



**For KCC Use:**

Effective Date: \_\_\_\_\_

District # \_\_\_\_\_

SGA?  Yes  No

**KANSAS CORPORATION COMMISSION 1021916  
OIL & GAS CONSERVATION DIVISION**

Form C-1  
October 2007

**Form must be Typed  
Form must be Signed  
All blanks must be Filled**

**NOTICE OF INTENT TO DRILL**

*Must be approved by KCC five (5) days prior to commencing well*

Expected Spud Date: \_\_\_\_\_  
month day year

OPERATOR: License# \_\_\_\_\_

Name: \_\_\_\_\_

Address 1: \_\_\_\_\_

Address 2: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_\_\_\_\_

Contact Person: \_\_\_\_\_

Phone: \_\_\_\_\_

CONTRACTOR: License# \_\_\_\_\_

Name: \_\_\_\_\_

<b>Well Drilled For:</b>	<b>Well Class:</b>	<b>Type Equipment:</b>
<input type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input type="checkbox"/> Infield
<input type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Pool Ext.
	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat
<input type="checkbox"/> Seismic ; _____ # of Holes	<input type="checkbox"/> Other	<input type="checkbox"/> Mud Rotary
<input type="checkbox"/> Other: _____		<input type="checkbox"/> Air Rotary
		<input type="checkbox"/> Cable

If OWWO: old well information as follows:

Operator: \_\_\_\_\_

Well Name: \_\_\_\_\_

Original Completion Date: \_\_\_\_\_ Original Total Depth: \_\_\_\_\_

Directional, Deviated or Horizontal wellbore?  Yes  No

If Yes, true vertical depth: \_\_\_\_\_

Bottom Hole Location: \_\_\_\_\_

KCC DKT #: \_\_\_\_\_

Spot Description: \_\_\_\_\_

\_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ Sec. \_\_\_\_\_ Twp. \_\_\_\_\_ S. R. \_\_\_\_\_  E  W  
(AAA/AAA)

\_\_\_\_\_ feet from  N /  S Line of Section

\_\_\_\_\_ feet from  E /  W Line of Section

Is SECTION:  Regular  Irregular?

*(Note: Locate well on the Section Plat on reverse side)*

County: \_\_\_\_\_

Lease Name: \_\_\_\_\_ Well #: \_\_\_\_\_

Field Name: \_\_\_\_\_

Is this a Prorated / Spaced Field?  Yes  No

Target Formation(s): \_\_\_\_\_

Nearest Lease or unit boundary line (in footage): \_\_\_\_\_

Ground Surface Elevation: \_\_\_\_\_ feet MSL

Water well within one-quarter mile:  Yes  No

Public water supply well within one mile:  Yes  No

Depth to bottom of fresh water: \_\_\_\_\_

Depth to bottom of usable water: \_\_\_\_\_

Surface Pipe by Alternate:  I  II

Length of Surface Pipe Planned to be set: \_\_\_\_\_

Length of Conductor Pipe (if any): \_\_\_\_\_

Projected Total Depth: \_\_\_\_\_

Formation at Total Depth: \_\_\_\_\_

Water Source for Drilling Operations:

Well  Farm Pond Other: \_\_\_\_\_

DWR Permit #: \_\_\_\_\_

*(Note: Apply for Permit with DWR  )*

Will Cores be taken?  Yes  No

If Yes, proposed zone: \_\_\_\_\_

**AFFIDAVIT**

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq.

It is agreed that the following minimum requirements will be met:

1. Notify the appropriate district office **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. Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC District 3 area, alternate II cementing must be completed within 30 days of the spud date or the well shall be plugged. **In all cases, NOTIFY district office** prior to any cementing.

**Submitted Electronically**

**For KCC Use ONLY**

API # 15 - \_\_\_\_\_

Conductor pipe required \_\_\_\_\_ feet

Minimum surface pipe required \_\_\_\_\_ feet per ALT. I II

Approved by: \_\_\_\_\_

**This authorization expires:** \_\_\_\_\_  
*(This authorization void if drilling not started within 12 months of approval date.)*

Spud date: \_\_\_\_\_ Agent: \_\_\_\_\_

**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 (within 60 days);
- Obtain written approval before disposing or injecting salt water.
- If this permit has expired *(See: authorized expiration date)* please check the box below and return to the address below.

