling, mining, and operating and saving all of the oil, gas, gas condensate, casinghead gas, 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 Comanche

State of Kansas and described as follows:

N/2 of Section 13-35S-16W  
Consisting of 142.90 acres of the E/2 of the N/2

**20060835**  
**STATE OF KANSAS, COMANCHE COUNTY**  
**This instrument was filed for Record on**  
**07/31/2006 at 11:00 AM and duly recorded**  
**Book 105 Page 0103 Fees \$20.00**

**PHOTOCOPIED**

**Guyneth Snyder, Register of Deeds** *MSK*

- containing 142.90 acres, more or less.
- 2. This lease shall remain in force for a term of Three (3) 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, ~~the eighth part~~ 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 said shut in 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 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 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 grantees, 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 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 land the privilege of assigning in whole or in part is expressly allowed; the covenants hereof shall extend to the heirs, devisees, executors, administrators, 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 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 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 severally 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 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.
- 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 at 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 for 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 thereof, 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 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 40 acres each in the event of an oil well, or into a unit or units not exceeding 80 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 50 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 ATTACHED EXHIBIT "A"

\* - See attached Exhibit "A", paragraph A.

\*\* - Not to exceed 320 acres

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

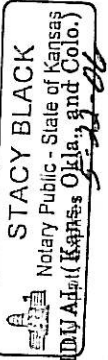
Leon E. May and Angaleea J. May, his wife

*Leon E. May*  
*Angaleea J. May*



STATE OF Kansas } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Okla., and Colo.)  
COUNTY OF Barber  
Before me, the undersigned, a Notary Public, within and for said county and state, on this 18th  
day of October, 2004, personally appeared Leon E. May and Angaleea J. May  
and \_\_\_\_\_

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me  
that \_\_\_\_\_ executed the same as \_\_\_\_\_ 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.  
My commission expires 5-22-06 Stacy Black  
Notary Public.



STATE OF \_\_\_\_\_ } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Okla., and Colo.)  
COUNTY OF \_\_\_\_\_  
Before me, the undersigned, a Notary Public, within and for said county and state, on this \_\_\_\_\_  
day of \_\_\_\_\_, 19\_\_\_\_, personally appeared \_\_\_\_\_  
and \_\_\_\_\_

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me  
that \_\_\_\_\_ executed the same as \_\_\_\_\_ 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.  
My commission expires \_\_\_\_\_  
Notary Public.

STATE OF \_\_\_\_\_ } ss. ACKNOWLEDGMENT FOR CORPORATION  
COUNTY OF \_\_\_\_\_  
On this \_\_\_\_\_ day of \_\_\_\_\_, A. D., 19\_\_\_\_, before me, the undersigned, a Notary Public  
in and for the county and state aforesaid, personally appeared \_\_\_\_\_  
to me personally known to be the identical person who signed the name of the maker thereof to the within and foregoing  
instrument as its \_\_\_\_\_ President and acknowledged to me that \_\_\_\_\_ executed the same as \_\_\_\_\_ free and  
voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.  
Given under my hand and seal the day and year last above written.  
My commission expires \_\_\_\_\_  
Notary Public.

No. \_\_\_\_\_

FROM \_\_\_\_\_ TO \_\_\_\_\_

Date \_\_\_\_\_ 19\_\_\_\_

Section \_\_\_\_\_  
Tp \_\_\_\_\_  
Rge \_\_\_\_\_

No. of Acres \_\_\_\_\_  
Term \_\_\_\_\_  
County \_\_\_\_\_

STATE OF \_\_\_\_\_ } ss. \_\_\_\_\_  
County of \_\_\_\_\_

This instrument was filed for record on the \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_  
at \_\_\_\_\_ o'clock \_\_\_\_\_ M., and duly recorded  
in Book \_\_\_\_\_ Page \_\_\_\_\_  
of the records of this office.

By \_\_\_\_\_  
When recorded, return to \_\_\_\_\_  
Register of Deeds.

NOTE: When signature by mark in Kansas, said mark to be witnessed by at least one person and also acknowledged.  
For acknowledgment by mark, use regular Kansas acknowledgment.

