

For KCC	Use:	
Effective	Date:	
District #	<u> </u>	
0040		

Kansas Corporation Commission Oil & Gas Conservation Division

Form C-1 October 2007 Form must be Typed

### SEPATOR: License#	expected Spud Date:	Spot Description:
SECTION: Regular Interpolar?	monun day year	
tidress 2:	PERATOR: License#	feet from N / S Line of Section
Mote: Locate well on the Section Plat on reverse side)	ame:	feet from E / W Line of Sectio
County: County: County: County: County: County: Lease Name: County:	ddress 1:	Is SECTION: Regular Irregular?
County: County: County: County: County: County: Lease Name: County:	ddress 2:	(Note: Locate well on the Section Plat on reverse side)
Lease Name:	ty: + = State: Zip: +	•
Field Name: Well Drilled For: Well Class: Type Equipment: Well Drilled For: Well Class: Type Equipment: Well Drilled For: Well Class: Type Equipment: Gas Stronge Pool Ext. Air Rotary Disposal Wildoat Gable Selamic; # of Holes Other Well Name: Well Well Well Well Well Well Well Wel		
Target Formation(s): Season Seaso	none:	
Nearest Lease or unit boundary line (in footage): feet N	ONTRACTOR: License#	Is this a Prorated / Spaced Field?
Ground Surface Elevation:	ame:	Target Formation(s):
Ground Surface Elevation:	Well Drilled For: Well Class: Type Equipment:	Nearest Lease or unit boundary line (in footage):
Gas Storage Pool Ext Air Rotary Disposal Di		Ground Surface Elevation:feet MS
Seismic ;		Water well within one-quarter mile:
Depth to bottom of fresh water: Depth to bottom of fresh water: Depth to bottom of usable value and to be accorded by Depth to bottom of usable value Depth to bottom of usable value Depth to the post of condition of usable value Depth to bottom of total poph Depth to bott		Public water supply well within one mile:
Depth to bottom of usable water:		Depth to bottom of fresh water:
Surface Pipe by Alternate:		Depth to bottom of usable water:
Operator: Well Name: Original Completion Date: Original Total Depth: Wall Name: Original Completion Date: Original Completion Date: Original Total Depth: Wall Source for Drilling Operations: Wall Farm Pond Other: Wall Cores be taken? Will Cores be taken? If Yes, proposed zone: AFFIDAVIT Wall Comply with K.S.A. 55 et. seq. Sagreed that the following minimum requirements will be met: 1. Notify the appropriate district office prior to spudding of well: 2. A copy of the appropriate district office prior to spudding of well: 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. **Remember to:* - File Drill Pit Application (form CDP-1) with Intent to Drill; - File completion Form ACD-1 within 120 days of spud date; - File acreage attribution plat according to field proration orders; - Notify appropriate district office deflororation orders; - Submit plugging report (CP-4) after plugging is completed (within 60 days); - Obtain written approval before disposing or injecting and water.		Surface Pipe by Alternate: I I II
Well Name: Original Completion Date: Original Total Depth: Percitonal, Deviated or Horizontal wellbore? West, true vertical depth: Water Source for Drilling Operations: Water Source Well in Farm Pond Other: Water Source We	If OWWO: old well information as follows:	Length of Surface Pipe Planned to be set:
Projected Total Depth:	Operator:	Length of Conductor Pipe (if any):
Water Source for Drilling Operations: Well Farm Pond Other: DWR Permit #: DWR Permit with DWR Will Cores be taken? Well Farm Pond Other: DWR Permit with DWR DWR Permit with DW		D : . IT.ID #
rectional, Deviated or Horizontal wellbore? fes, true vertical depth: Co DKT #:	Original Completion Date: Original Total Depth:	Formation at Total Depth:
DWR Permit #: DWR Permit #: DWR Permit #: DWR Permit #: DWR Permit #: DWR Permit #: DWR Permit #: DWR Permit #: DWR Permit #: DWR Permit #: DWR Permit #: DWR Permit #: DWR Permit #: DWR Permit #: DWR Permit #: DWR Permit #: DWR Permit #		Water Source for Drilling Operations:
Into Hole Location: (Note: Apply for Permit with DWR)		Well Farm Pond Other:
AFFIDAVIT the undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq. sagreed 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. **PI # 15 - File Completion Form ACO-1 within 120 days of spud date; For KCC Use ONLY API # 15 - 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 Yes, proposed zone: AFFIDAVIT It yes, proposed zone: AFFIDAVIT It yes, proposed zone: AFFIDAVIT It yes, proposed zone: It yes, proposed zone: AFFIDAVIT AFFIDAVIT AFFIDAVIT It yes, proposed yeith K.S.A. 55 et. seq. AFFIDAVIT AFFID		
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Approved by: Obtain written approval before disposing or injecting salt water.	Or pursuant to Appendix "B" - Eastern Kansas surface casing order #	
Approved by	Or pursuant to Appendix "B" - Eastern Kansas surface casing order # must be completed within 30 days of the spud date or the well shall b bmitted Electronically For KCC Use ONLY API # 15 Conductor pipe required feet	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;
I It this normit has everyal (Figure 1) they are the figure detailed as a figure of the figure of th	Or pursuant to Appendix "B" - Eastern Kansas surface casing order # must be completed within 30 days of the spud date or the well shall b bmitted Electronically For KCC Use ONLY API # 15 Conductor pipe required feet	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);