**Well Not Drilled - Permit Expired** Date: \_\_\_\_\_  
Signature of Operator or Agent: \_\_\_\_\_



1021916

**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

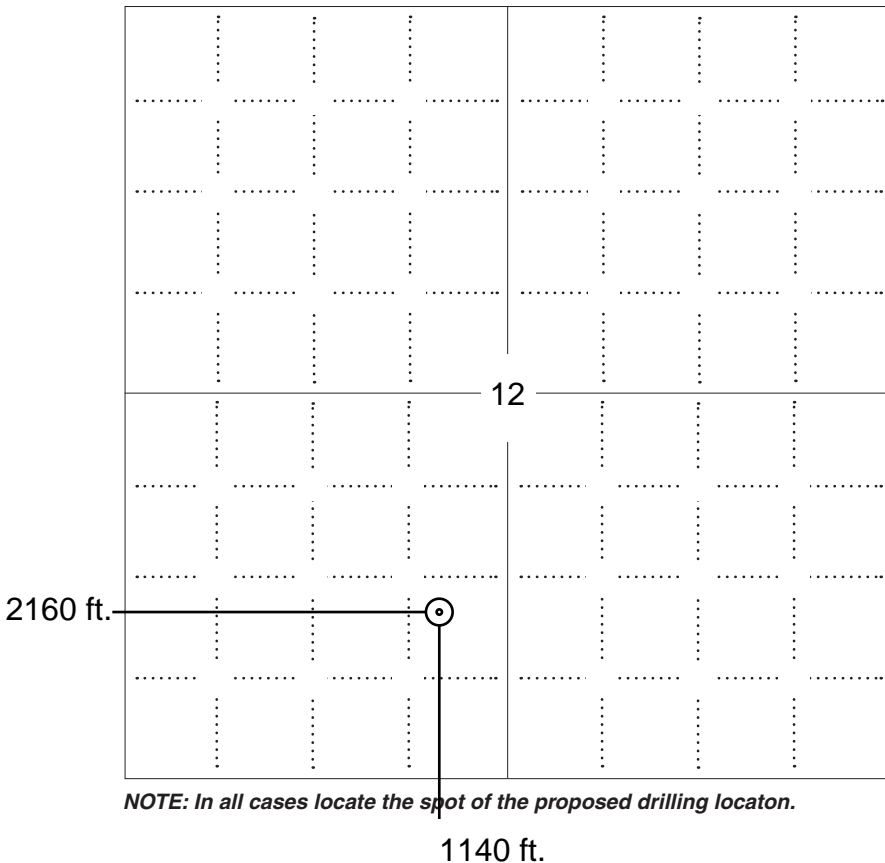
**If Section is Irregular, locate well from nearest corner boundary.**

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 1021916  
OIL & GAS CONSERVATION DIVISION

