



1029504

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

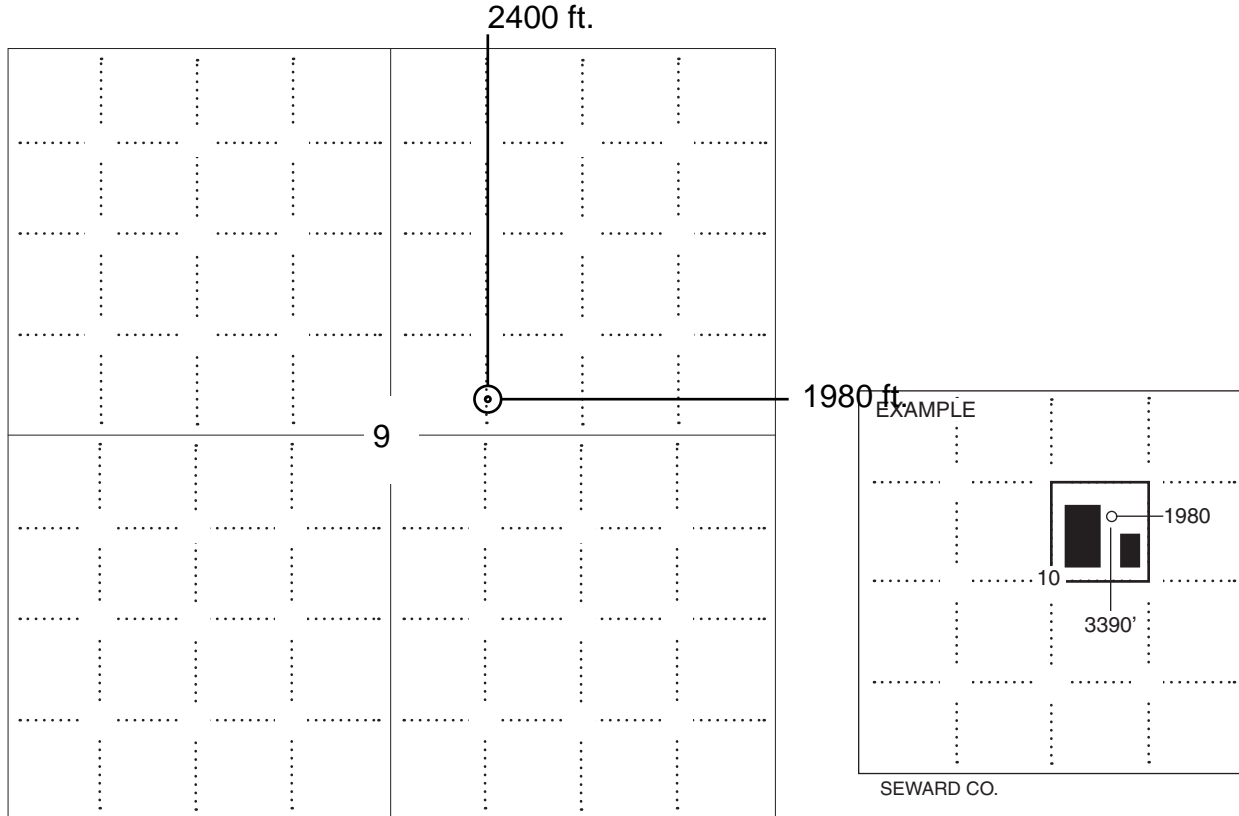
If Section is Irregular, locate well from nearest corner boundary.

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 1029504
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	
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 spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No		Drilling, Workover and Haul-Off Pits ONLY: 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			

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

208

28-15-10

GAS LEASE

AGREEMENT, made and entered into the 23rd day of July, 2002, by and between JEFFREY W. PIERPOINT and wife, JILL A. PIERPOINT hereinafter called LESSOR, and MISSION LAND SERVICES, LLC, P. O. Box 849, Traverse City, Michigan 49865-0849, hereinafter called LESSEE.

