





1021657

**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

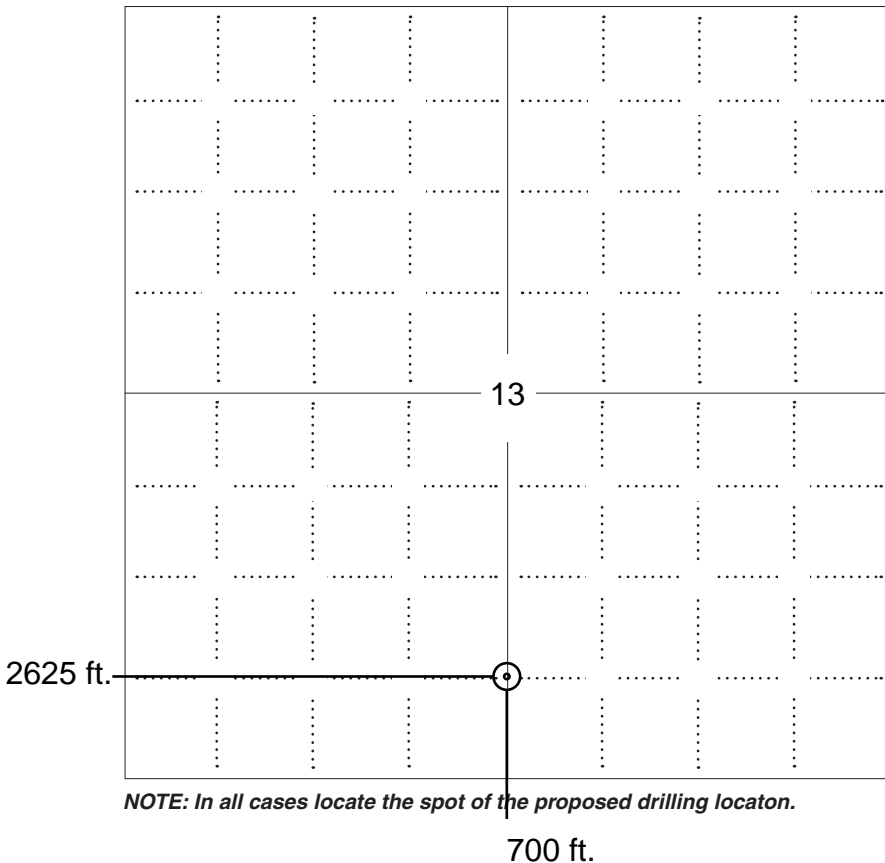
**If Section is Irregular, locate well from nearest corner boundary.**

Section corner used:  NE  NW  SE  SW

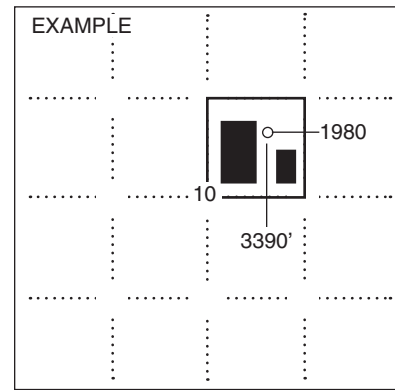
**PLAT**

*(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 1021657  
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

THIS AGREEMENT, entered into this 13 day of April, 2005, but effective for all purposes as of March 1, 2005, between A. Howard Melander, Trustee of the A. Howard Melander Trust (hereinafter called lessor) and G & J Oil Company, Inc. (hereinafter called lessee), does witness:

1. That lessor, for and in consideration of the sum of Ten 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, 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 of the oil, gas, casinghead gas, casinghead gasoline, including all associated hydrocarbons produced in a liquid or gaseous form and including gas found in and produced from coal formations or coal seams and all zones in communication therewith, which gas is sometimes referred to as coal bed methane, coal seam gas or occluded gas and all other gases and their respective constituent vapors, (including coalbed methane gas, helium, and all other constituents and substances produced therewith), including the dewatering for production of coalbed methane gas, and for constructing roads, laying pipe lines, building tanks, storing oil, and erecting other structures thereon which are necessary or convenient for the economical operation of said land to produce, save, take care of, and manufacture all of such substances, said tract of land with any reversionary rights therein being situated in the County of Montgomery, State of Kansas, and described as follows:

W/2 SE/4 and E/2 SW/4 of Section 13, Township 34 South, Range 14 East, Montgomery  
County, Kansas

containing 160 acres, more or less.