Form CDP-1  
April 2004  
Form must be Typed

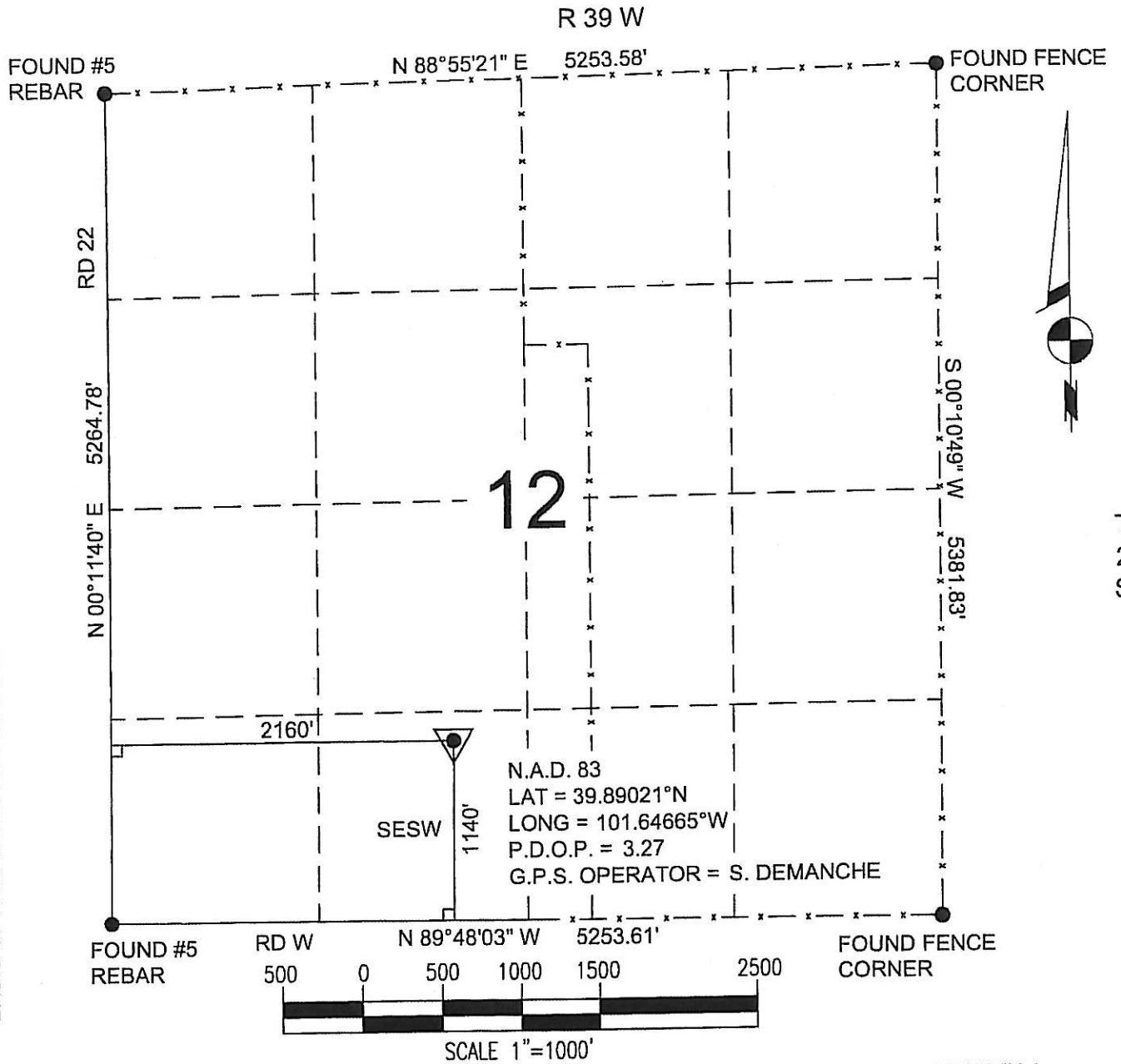
**APPLICATION FOR SURFACE PIT**

*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			

BASIS OF BEARINGS: THE SOUTH LINE OF SECTION 12 AS SHOWN HEREON



POWER SURVEYING COMPANY, INC. OF FREDERICK, COLORADO HAS IN ACCORDANCE WITH A REQUEST FROM DAN CASPER OF NOBLE ENERGY INC. DETERMINED THE LOCATION OF KELLER FARMS 24-12 TO BE 1140' FSL & 2160' FWL OF SECTION 12, TOWNSHIP 2 SOUTH, RANGE 39 WEST OF THE 6th PRINCIPAL MERIDIAN, COUNTY OF CHEYENNE, STATE OF KANSAS