STATE OF Kansas } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Okla., and Colo.)  
COUNTY OF Barber  
Before me, the undersigned, a Notary Public, within and for said county and state, on this 18th  
day of October, 2004, personally appeared Leon E. May  
and Angaleea J. May, his wife

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me  
that \_\_\_\_\_ executed the same as \_\_\_\_\_ 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.  
My commission expires 5-22-06 Stacy Black  
Notary Public.



## EXHIBIT "A"

AGREEMENT, made and entered into this October 1<sup>st</sup>, 2004, by and between: Leon E. May and Angaleea J. May, his wife, NE of City of Freedom, Freedom, Oklahoma, 73842, otherwise known as Lessor, and Oil Producers, Inc. of Kansas, 2400 N. Woodlawn, Suite 230, Wichita, Kansas, 67220, otherwise known as Lessee, do hereby agree to the following terms and conditions.

The following provisions are part of this oil and gas lease and if there be conflict between these provisions and any of the foregoing provisions, then the following provisions shall apply and take precedence:

- A. To pay Lessor for gas, gas condensate, oil, and casing head gas in the amount of three-sixteenths (3/16) of gross proceeds received for product sold off premises. Lessor's royalty interest shall be free of any costs whatsoever into the initial purchaser's pipeline. This is to say that Lessee shall not, either directly or indirectly, deduct from the royalties payable under this lease any of such costs, whether for drilling, operating, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting and marketing of gas. Lessee shall directly reimburse Lessor for any such charges or expenses, whether such costs are withheld by a purchaser, by Lessee or by others. As to costs which are incurred after gas is delivered into the initial purchaser's pipeline, Lessee shall not be obligated to reimburse Lessor for any such costs unless Lessee is actually reimbursed for such costs by a third party. In addition, however, Lessee's obligation to pay royalty under the royalty provisions of this lease shall extend to all value received by Lessee wherein Lessee receives consideration as a result of exercising rights granted under this oil and gas lease, including imputed value, and this obligation shall exist whether such value is received by the Lessee or by its wholly owned subsidiary, and further including value received pursuant to sales contracts, including without limitation premiums, bonuses, alternate performance payments, take or pay payments and reservation payments. It is further provided, however, that Lessee shall not be obligated to pay to Lessor any amount which Lessee or its wholly owned subsidiary does not actually receive as value or as consideration for a benefit delivered pursuant to this lease.
- B. In the event Lessee drills a water well on the leased premises, Lessee agrees that when drilling operations are completed, the water well will be abandoned to Lessor and left with casing intact. In the event Lessee utilizes lease premise water for the purpose of drilling operations, Lessee shall pay Lessor \$2,500.
- C. In the event this lease is extended beyond its initial primary term, then at the end of two (2) years from the expiration date of said primary term, Lessee agrees to release this lease as to all rights in any formations, horizons or zones which are (1) outside the bore hole of any producing well or wells drilled on the lease premises or on lands pooled, unitized or spaced with the lease premises, and (2) not productive of oil or gas in commercial quantities. It is the intent of this provision that at the end of five (5) years from the date of this lease, said five (5) year period referring to the three (3) year primary term of this lease and the two (2) years herein provided, Lessee may retain only the producing zones, horizons and formations and the right to produce from the existing well bore or well bores, any zone, horizon or formation penetrated by said well bore or well bores. If, prior to the end of said five (5) year period, Lessee shall commence operations to drill or rework a well under the terms of this lease, Lessee shall have the right to drill such well to completion and/or complete reworking operations with reasonable diligence and dispatch prior to this provision taking effect.
- D. Notwithstanding anything to the contrary contained herein, it is expressly agreed that the completion of a well capable of production in commercial quantities on a drilling and spacing unit, established by any governmental authority or agency, shall extend beyond past the primary term only that portion of the leased premises contained within said drilling and spacing unit shall not perpetuate this lease as to the balance of the lease premises not contained within said drilling and spacing unit. Provided, however, that if, within the primary term of this lease Lessee shall commence operations to drill or rework a well under the terms of this lease, the Lessee shall have the right to drill such well to completion and/or complete reworking operations within reasonable diligence and dispatch, and if oil or gas be found in commercial quantities, this lease shall terminate only as to those lands lying outside of said drilling and spacing unit.
- E. In the event of oil or gas production being had in paying quantities on adjacent land, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances to protect the leased premises from drainage.
- F. Lessee shall be liable and agrees to pay for all damages to the range (including grass), livestock, crops and improvements on said land, caused by Lessee's operations on said land, and agrees to pay a minimum of \$5,000 as location damages for each well drilled on said land, and a minimum of \$40 per rod for any pipelines crossing damages whether connecting to the well on the premises or not.
- G. Lessee may not use fresh water obtained from or under this land for the purpose of repressuring, pressure maintenance, cycling or for secondary recovery operations without express written consent of the surface owners of said above described land.