2. This lease shall remain in force for a term of one (1) year from the date hereof, and as long thereafter as oil, gas, casinghead gas, casinghead gasoline, or any of the products covered by this lease are or can be produced.

3. In consideration of the premises, the said lessee covenants and agrees:

(a) To 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 (1/8th) 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 for oil of like grade and gravity prevailing on the day such oil is run into the pipe line or into storage tanks. Lessor's royalty interest shall bear its proportionate part of the production, severance, or other excise taxes.

(b) To pay lessor for gas of whatever nature or kind (including casinghead, helium, and coal seam gas) with all of its constituents and all other substances covered hereby produced and sold off the leased premises or used in the manufacture of products therefrom, a royalty of 1/8th of the proceeds realized by the lessee from the sale thereof, or used in the manufacture or products therefrom, less the proportionate part of the production, severance and other excise taxes and the cost incurred by lessee in compressing, said payments to be made monthly.

(c) 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 one-eighth (1/8th) of the market value of such gas at the mouth of the well; if said gas is sold by lessee, then as royalty one-eighth (1/8th) of the proceeds of the sale thereof at the mouth of the well.

4. During any period (whether before, on, or after expiration of the primary term hereof), at any time, and from time to time, when gas is not being sold and a gas well capable of producing in paying quantities is shut in on the leased premises, whether or not said well has theretofore actually produced, and there is no current production of oil or gas or operations on the leased premises sufficient to keep this lease in force, this lease shall, nonetheless, remain in full force and effect, and it will be deemed that gas

**\*Jeff Chubb, Attorney**  
P.O. Box 747  
Independence, KS. 67301

\*Recording on page 7.

is being produced in paying quantities, as to a well so shut in, whether one or more, and Lessee shall be obligated to pay or tender to Lessor a royalty of ten dollars (\$10.00) per year per net royalty acre retained hereunder, the payment or tender to be due on or before the anniversary date of this lease next ensuing after the expiration of 120 days from the date the well is shut in and thereafter on the anniversary date of this lease during the period in which the well is continuously shut in; and this lease shall not terminate for a failure of Lessee to pay or tender royalty pursuant to this provision, but Lessee shall be obligated to promptly pay Lessor the amount of the shut-in royalty due. If any payment made hereunder shall be erroneous in any regard (whether deposited in the wrong depository, paid to parties other than the ones entitled thereto as shown by Lessee's records, in an incorrect amount, or otherwise), this lease shall be maintained in the same manner as if such erroneous payment or deposit had been properly made, provided that the erroneous payment or deposit be corrected within thirty (30) after receipt by Lessee of written notice from such Lessor of such error accompanied by any documents and other evidence necessary to enable Lessee to make prompt payment. The provisions of the forgoing "shut-in" gas well clause shall not limit the Lessee's implied duty to market gas producible from the premises.

5. If, at the expiration of the primary term of this lease or any extension thereof, lessee has commenced or is conducting any operations for drilling, completing, or reworking an existing well on the leased premises, this lease nevertheless shall continue as long as such operations or other necessary operations, including installation of pipelines or other equipment are prosecuted or additional operations are commenced and prosecuted (whether on the same or successive wells) with no cessation of more than 60 days, and if production is discovered, this lease shall continue as long thereafter as oil or gas are produced.

6. In case said lessor owns a less interest in the above-described land, other than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid to said 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.

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 the wells or ponds 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, and within six (6) months 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. Lessee shall grade to the original level and restore the surface to its original condition, as nearly as practicable, within six (6) months after the expiration of this lease.

8. If the estate of either party hereof 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 of the parties hereto, but 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 notice, consisting of certified copies of all instruments or documents and other information necessary to establish a complete chain of record title from lessor, and then only with respect to payments thereafter made.

9. 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 an entirety and 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. No present or future division Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all of Lessee's operations may be conducted without regard to any such division.





**ADDENDUM TO OIL & GAS LEASE DATED April 13, 2005**  
**BETWEEN A. HOWARD MELANDER, TRUSTEE, LESSOR**  
**AND G & J OIL COMPANY, INC., LESSEE**

To the extent that the terms and conditions set forth in this addendum conflict with any terms and conditions set forth in the oil and gas lease to which it is attached, this addendum shall supercede the terms and conditions of the oil and gas lease.