**LOCATION NOTES:**

LOCATION FALLS IN: PLOWED CROP FIELD  
IMPROVEMENTS: NONE WITHIN 200' OF LOCATION

ELEVATION DETERMINED FROM NAVD 1988 DATUM. GROUND ELEVATION = 3323'

DISTANCES AND BEARINGS ARE FIELD MEASURED UNLESS NOTED OTHERWISE.

**LEGEND:**

- SECTION CORNER (AS NOTED)
- ▼ PROPOSED WELL LOCATION



7800 MILLER DRIVE, UNIT C  
FREDERICK, CO 80504  
(303) 702-1617, FAX (303) 702-1488

WORK ORDER # 501-08-570  
FIELD DATE: 8-25-08  
DATE OF COMPLETION: 8-27-08

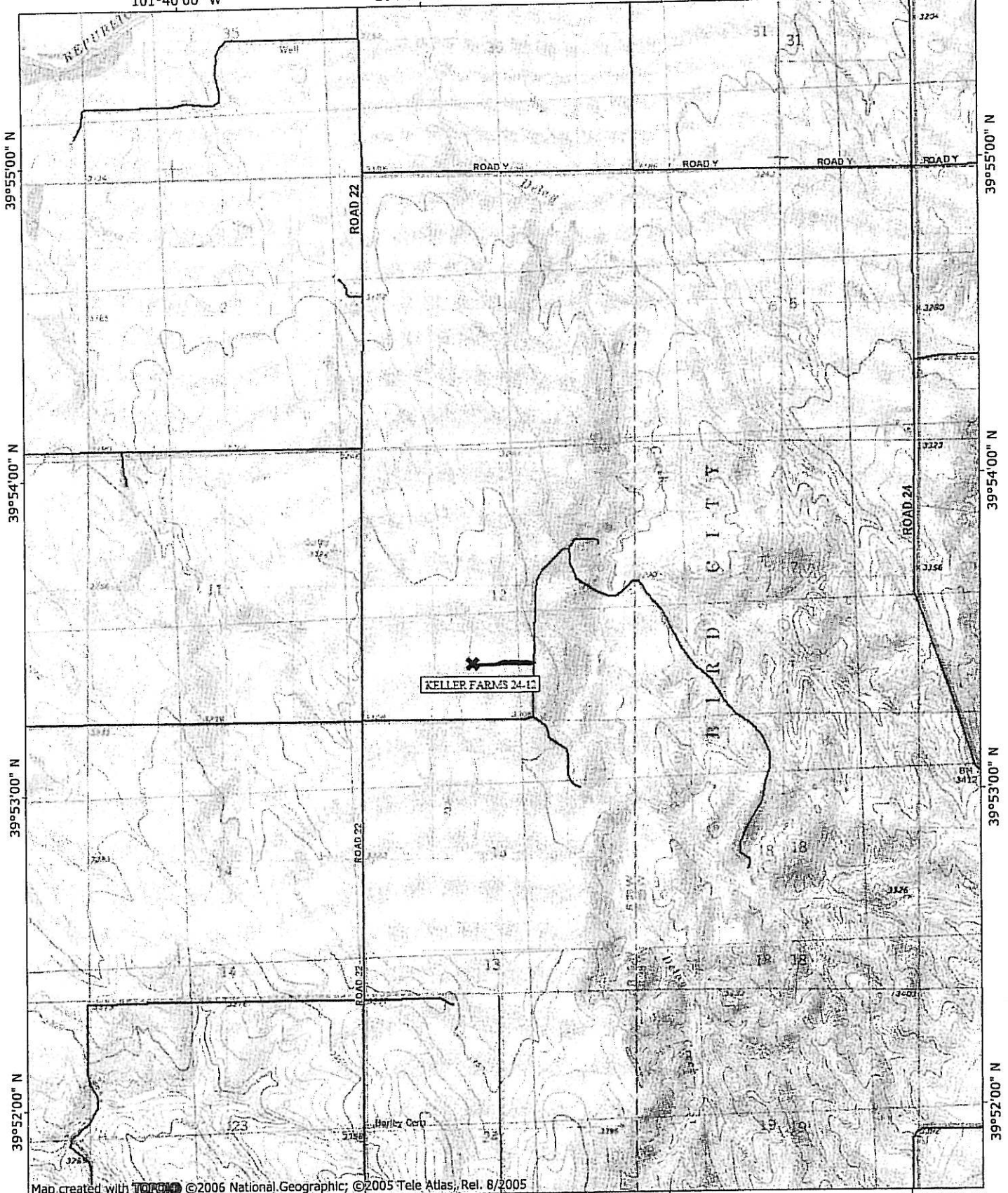
TOPO! map printed on 08/27/08 from "Untitled.tpo"