WITNESSETH, That the LESSOR, for and in consideration of Ten and No/100 Dollars cash in hand paid, the receipt and sufficiency of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by those presents does grant, demise, lease and let exclusively unto the said LESSEE, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and gas of whatsoever nature or kind, including all hydrocarbon and non-hydrocarbon substances produced in association therewith, with the term "gas" specifically including coal bed methane gas and occluded gas from coal seams, helium, carbon dioxide, gaseous sulphur compounds, and other commercial gases, as well as normal hydrocarbon gases, with rights of way and easements for laying pipe lines, and erections of structures thereon to produce and take care of said products (including dewatering of coal bed gas wells), all that certain tract of land situated in the Counties of Wilson, State of Kansas, described as follows, to wit:

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E/2 East of Creek and North of River Section 9, T 28 S, R 15 E; East 510 feet of the South 165 feet SW/4, Section 3 T 28 S, R 15 E; NW/4 Section 10, T 27 S, R 15 E; SW/4 West of River Section 10, T 28 S, R 15 E; 1.7 acres of land, more or less, Beginning 30 feet South and 1188 feet East of the NW corner NW/4, thence east 445 feet, thence south 168 feet, thence west 445 feet north to POB Section 10, T 28 S, R 15 E

together with any reversionary rights therein, and together with all strips, or parcels of land, (not, however, to be construed to include parcels comprising a regular 40-acre legal subdivision or lot of approximately corresponding size) adjoining or contiguous to the above-described land and owned or claimed by LESSOR, and containing 371.46 acres, more or less. Notwithstanding any other term of this lease to the contrary, there is excepted from the lands previously described, a square tract or tracts 20 feet North to South and 20 feet East to West centered upon any unplugged and abandoned oil and/or gas well located upon the property previously described.

1. It is agreed that this lease shall remain in force for a primary term of Five (5) years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but LESSEE is then engaged in drilling, reworking or dewatering operations thereon, then this lease shall continue in force so long as dewatering or drilling operations are being continuously prosecuted on the leased premises or on acreage pooled therewith; and drilling operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If, after discovery of oil or gas on said land or on acreage pooled therewith, dewatering operations and the production of oil or gas should cease from any cause after the primary term, this lease shall not terminate if LESSEE commences additional drilling, reworking or dewatering operations within ninety (90) days from the date of cessation of the dewatering operation or production or from date of completion of a dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as dewatering operations continue or oil or gas is produced from the leased premises or on acreage pooled therewith.

2. This is a PAID-UP LEASE. For consideration herein paid to LESSOR by LESSEE, LESSOR agrees that LESSEE shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term.

- 3. In consideration of the premises the said LESSEE covenants and agrees:
 - 1st, To deliver to the credit of LESSOR, free of cost, in the pipe line to which LESSEE may connect wells of said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.
 - 2nd, To pay LESSOR one-eighth (1/8) of the gross proceeds each year, payable monthly, for the gas produced and saved from each well where gas only is found, while the same is being used off the premises, and if used for the manufacture of gasoline a royalty of one-eighth (1/8), payable monthly, at the prevailing market rate for gas.
 - 3rd, To pay LESSOR for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product thereof royalty of one-eighth (1/8) of the proceeds, payable monthly, at the prevailing market rate.

No costs of leasing, drilling, equipping, producing, constructing or maintaining gas lines or transportation costs from the wellhead to and including the major pipeline, or any other charges of any kind other than applicable pro rata taxes, shall be deducted in any manner from LESSOR'S royalties. Only pro rata deductions for major pipeline transportation expenses incurred from the point of connection to the major pipeline to the actual market where the gas is sold are permitted.

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Gas selling prices must be the result of bona fide arms length negotiations and agreements with a third party which is not a subsidiary, parent or affiliate of LESSEE.

4. Where gas from a well capable of producing gas (or from a well in which dewatering operations have commenced) is not sold or used, LESSEE may pay or tender as royalty to the LESSOR One Dollar (\$1.00) per year per net royalty acre, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of ninety days from the date such well is shut in or dewatering operations are commenced and thereafter on or before the anniversary date of this during the period such well is shut in or dewatering operations are being conducted. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease for a period of one year from the date of said anniversary date. A well may not be shut in for more than two (2) years.

5. If said LESSOR owns a less interest in the above-described land other than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid to LESSOR only in the proportion which LESSOR'S interest bears to the whole and undivided fee.

6. LESSEE shall have the right to use, free of cost, gas, oil and water produced on said land for LESSEE'S operation thereon and transportation, except water from the wells of LESSOR.

7. When requested by LESSOR, LESSEE shall bury LESSEE'S pipeline below plow depth.

8. No well shall be drilled with a surface location nearer than 200 feet to the house or barn now on said premises without written consent of LESSOR.

9. LESSEE shall pay for damages caused by LESSEE'S operations to growing crops on said land.

10. LESSEE shall have the right, but not the obligation, at any time to remove all machinery and fixtures placed on said premises, including the right to draw and removing casing.