Exhibit "A"  
Page 2

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H. In case of actual production, royalty payments in any event, shall not be less than the equivalent of Five and No/100ths Dollars (\$5.00) per acre per year, in any one year, on the net mineral acres owned by Lessor and covered by this lease. Provided, however, that this provision shall be a covenant for the payment of royalty only, and shall in no way serve to extend the term of this lease beyond the term otherwise provided herein.

I. Lessee, its successors or assigns, agree to make diligent effort to secure the best terms available for the sale of gas from the leased lands.

J. Lessor reserves the right to designate the direction and location of every road or roadway on the premises and no road, roadway or easement shall be constructed, laid or in any manner laid to and from any well location or drill site except as may be so designated by Lessor, provided only that such road shall upon the request of Lessee be so designated and the width thereof shall be sufficient for normal operations.

K. In the event that production is secured and a tank battery installation is necessary, Lessor reserves the right to designate the location of the tank battery and applicable equipment pertaining thereto so as to interfere as little as possible with Lessor's use of the premises. It is the intention of the parties hereto to reduce the amount of land used by the Lessee to a minimum.

# JOHNSTON & EISENHAUER

A T T O R N E Y S   A T   L A W

MICHAEL K. JOHNSTON

P.O. DRAWER 825 • 113 EAST THIRD  
PRATT, KANSAS 67124  
620-672-5533 • FAX 620-672-3313

ROBERT R. EISENHAUER

November 29, 2007

## OIL DIVISION ORDER OPINION

Leon May #2-13

Re: Lots 1, 2, 3 and 4 of and the North Half of the North Half (N/2 N/2) of Section 13, Township 35 South, Range 16 West of the 6th P.M. Comanche County, Kansas, a/k/a described as the North Half (N/2) of Section 13, Township 35 South, Range 16 West of the 6th P.M. Comanche County, Kansas.

This Oil Division Order Opinion is prepared for **OIL PRODUCERS, INC. OF KANSAS**, P.O. Box 8647, 2400 N. Woodlawn, #230, Wichita, Kansas, 67208-8674, and is intended solely for its private, internal use and is not for the use of others.

### RECORDS EXAMINED:

This is to certify we have examined the records of the Register of Deeds Office and Clerk of the District Court of Comanche County, Kansas, covering the above described real property from the issuance of the government patent to February 9, 2007, at 8:00 a.m.

### TITLE FINDINGS:

Based upon our examination of the above described records, assuming the accuracy thereof and the validity of the indexing thereof, we now find as of February 9, 2007, at 8:00 a.m., title good for oil division order purposes as follows:

### Royalty Interest:

(.18750000)

Leon E. May

.0937500

Joyce E. Scranton

.0937500

### Working Interest:

(.81250000)

	<u>WI %</u>	<u>NRI %</u>
Blue Stem Oil & Gas LLC	19.00	.1543750
Delaware Oil & Gas LLC	4.75	.0385937
Carothers Brothers	1.425	.0115781
Plimenik Establishment	4.75	.0385938
Raymond Carothers	1.9	.0154375
Dick Hess Family Trust	9.5	.0771875
Eugene H. Carothers	.7125	.0057890
Mohican Petroleum Inc,	19.00	.1543750



**Gas Unit Division Order Opinion**

Edison Energy, LC	3.00	.0243750
James H. Hess Trust #2	4.75	.0385938
Chas A. Neal & Company	9.5	.0771875
Terry Unruh	6.75	.0548438
John S. Weir revocable Trust	4.75	.0385938
Kenneth R. Carothers	.7125	.0057890
Oil Producers Inc., of Kansas	9.5	.0771875

**TERMS OF LEASES**

East Half of the North Half (E/2 N/2) of Section 13,  
Township 35 South, Range 16 West of the 6th P.M.  
Comanche County, Kansas

Form: 88-(Producers) Rev. 1-83 (Paid Up)  
Kans.-Okla.-Colo.