101°40'00" W

101°39'00" W

101°38'00" W

WGS84 101°37'00" W



39°55'00" N  
39°54'00" N  
39°53'00" N  
39°52'00" N

39°55'00" N  
39°54'00" N  
39°53'00" N  
39°52'00" N

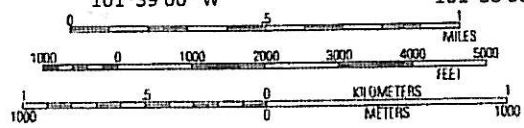
101°40'00" W

101°39'00" W

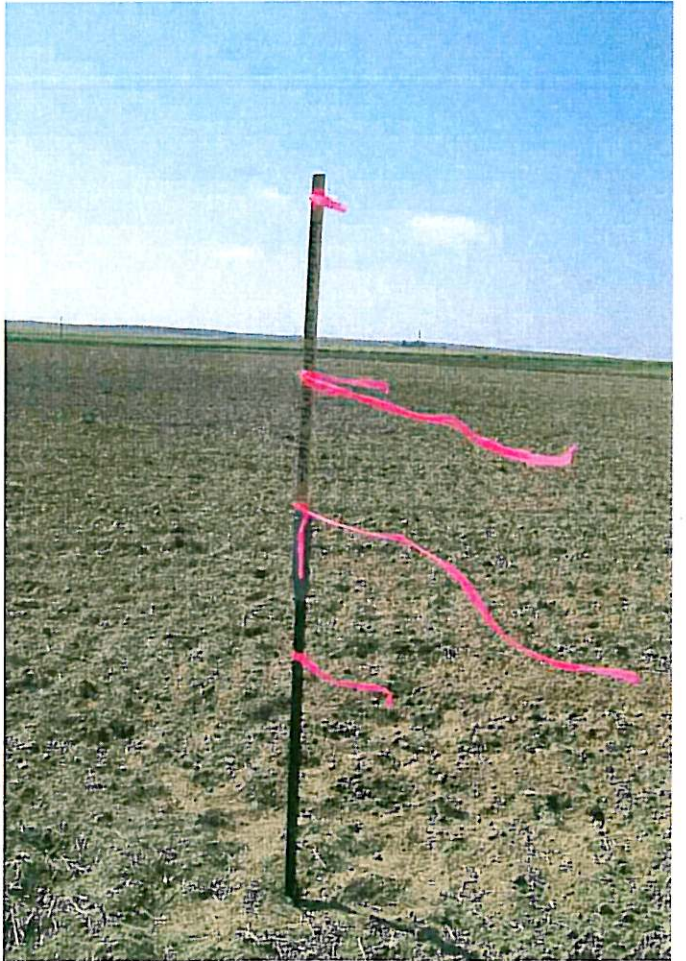
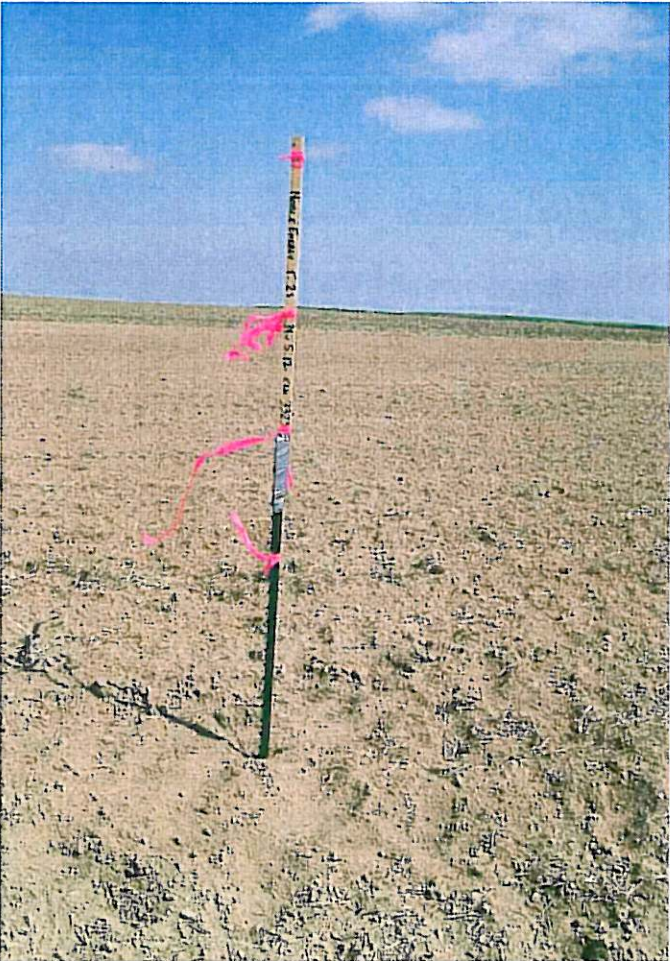
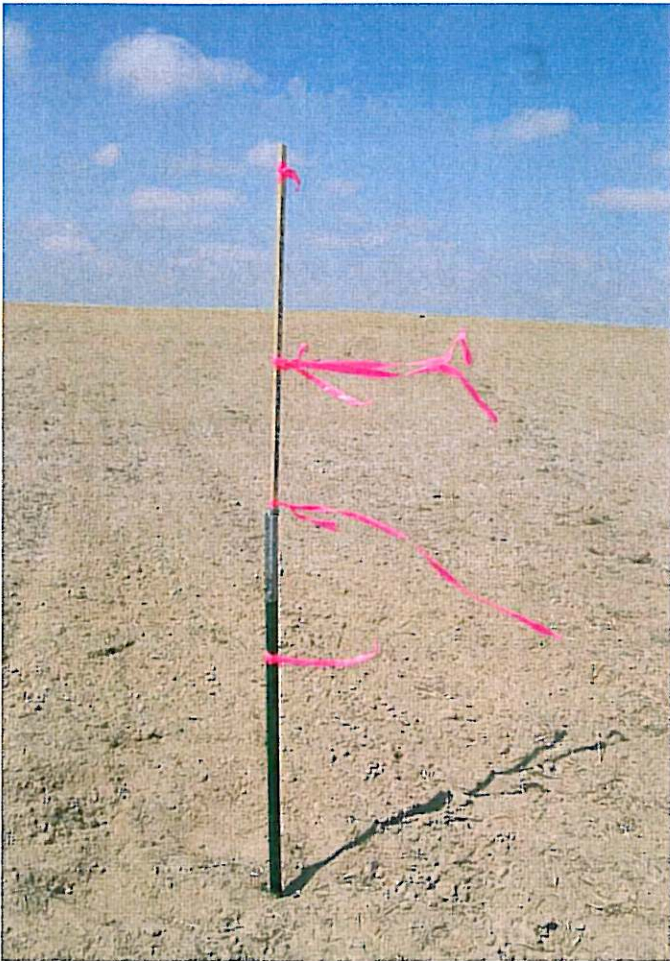
101°38'00" W

WGS84 101°37'00" W

Map created with TOPO! ©2006 National Geographic, ©2005 Tele Atlas, Rel. 8/2005



TN MN  
7 1/2°  
08/27/08



## OIL AND GAS LEASE

This Oil and Gas Lease (the "Lease") is dated September 30, 2002 (the "Effective Date"). The parties to this Lease are ALBERT KELLER FARMS, INC., as Lessor (whether one or more), whose address is Route 1, Box 271, St. Francis, Kansas 67756, and ENERGY SUPPLY EXPLORATION AND DEVELOPMENT LLC, as Lessee, whose address is 212 N. Market, Suite 312, Wichita, Kansas 67202.