11. The rights of LESSOR and LESSEE hereunder may be assigned in whole or part. No change in ownership of LESSOR'S interest (by assignment or otherwise) shall be binding on LESSEE until LESSEE has been furnished with notice, consisting of certified copies of all recorded 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. No other kind of notice, whether actual or constructive, shall be binding on LESSEE. No present or future division of 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 LESSEE'S operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

12. LESSEE shall conduct its operations in a good and workmanlike manner, as would a prudent operator under the same or similar circumstances, in compliance with all applicable rules and regulations of any regulatory body having jurisdiction on such operations. LESSEE shall comply with all laws and regulations of any governmental body claiming jurisdiction over the lands covered by this lease or the person of the LESSOR herein and in so complying, LESSEE shall not be responsible for determining the legality, validity or constitutionality of any such law or regulation enacted or issued by any such governmental body. In determining the residence of LESSOR for the purpose of complying with such laws or regulations, LESSEE may rely upon the address of LESSOR herein set forth or upon the last known address of LESSOR. Neither any error in the determination of the residence or status of LESSOR nor an error in the payment of any sums of money due or payable to LESSOR under the terms of this lease which is made during the course of, or as a result of, LESSEE'S good faith efforts to comply with any such laws or regulations shall terminate this lease or constitute grounds for any cause of action against LESSEE. All of LESSEE'S obligations and covenants hereunder, whether express or implied, shall be suspended at the time or from time to time as compliance with any thereof is prevented or hindered by or is in conflict with federal, state, county or municipal laws, rules, regulations or Executive Order asserted as official by or under public authority claiming jurisdiction, or act of God, adverse field, weather, or market conditions, inability to obtain materials in the open market or transportation thereof, war, strikes, lockouts, riots, or other conditions or circumstances not wholly controlled by LESSEE, and this lease shall not be terminated in whole or in part, nor LESSEE held liable in damages for failure to comply with any such obligations or covenants if compliance therewith is prevented or hindered by or is in conflict with any of the foregoing eventualities. The time during which LESSEE shall be prevented from conducting production, drilling, dewatering or reworking operations during the primary term of this lease, under the contingencies stated above, shall be added to the primary term of the lease.

13. LESSOR hereby 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 LESSOR, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.


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14. Should any one or more of the parties hereinabove named as LESSOR fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as LESSOR. The word "LESSOR" as used in this lease shall mean any one or more of all the parties who execute this lease as LESSOR. All the provisions of this lease shall be binding on the heirs, successors and assigns of LESSOR and LESSEE.

15. This lease may, at LESSEE'S option, be extended as to all or part of the lands covered hereby for an additional primary term of Five (5) years commencing on the date that the lease would have expired but for the extension. LESSEE may exercise its option by paying or tendering to LESSOR an extension payment equal to the bonus paid at inception of this lease, said bonus to be paid or tendered to LESSOR in the same manner as provided in Paragraph numbered 4 hereof with regard to the payment of shut-in royalties. If LESSEE exercises this option, the primary term of this lease shall be considered to be continuous, commencing on the date of the lease and continuing from that date to the end of the extended primary term. LESSEE'S option shall expire sixty (60) days following expiration of the primary term stated in Paragraph numbered 1 above.

16. The attached Addendum is incorporated herein by reference and made a part hereof.

IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

LESSORS:

LESSEE:

MISSION LAND SERVICES, L.L.C.

Jeffrey W. Pierpoint
JEFFREY W. PIERPOINT,

By Calvin Eng

Jill A. Pierpoint
JILL A. PIERPOINT

513-48-4631
TAX ID #

STATE OF KANSAS, COUNTY OF Woodson, ss:

The foregoing instrument and attached Addendum was acknowledged before me on this 23rd day of July, 2002, by JEFFREY W. PIERPOINT and JILL A. PIERPOINT, husband and wife.

My commission expires:



Nancy L. Fife
Notary public

State of Kansas, County of Woodson, ss:

The foregoing instrument and attached Addendum was acknowledged before me on this 23rd day of July, 2002, by Calvin Eng, as Agent of MISSION LAND SERVICES, L.L.C.

My commission expire:



Nancy L. Fife
Notary public

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ADDENDUM
Gas Only

Attached to and made a part of that certain oil and gas lease dated July 23rd, 2002 by and between **JEFFREY W. PIERPOINT and JILL A. PIERPOINT**, husband and wife, LESSOR and **MISSION LAND SERVICES, L.L.C.**, a Michigan corporation, LESSEE:

All terms contained in This Addendum shall be controlling, and any conditions or terms on the printed lease which are inconsistent with the terms herein shall be void. Notwithstanding provisions of the printed lease, rights of exploration and production extend to gas rights only. Rights for exploration and production of oil are reserved to LESSOR and may be leased to third parties.