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

(This authorization void if drilling not started within 12 months of approval date.)

_ Agent: _

Spud date: _



IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

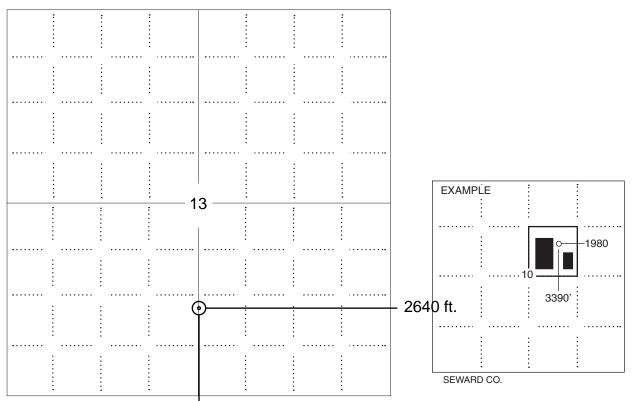
Plat of acreage attributable to a well in a prorated or spaced field

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:	Location of Well: County:
Lease:	feet from N / S Line of Section
Well Number:	feet from E / W Line of Section
Field:	SecTwpS. R 🗌 E 🗍 W
Number of Acres attributable to well:	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.

1200 ft.

In plotting the proposed location of the well, you must show:

- 1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
- 2. The distance of the proposed drilling location from the south / north and east / west outside section lines.
- 3. The distance to the nearest lease or unit boundary line (in footage).
- 4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (C0-7 for oil wells; CG-8 for gas wells).



KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

023090 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):
Settling Pit Drilling Pit Haul-Off Pit Workover Pit Haul-Off Pit (If WP Supply API No. or Year Drilled) Is the pit located in a Sensitive Ground Water Area? Yes No Chloride concentration: (For Emergency Pit Sensitive No Yes No Yes No Depth from ground level to deepest point: (feet)		Feet from East / West Line of Section County Chloride concentration: mg/l (For Emergency Pits and Settling Pits only) How is the pit lined if a plastic liner is not used? Width (feet) N/A: Steel Pits (feet) No Pit	
		ccgy,	
Distance to nearest water well within one-mile	of pit	Depth to shallo	west fresh waterfeet.
feet Depth of water well	feet		redwell owner electric logKDWR
Emergency, Settling and Burn Pits ONLY: Producing Formation: Number of producing wells on lease: Barrels of fluid produced daily: Does the slope from the tank battery allow all flow into the pit? Yes No Submitted Electronically		Type of material Number of work Abandonment	bover and Haul-Off Pits ONLY: al utilized in drilling/workover:
	KCC (OFFICE USE OF	NLY Steel Pit RFAC RFAS
Date Received: Permit Num	ber:	Permi	it Date: Lease Inspection: Yes No