1. For the consideration of Ten and More Dollars, the receipt of which Lessor acknowledges, and Lessee's covenants and agreements in this Lease, Lessor grants, leases, and lets exclusively to Lessee, the lands described below (the "Lands"), with the right to unitize, pool, or combine all or part of this Lease with other lands or leases for the purpose of carrying on geological, geophysical, or other exploration work, core drilling and the drilling, mining, and operating for, producing, and saving oil, gas, and other hydrocarbons, and for constructing roads, laying pipelines, building tanks, storing oil, building power stations, telephone lines, and other structures necessary or convenient for the economical operation of the Lands alone, or with adjacent lands, and to produce, save, and take care of the oil and gas produced. The Lands are located in Cheyenne County, Kansas, and are described as follows:

**\*\*Each tract is treated as a separate Oil and Gas Lease as set forth below\*\***

**TOWNSHIP 2 SOUTH, RANGE 38 WEST**

- Section 6: Tract #1: NW [160 acres] ✓  
Tract #2: SW [160 acres] ✓
- Section 7: Tract #3: NW [160 acres] ✓  
Tract #4: SW [160 acres] ✓  
Tract #5: SE [160 acres] ✓
- Section 17: Tract #6: W/2W/2, that portion of the NENW lying South and West of public highway, and in
- Section 20: Tract #6 (continued); NWNW [Tract #6 = 205 acres]
- Section 18: Tract #7: NE [160 acres] ✓  
Tract #8: SE [160 acres] ✓  
Tract #9: E/2W/2, NWNW and, in
- Section 19: Tract #9 (continued); NENW [Tract #9 = 240 acres]

**TOWNSHIP 2 SOUTH, RANGE 39 WEST**

- Section 1: Tract #10: E/2E/2 & SWNE [240 acres] ✓
- Section 12: Tract #11: NE [160 acres] ✓  
Tract #12: SE & E/2SW [240 acres] ✓

Notwithstanding any provisions of this Lease, or any wording contained in this Lease (such as "the Lands," "this Lease," "the Lease," "leasehold," or any similar terms), each of the separately designated tracts ("Tracts") to this Lease shall be treated for all purposes as a separate and distinct lease. All of the provisions contained in this lease form shall be applicable to each separate Tract and be construed as if a separate lease agreement had been made and executed covering each separate Tract.

The Lands are deemed to contain the amount of acres for EACH TRACT AS SET FORTH HEREIN, whether they contain more or less.

2. This Lease shall remain in force for a primary term of five (5) years (the "Primary Term") from the Effective Date and as long thereafter as oil, gas, or other hydrocarbons are, or can be produced from the Lands. On or before five (5) years from the Effective Date, if this Lease is not otherwise provided in force, Lessee, at its option may automatically renew this lease and extend the Primary Term for an additional five (5) year term if, on or before five (5) years from the Effective Date, Lessee tenders consideration to Lessor, in the amount of \$ per net mineral acre as to the lands covered by this lease.

3. The royalties to be paid by Lessee are: (a) on oil and other liquid hydrocarbons, one-eighth (1/8<sup>th</sup>) of that produced and saved from said land, the same to be delivered at the wells, or to the credit of Lessor into the pipeline to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefore prevailing for the field where produced on the date of purchase; (b) on gas and the constituents thereof produced from said land and sold or used off the premises or in the manufacture of products therefrom, the market value at the well of one-eighth (1/8<sup>th</sup>) of the product sold or used. On product sold at the well, the royalty shall be one-eighth (1/8<sup>th</sup>) of the net proceeds realized from such sale. All royalties paid on gas sold or used off the premises or in the manufacture of products therefrom will be paid after deducting from such royalty Lessor's proportionate amount of all post-production costs, including but not limited to gross production and severance taxes, gathering and transportation costs from the wellhead to the point of sale, treating, compression, and processing. On product sold at the well, the royalty shall be one-eighth (1/8<sup>th</sup>) of the net proceeds realized from such sale, after deducting from such royalty Lessor's proportionate amount of all of the above post-production costs and expenses, if any. Where there is a gas well or wells on the Lands subject to this Lease or lands pooled with the Lands, whether before or after the Primary Term, and the well or wells are shut-in and there is no other production, drilling operations or other operations being conducted on the Lands capable of keeping this Lease in force under any of its terms or provisions, Lessee may pay as royalty to Lessor (and if within the Primary Term such payment shall be in lieu of delay rentals) the sum of \$ per year per acre of the Lands then subject to this Lease (the shut-in royalty). Payments of shut-in royalty are to be made to the depository, named above or directly to Lessor as shown, on or before the anniversary date of this Lease following the expiration of 12 months from the date a well or the wells are shut-in, and if the wells remain shut-in following the anniversary date of this Lease during the period the wells are shut-in. Upon payments being made this Lease shall be deemed to be maintained in full force and effect.

4. If operations for the drilling of a well for oil or gas are not commenced on the Lands on or before September 30, 2003 (the "Rental Payment Date"), this Lease shall terminate unless Lessee, before that date, pays or tenders to Lessor DIRECTLY AT THE ABOVE ADDRESS, the sum of ONE DOLLAR PER ACRE AS SHOWN ON EXHIBIT [TRACT] ("Rentals") which shall operate as a rental and cover the privilege of deferring the commencement of operations for drilling for a period of one year. In like manner and upon like payments or tenders the commencement of operations for drilling may be further deferred for like successive periods until the end of the Primary Term. All payments or tenders may be made by check or draft of Lessee or Lessee's assigns, mailed or delivered on or before the Rental Payment Date, either directly to Lessor, or to the Depository. Lessor agrees the consideration provided in paragraph 1. covers not only the privileges granted by this Lease from the Effective Date to the first Rental Payment Date but also Lessee's option of extending that period, and all other rights conferred in this Lease. Notwithstanding the death of the Lessor or his/her successors in interest, the payment or tender of Rentals shall be binding on the heirs, devisees, executors, and administrators of Lessor.