Date: October 1, 2004

Lessors: Leon E. May and Angaleea J. May, his  
wife

Lessee: Oil Producers Inc., of Kansas

Primary Term: 3 Years

Royalty: 3/16

Overriding Royalty: None reserved in lease

Delay Rental Date: N/A

Total Delay Rental: N/A

Payment of Delay Rental: N/A

Shut-In Gas Royalty Provision: \$1.00 per net mineral acre

Gas Unitization Provision: Not to exceed approx. 320 acres

Entirety Clause: Yes

Recording Data: Filed for record July 31, 2006, at 11:00  
a.m. in Book 105 at Page 103 of the  
records of the Register of Deeds Office  
of Comanche County, Kansas

**Gas Unit Division Order Opinion**

Special Provisions: See attached Exhibit A

West Half of the North Half (W/2 N/2) of Section 13,  
Township 35 South, Range 16 West of the 6th P.M.  
Comanche County, Kansas

Form: 88-(Producers) Rev. 1-83 (Paid Up)  
Kans.-Okla.-Colo.

Date: October 1, 2004

Lessors: Joyce E. Scranton and Joe D. Scranton,  
her husband

Lessees: Oil Producers Inc., of Kansas

Primary Term: 3 Years

Royalty: 3/16

Overriding Royalty: None reserved in lease

Delay Rental Date: N/A

Total Delay Rental: N/A

Payment of Delay Rental: N/A

Shut-In Gas Royalty  
Provision: \$1.00 per net mineral acre

Gas Unitization  
Provision: Not to exceed approx. 320 acres

Entirety Clause: Yes

Recording Data: Filed for record July 31, 2006, at 11:00  
a.m. in Book 105 at Page 107 of the  
records of the Register of Deeds Office  
of Comanche County, Kansas

Special Provisions: See attached Exhibit A

**subject, however, to the following:**

1. Our examination of the records of the Register of Deeds Office of Comanche County, Kansas, shows a declaration of consolidation and unitization of oil and gas leases dated February 13, 2007, executed by John S. Weir as President of Oil

**Gas Unit Division Order Opinion**

Producers Inc., of Kansas, wherein the North Half (N/2) of Section 13 Township 35 South, Range 16 West of the 6th P.M. Comanche County, Kansas, was unitized to create the Leon May #2-13 gas unit.

2. Further examination of the records of the Register of Deeds Office of Comanche County, Kansas, shows an Affidavit of Production dated February 13, 2007, wherein John S. Weir, President of Oil Producers Inc., of Kansas, alleges a well capable of producing oil and/or gas in paying quantities was completed on or about February 1, 2007, in the center of the Southeast Quarter of the Northeast Quarter (SE/4 NE/4) of Section 13, Township 35 South, Range 16 West of the 6th P.M. Comanche County.

Sincerely,

JOHNSTON & EISENHAUER

By:

  
Robert R. Eisenhauer  
For the Firm

RRE/lmr

D.V.O. - #5768



*Kathleen Sebelius, Governor  
Thomas E. Wright, Chairman  
Michael C. Moffet, Commissioner  
Joseph F. Harkins, Commissioner*

---

March 13, 2008

Lori Zehr  
Oil Producers Inc. of Kansas  
1710 WATERFRONT PKWY  
WICHITA, KS67206-6603

Re: Drilling Pit Application  
Leon May Lease Well No. 4-13  
NE/4 Sec.13-35S-16W  
Comanche County, Kansas

Dear Lori Zehr:

District staff has inspected the above referenced location and has determined that the reserve pit shall be 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 as soon as practical after drilling operations have ceased. **KEEP PITS away from draw/drainage and on west or east side of stake.**

**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 2004), Exploration and Production Waste Transfer, within 30 days of fluid removal. Conservation division forms are available through our office and on the KCC web site:  
[kcc.ks.gov/conservation/forms/](http://kcc.ks.gov/conservation/forms/)

**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.