OIL AND GAS LEASE

Harvey E. Moore and Lucille Moore, individually and as Trustees of tr	he Moore AB Trust
301 N. 6th	
Ness City, KS 67560	hereinafter called Lessor (whether one or more)
and American Warrior, Inc.	
herein provided and of the agreements of the lessee herein contained, he investigating, exploring by geophysical and other means, prospecting drilling gases, and their respective constituent products, injecting gas, water, other fit tanks, power stations, telephone lines, and other structures and things there transport said oil, liquid hydrocarbons, gases and their respective constituer otherwise caring for its employees, the following described land, together w	ing, mining and operating for and producing oil, liquid hydrocarbons, al fluids, and air into subsurface strata, laying pipe lines, storing oil, building eon to produce, save, take care of, treat, manufacture, process, store and nt products and other products manufactured therefrom, and housing and with any reversionary rights and after-acquired interest, therein situated in
the County of Ness State of Kansas	
The Southwest Quarter State of Kansas The Southwest Quarter	

Subject to the provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is or can be produced from said land or land with which said land is pooled. If, due to circumstances beyond Lessee's control, Lessee is unable to obtain a rotary drilling rig prior to the expiration of the primary term, Lessor agrees that Lessee shall have a reasonable time, not to exceed ninety (90) days, within which to obtain such rotary drilling rig and commence operations for the drilling of a well.

In consideration of the premises the said lessee covenants and agrees:

1st. To deliver to the credit of lessor, free of cost, in the pipeline to which lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd. To pay lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8), at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (1/8) of the proceeds received by lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. At any time, either before or after the expiration of the primary term of this lease, if there is a gas well or wells on the above land (and, for the purposes of this clause, the term "gas well" shall include wells capable of producing natural gas, condensate, distillate or any gaseous substance and wells classified as gas wells by any governmental authority) and such well or wells are shut-in, before or after production therefrom, lessee or any assignee hereunder may pay or tender annually, within sixty (60) days after the end of each yearly period during which such gas well or gas wells are shut-in, as substitute gas royalty, One Dollar (\$1.00) per net mineral acre retained hereunder, for the acreage then held under this lease, by the party making such payments or tenders, and, if such payments or tenders are made, it shall be considered under all provisions of this lease that gas is being produced from the leased premises in paying quantities.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

If 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 the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for lessee's operation thereon, except water from the wells of lessor.

Lessee shall bury lessee's pipelines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of lessor.

Lessee shall pay for damages caused by lessee's operations to said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

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 their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

Lessee may at any time execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

Lessor herby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and the undersigned lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

State of Kansas Ness County

Book: 297 Page: 509

Receipt *: 370
Pages Recorded: 2
Cashier Initials: MH

Date Recorded: 11/18/2005 9:25:00 AM

Book: 297 Page: 510

Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, 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 oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be into a unit or units not exceeding 40 acres each in the event of an east or unit shift may be produced from said premises, and producing to be into a unit or units not exceeding 40 acres each in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalities on production from the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalities on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated, for all purposes except to royalities on production from the production from a unit so pooled only such portion of the royality stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit into a tractic payment of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit into a first organization of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein acreage basis bears to the total acreage so pooled in the particular unit in the payment of the payment of the payment of the production is herein as the production in the production in the production in the co

If at the end of the primary term, this lease is not otherwise extended by production, leasee or its assigns is hereby granted an

	commission expires
γδ _ε 0Σ _ε	JOTY OF foregoing instrument was acknowledged before me this day of
Мотату Риblic	'LE OE
	commission expires
	foregoing instrument was acknowledged before me this
HOTARY PUBLIC - State of M. Bernice Moor	TATY OF
out with the state of the state	Sommission expires
	TE OF COT COSTS OF THE OFFICE THE THIS COSTS OF THE OFFICE THE THIS COSTS OF THE OFFICE THE THIS COSTS OF THE OFFICE THE
:# xeT to #SS	
:# xbT to #22	Cille Moore, Individually and as Trustee
:#xeT 10. 22	rvey E. Moore, Individually and as Trustee
·uə	WITNESS WHEREOF, we sign the day and year first above writte