5. If at any time prior to the discovery of oil or gas or other hydrocarbons on the Lands, and during the Primary Term, Lessee drills a dry hole or holes on the Lands, this Lease shall not terminate, provided operations for the drilling of a well shall be commenced by the next ensuing Rental Payment Date, or Lessee begins or resumes the payment of Rentals.

6. If Lessor owns a lesser interest in the Lands than the entire and undivided fee simple estate in the minerals, any royalty and Rentals which may be due or payable shall be paid to Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee. Lessee's failure to proportionately reduce Rentals shall have no effect on the right to reduce royalties to correspond with Lessor's actual interest in the mineral estate in the Lands.

7. Lessee is granted the right to use, free of cost, gas, oil, and water found on or under the Lands, for all of Lessee's operations, except water from Lessor's wells. When required by Lessor, Lessee will bury its pipelines crossing those portions of the Lands that are under cultivation below ordinary plow depth, and pay for damages caused by its operations to growing crops on the Lands. No well shall be drilled nearer than 200 feet to any house or barn located on the Lands on the Effective Date without the written consent of Lessor. Lessee has the right at any time during or after the expiration of this Lease, but is under no obligation, to remove all machinery, fixtures, buildings, and other structures placed on the Lands, including the right to draw and remove all casing. Lessee has no obligation to restore the surface of the Lands to its original condition where any alterations or changes were due to operations reasonably necessary under this Lease.

8. If the estate of either party is assigned, the privilege of assigning in whole or in part being expressly allowed, the terms of this Lease shall extend to the party's heirs, devisees, executors, administrators, successors, and assigns. No change of ownership in the Lands, Rentals or royalties, or any sum due, or the depository address of Lessor, under this Lease shall be binding on the Lessee until 60 days after it has been furnished with written notice of the change accompanied by the original recorded instrument or certified copy of the conveyance, a certified copy of the Will and probate proceedings of any deceased owner, or a certified copy of the proceedings showing the appointment of an administrator of the estate of any deceased owner, whichever is appropriate, together with all recorded instruments of conveyance or certified copies necessary to show a complete chain of title to the interest claimed. All advanced payment of Rentals made before the end of the 60-day period following Lessee's receipt of documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of Lessor.

9. No change or division in the ownership of the Lands, Rentals, or royalties, however accomplished, shall enlarge the obligation or diminish the rights of the Lessee. In the event of an assignment in whole or in part by Lessee, the liability for breach of any obligation of this Lease shall rest exclusively on the owner of the portion of the Lease committing the breach. Lessee has no obligation to offset wells on separate tracts into which the Lands may be divided by sale, devise, descent or otherwise, or to furnish separate measuring devices or tanks. If this Lease is assigned as to a segregated part or parts of the Lands and the holders or owners of any part is in default in the payment of the proportionate part of the Rentals due, the default shall not operate to affect this Lease insofar as it covers a part of the Lands on which Lessee or any other assignee makes timely payment of Rentals. If six or more parties become entitled to royalty payments, Lessee may withhold payment until furnished with a recordable instrument executed by all the parties designating an agent to receive payment of royalties for all the parties.

10. Lessor warrants and agrees to defend title to the Lands and agrees 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 Lands. If Lessee exercises this option it shall be subrogated to the rights of any holder or holders of the liens or

claims and may reimburse itself by applying to the amounts paid to discharge any mortgage, tax or other lien, any royalty, shut-in royalty, or Rentals accruing to the account of Lessor.

11. If Lessee commences operations for drilling at any time while this Lease is in force, this Lease shall remain in force and its terms shall continue so long as those operations are prosecuted. If production results from the operations, the Lease shall remain in effect as long as production continues.

12. If, during the Primary Term, production on the Lands ceases from any cause, this Lease shall not terminate provided operations for the drilling of a well are commenced before or on the next ensuing Rental Paying Date; or, Lessee begins or resumes the payment of Rentals in the manner and amount provided in paragraph 5 above. If after the expiration of the Primary Term, production on the Lands ceases from any cause, this Lease shall not terminate provided Lessee resumes operations for drilling a well or commences reworking operations on a well within one hundred and eighty (180) days from the date of cessation of production. This Lease shall remain in force during the prosecution of the operations and, if production results or resumes, as long as production continues.

13. At any time Lessee may surrender this Lease in whole or in part by delivering or mailing a release to the Lessor, or by placing the release of record in the county where the Lands are located. If the Lease is surrendered on only a portion of the Lands, all payments and liabilities that accrue as to the released portion of the Lands shall cease and any subsequent Rentals that may be paid may be apportioned on an acreage basis. As to the portion of the Lands not released, the terms and provisions of this Lease shall continue and remain in full force and effect for all purposes.