1. This lease shall not authorize Lessee to use the property for the purpose of a compressor site or a transportation line for gas (other than is necessary to transport the gas from the site of each well). Such activities must be by separate agreement with Lessor.

2. Lessee shall conduct all operations on the property as a reasonable and prudent operator and in such a way so as to cause the minimum amount of damage to the land and improvements thereon. Lessee shall promptly repair any and all ruts and clean up any spills, and will not allow unused equipment or junk to accumulate on the property. Upon termination of this lease, Lessee shall fully repair all damaged land not already repaired to as near as is practical to its condition prior to the commencement of operations.

3. Lessee must consult with and obtain Lessor's prior written consent concerning the location of any roads on the property. Lessor shall not unreasonably withhold such consent. All roads must be graveled by Lessee. Lessee agrees to walk or use all terrain vehicles when possible as opposed to heavier means of transportation so as to avoid ruts and other damage to Lessor's property.

4. Lessee shall bury all electric lines and load lines at least 30 inches deep. No overhead electric lines shall be permitted without prior written consent of Lessor.

5. ~~No salt water disposal well shall be located on the property without Lessor's prior~~

*AM*  
*CHC*

~~written consent. No storage tank for salt water shall be located on Lessor's property without Lessor's prior written consent.~~

6. If requested by Lessor, Lessee shall fence all wells, pits, tanks, ponds and equipment of any type that may be hazardous to livestock with a minimum of five wires, or equivalent thereof, with a fence post every rod. All fencing performed by Lessee must be done to Lessor's satisfaction.

7. Lessee shall assume all liability for any unplugged wells existing on the property on the date of the lease.

8. No pooling or unitization of the lease shall be permitted without the prior written consent of Lessor.

9. Lessee shall indemnify and hold Lessor harmless from any and all liability, liens, claims and environmental liability arising out of Lessee's operation under this lease.

10. This agreement may not be assigned by Lessee without the prior written consent of Lessor.

11. Lessee shall identify all buried lines on the property with tracer wire to aid in future detection.

12. After the primary term of this lease, the lease cannot be held and maintained in force solely by the payment of a shut-in gas royalty for any period in excess of one year.

13. Upon termination of this lease, Lessee shall within 180 days plug all wells, remove all personal property, and release the lease of record. Lessee's failure to do so shall automatically forfeit his rights to all personal property located on the lease and title to said property shall automatically vest with Lessor. This provision shall not limit any remedies Lessor



has under law or equity for damages.

14. In the event that some or all of the property covered by this lease is enrolled in any government program, Lessee shall comply with all rules and regulations of that program. Lessee shall compensate Lessor for any penalties or the withdrawal of reimbursements resulting directly from Lessee's operations under this lease.

DATED on this 13 day of April, 2005.

**LESSOR**

A. Howard Melander  
A. Howard Melander, Trustee of the A. Howard Melander Trust

**LESSEE**

G & J Oil Company, Inc.

By: Gene Nunneley  
Gene Nunneley  
President

**ACKNOWLEDGMENTS**

STATE OF ) Indiana  
                  ) SS:  
COUNTY OF ) Scott

BE IT REMEMBERED that this 13 day of April, 2005, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came A. Howard Melander, Trustee of the A. Howard Melander Trust, who is personally known to me to be the

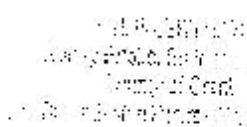
same person who executed the within instrument of writing and such person duly acknowledged the execution of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal, the day and year last above written.

*Linda Jefferson*  
Notary Public

My commission expires:

3-6-08



STATE OF )  
                  ) SS:  
COUNTY OF )

BE IT REMEMBERED that this 27<sup>th</sup> day of April, 2005, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Gene Nunneley, President of G & J Oil Company, Inc., who is personally known to me to be the same person who executed the within instrument of writing and such person duly acknowledged the execution of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal, the day and year last above written.

*Melodi C. Jones*  
Notary Public

My commission expires:



STATE OF KANSAS MONTGOMERY COUNTY  
FILED FOR RECORD  
MARILYN CALHOUN, REGISTER OF DEEDS  
9:57:11 AM, 4/28/2005 Receipt No. 13874  
LEASE \$6.00  
ADDITIONAL PAGES \$11.00  
TECHNOLOGY FUND \$14.00

BOOK: 548 PAGE 7A