1. Expiration.

It is hereby understood and agreed that after the expiration of the primary term herein and in the event a portion or portions of the land herein leased is pooled or unitized with other land so as to form a pooled unit or units, operations on or production from such unit or units will maintain this Lease in force only as to the land included in said unit or units. This Lease, as to land not included in said unit or units shall revert to LESSOR unless extended. Any acreage not so extended shall be released by LESSEE at LESSOR'S request.

2. Guaranteed Royalty.

Notwithstanding any other provisions for shut-in royalty, continuous drilling or provisions for pooling or unitization, it is expressly understood that at the end of the primary term of this lease, if on an annual calendar year basis, the royalty monies paid to LESSOR hereunder during the previous calendar year are less than the greater of \$ 1,857.30 or \$5.00 per net mineral acre then leased, LESSEE shall, at or prior to the end of sixty (60) days after the end of such calendar year pay to LESSOR or deposit to the credit of LESSOR a sum of money equal to the difference between the greater of \$1,857.30 or \$5.00 per net mineral acre then leased and the total of all royalty monies on production so paid to LESSOR during such calendar year. If LESSEE fails to make such minimum royalty payment, LESSOR shall notify LESSEE via certified mail delivered to LESSEE'S address that the minimum royalty as provided herein is insufficient. This lease shall thereafter terminate unless LESSEE shall within thirty (30) days pay the difference following receipt of such notification. On the fifteen (15) year anniversary date of this Lease, the guaranteed royalty provided for above shall increase to the greater of \$3,714.60 or \$10.00 per net mineral acre then leased. On the thirty (30) year anniversary date of this Lease, the guaranteed royalty shall increase to the greater of \$5,571.90 or \$15.00 per net mineral acre then leased.

3. Road Maintenance.

LESSEE will maintain any roads constructed by LESSEE or any existing roads of LESSOR'S used by LESSEE in its operations, so that the roads are maintained in such conditions to adequately provide for LESSEE'S operations. All roads used by LESSEE in its operations will be maintained in such a condition as to allow normal car usage. Further, during the time drilling operations are being conducted or any other times when any of the LESSOR'S present roads are being used for transporting oil, machinery and/or being traveled by any motor vehicle larger than an automobile or a ¾ Ton Pickup Truck, the LESSEE shall always keep LESSOR'S roads maintained and/or graded so that LESSOR'S roads are smooth and passable for automobile traffic.

4. Continuous Drilling/Development.

It is hereby understood and agreed that at the end of the primary term of this lease, the lease shall not terminate as to the undeveloped acreage so long as production has been obtained and is continuing on some part of the leased land, or a gas well located on some part of the leased land is shut in as provided herein, or so long as operations for drilling or reworking are being conducted on some part of the undeveloped acreage of the leased land, unless the LESSEE fails to continuously develop the undeveloped acreage in accordance with the following terms and provisions:

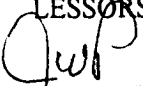
Within three hundred sixty-five (365) days following the expiration of the primary term, or within three hundred sixty-five (365) days following the completion of each well capable of production, or within three hundred sixty-five (365) days following the completion of each dry hole, actual drilling operations must be commenced on a new well, or else the lease shall terminate as to the undeveloped acreage.

As each well is drilled on the undeveloped acreage, the LESSEE shall designate the new proration unit acreage which is to be maintained and not terminated and a description or plat identifying such proration unit acreage, not to exceed 160 acres per well.

As to all wells hereunder, the completion date of nonproducing wells shall be the date of final plugging and abandonment and the completion date of producing wells shall be the date the well is physically completed and capable of production, including the completion of the potential and all other tests, including but not limited to the dewatering process necessary for the production of hydrocarbons and coal bed methane gas.

With reference to the continuous development obligation described above, the LESSEE shall not be allowed to accumulate any time which is not expended on the 365 day limit between completion of one well and commencement of the next well.

The obligation for continuous development of undeveloped acreage shall not be suspended or extended if the LESSEE is prevented from complying with such provisions of the lease due to an act of God, flood, physical impossibility, fire, strike, scarcity or inability to obtain or use equipment or material or any other event beyond the control of LESSEE except where prevented by governmental laws, rules or regulations, or except upon written approval of such suspension or extension by LESSORS, which approval shall not be unreasonably withheld.


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5. Road location.