Notary Public

OIL AND GAS LEASE

THIS AGREEMENT, En	itered into this the 22nd day of 0	ctober	· · · · · · · · · · · · · · · · · · ·	, 20 <u>_05</u>	between
Paul Schwien and Dia	nne Trankel Schwien, his wife				
PO Box 172					
Bazine, KS 67516			hereinafter o	called Lessor (wheth	er one or more),
and American Warrior,	, Inc.				
				,hereinafte	r called Lessee:
herein provided and of investigating, exploring I gases, and their respectiv tanks, power stations, tel transport said oil, liquid	on of Ten (10) & O.V.C. the agreements of the lessee her by geophysical and other means, e constituent products, injecting glephone lines, and other structure hydrocarbons, gases and their resimployees, the following described State of Kansa	ein contained, hereby g prospecting drilling, min as, water, other fluids, as and things thereon to pective constituent produ I land, together with any	rants, leases and lets exclus- ing and operating for and pro- nd air into subsurface strata, loroduce, save, take care of, to lets and other products manu-	ively unto lessee for roducing oil, liquid laying pipe lines, sto treat, manufacture, pufactured therefrom, -acquired interest, the	or the purpose of hydrocarbons, all bring oil, building process, store and and housing and
The Southeast Quarte	r (SE/4)			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	<u> </u>
In Section 13	, Township 19 South	, Range 22 West	, and containing 16	0 acres, mor	re or less, and all
accretions thereto.	1				
Subject to the provisi	ons herein contained, this lease sh	all remain in force for a	erm of Three (3)	years from this	date (called

In consideration of the premises the said lessee covenants and agrees:

to obtain such rotary drilling rig and commence operations for the drilling of a well.

1st. To deliver to the credit of lessor, free of cost, in the pipeline to which lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

"primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is or can be produced from said land or land with which said land is pooled. If, due to circumstances beyond Lessee's control, Lessee is unable to obtain a rotary drilling rig prior to the expiration of the primary term, Lessor agrees that Lessee shall have a reasonable time, not to exceed <u>ninety</u> (90) days, within which

2nd. To pay lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8), at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (1/8) of the proceeds received by lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. At any time, either before or after the expiration of the primary term of this lease, if there is a gas well or wells on the above land (and, for the purposes of this clause, the term "gas well" shall include wells capable of producing natural gas, condensate, distillate or any gaseous substance and wells classified as gas wells by any governmental authority) and such well or wells are shut-in, before or after production therefrom, lessee or any assignee hereunder may pay or tender annually, within sixty (60) days after the end of each yearly period during which such gas well or gas wells are shut-in, as substitute gas royalty, One Dollar (\$1.00) per net mineral acre retained hereunder, for the acreage then held under this lease, by the party making such payments or tenders, and, if such payments or tenders are made, it shall be considered under all provisions of this lease that gas is being produced from the leased premises in paying quantities.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

If 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 the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for lessee's operation thereon, except water from the wells of lessor.

Lessee shall bury lessee's pipelines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of lessor.

Lessee shall pay for damages caused by lessee's operations to said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

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 their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

Lessee may at any time execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

Lessor herby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and the undersigned lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

State of Kansas Ness County

Book: 297 Page: 505

Recording Fee: \$12.00

Receipt #: 370
Pages Recorded: 2
Cashier Initials: MH

Date Recorded: 11/18/2005 9:15:00 AM

Book: 587 Page: 506

Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, 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 oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled acreage. The entire acreage so pooled only such portion of the royalty stipulated herein so the treated as if production is had from this lease, whether the well or wells be located only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

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