14. All provisions of this Lease, express or implied, shall be subject to all federal and state laws and the orders, rules, or regulations of all governmental agencies administering them. This Lease shall not in any way be terminated in whole or in part, nor shall Lessee be liable in damages for failure to comply with any of the express or implied provisions of this Lease if the failure results from any such laws, orders, rules or regulations. If Lessee is prevented from drilling a well during the last six months of the Primary Term by the order of any constituted authority having jurisdiction, or if Lessee is unable during that period to drill a well due to the unavailability of necessary equipment, the Primary Term of this Lease shall continue for six months after the order is suspended and/or the equipment is available. Lessee shall pay Rentals during this extended time.

15. Lessee, at its option, is granted the right and power to voluntarily pool, utilize, or combine all or any portion of the Lands as to oil and/or gas, with any other adjacent lands, or leases, when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate the Lease, or to obtain the maximum production allowable for any well. Unless larger units are permitted, pooling may be in units not exceeding forty (40) acres for an oil well plus a tolerance of     , and 640 acres for a gas well plus a tolerance of     . Larger units may be created to conform to any spacing or well unit pattern that may be prescribed by governmental authorities. Lessee or Lessee's agent, shall record in the county where the Lands are located an instrument identifying the unit and describing the pooled acreage. All acreage pooled into a unit shall be treated for all purposes, except the payment of royalties, as if it were included in this Lease. Drilling or reworking operations, production of oil, gas, or other hydrocarbons, or the completion of a well as a shut-in gas well shall be considered for all purposes, except the payment of royalties, as if the operations were on, the production from, or the completion were on the Lands, whether or not the well or wells are located on the Lands actually covered by this Lease. In lieu of the royalty provided in this Lease, including shut-in gas royalties, Lessor shall receive from a unit only that portion of the royalty provided for in this Lease, as that portion of the Lands placed in the unit, or bears to the total amount of acreage included in a Unit.


This Lease and all its terms, covenants, and conditions shall extend to and be binding on all successors grantees and assigns of Lessor and Lessee.

This Lease is executed by Lessor as of the date of the acknowledgment of Lessor's signature, but shall be deemed effective for all purposes as of the Effective Date stated above.

**OTHER PROVISIONS:**

- In the event of drilling operations on the Lands:
  - o Lessee shall install fencing around any open pits sufficient to keep cattle from entering the enclosed, pit area. Such fencing shall be maintained in good order and remain in place and until such time as said pits are permanently closed.
  - o Lessee shall not intentionally dispose of any produced brine or salt water on the surface of the lands.
  - o Lessee shall consult with Lessor as to the placement and location of roads prior to the drilling of any wells.
- Payment to Lessor by Lessee for damages to growing crops as set forth in above paragraph #7, shall also include payment for pasture grass.
- No well or well bore may be utilized by Lessee for the disposal of salt water from wells located off of the Lands or leased premises without the prior written consent of Lessor.
- The Lands are now or may hereafter be equipped for irrigation. If Lessee completes an oil or gas well on the lease premises, all operating and storage equipment, machinery, and fixtures will be low in profile and height, and located in such a manner to permit Lessor's use of center pivot irrigation systems or other common types of overhead irrigation systems that may be in place at the time of such well completion.
- Within 90 days following the expiration of this Lease, Lessee shall file a Release of Oil and Gas Lease in the records of the Register of Deeds of Cheyenne County, Kansas.
- Prior to the commencement of drilling operations and/or the installation of production facilities and pipelines on the Lands, Lessee agrees to make a good faith effort to negotiate for payment of surface damages. Lessee shall be responsible to Lessor for all damages caused by Lessee's operations, including but not limited to, damage or injury to the surface of the lease premises, timber, crops, pastures, domestic animals, roads, canals, ditches, artificial or natural drains, fences, buildings, water wells, and improvements located on the lease premises. Lessee shall protect and hold Lessor harmless from any claim or claims by any person, firm, or corporation resulting from Lessee's operations, regardless of the merit of any claim.

Lessor


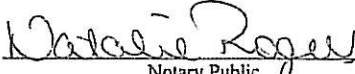
  
Stanley D. Keller, President Tax ID #

**Acknowledgment For Corporation**

STATE OF KANSAS  
COUNTY OF CHEYENNE

Be it remembered that on this 11<sup>th</sup> day of October, 2002, before me, the undersigned, a Notary Public, duly commissioned, in and for the county of Cheyenne and State of Kansas, came Stanley D. Keller, president of Albert Keller Farms, Inc., a corporation of the State of Kansas, personally known to me to be such officer, and to be the same person who executed as such officer the foregoing instrument of writing in behalf of said corporation, and he duly acknowledged the execution of the same for himself and for said corporation 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    
Natalie Rogers  
Notary Public