LESSEE and LESSOR shall mutually agree on routes of ingress and egress for operations on the leased premises. LESSOR acknowledges that LESSEE shall require adequate access without delay for personnel and equipment required for LESSEE'S operations. Where requested by LESSOR, all roads added by LESSEE shall run parallel to crop rows planted or to be planted at time of road installation. Gravel roads shall not cross drainage ditches or terrace channels. When entering tilled fields or fields with planted crops, routes of ingress and egress shall parallel tilled or planted rows.

6. Facility Location.

In the event production of oil and/or gas is obtained under this lease, LESSEE and LESSOR shall mutually agree upon the location of production equipment such as tanks, pipelines and access roads, and the agreement of LESSOR shall not be unreasonably withheld. LESSOR acknowledges that such facilities are necessary for the operation of this lease. LESSEE shall provide LESSOR with a map of leased premises showing current well, pipeline, flow line and electric line locations on LESSOR'S property annually and in addition when requested by LESSOR. LESSEE shall, on an annual basis, provide in writing to LESSOR the LESSEE'S current address and telephone number, together with the name, address and telephone number of the operator for the Lease, if different than LESSEE.

7. Gates.

In the event LESSEE drills a well or wells on the leased premises, unless excused or waived in writing by LESSOR, LESSEE shall place a gate so as to restrict access to the premises to authorized personnel. Any such gate shall be large enough to permit LESSOR'S farm machinery and equipment access to the property. LESSEE shall lock the gates all times that LESSEE or its personnel are not physically on the premises. LESSOR shall be provided with key(s) necessary for LESSOR'S access through such gates. The purpose of the gates is to protect LESSOR'S property. LESSOR bears no responsibility or liability to insure the gates are locked, provided that if left unlocked by LESSOR, resulting theft or destruction of LESSOR property by third party trespassers shall not be the responsibility of LESSEE.

8. Water Wells.

Should LESSEE elect to abandon any well drilled by LESSEE on the leased premises, which well is capable of producing fresh water, before plugging said well LESSEE shall offer said well to LESSOR and LESSOR may, at his election, take over the well upon payment to LESSEE of the fair market value of any casing in the well, subject to any rules and regulations of any regulatory agency with jurisdiction. In the event LESSOR takes over said well, LESSOR does hereby assume all liability for plugging thereof, and hereby agrees to indemnify and hold harmless the LESSEE from any liability therefore.

9. Spud fee.

In the event LESSEE elects to drill a well on any parcel of the herein described leased premises, LESSEE agrees to pay LESSOR a spud fee of five hundred dollars (\$500.00), per well site location, prior to commencement of operations.

10. Pipelines.

It is hereby understood and agreed that for all pipelines which serve other leases in addition to the hereinabove leased premises, LESSEE shall pay as damages the sum of \$5.00 per rod together with market value of growing crops destroyed, if any. Pipeline location shall be governed by provisions for facility location to minimize crop loss, interference with waterways and terraces, and otherwise minimize interference with LESSOR'S use of the property. Provisions for surface restoration, and damages subsequent to installation shall apply to pipeline operation.

11. Lease Appearance.

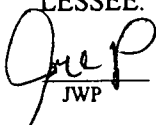
No open salt-water pits or ditches shall ever be maintained on the premises. All storage tanks, separators and compressors shall be kept as a group on the above described drilling and operation sites located on the lease premises and all oil or gas wells shall be neatly, attractively and adequately fenced and enclosed by LESSEE so as to reasonably protect persons and livestock from injury. LESSEE shall at all times conduct and keep all of its operations including said equipment, neat in appearance, in proper condition and well painted to blend in as naturally as possible with the surroundings and as to not lower the land value of the areas for agriculture and/or industrial use, and consistent with the highest and best standards of the oil and gas industry.

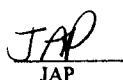
12. Irrigated Land.

It is hereby understood and agreed that if a well or wells drilled are located on irrigated lands, that all above ground equipment, including but not limited to pumping units and tank battery facilities shall be located as near to existing roads and fence lines as possible. All pumping units in irrigated fields shall be skidded and raised above surface of the leased premises. Pumping units shall be set parallel with the running of the water. During irrigation by LESSOR, pump jacks and other leasehold appurtenances in the irrigation area served by center pivot irrigation shall be situated, modified or temporarily removed, if necessary, so they do not impede the center pivot irrigation. LESSOR shall provide reasonable advance notice not less than seven (7) days prior to commencement of center pivot irrigation.

13. Assignment.

As a material inducement to LESSOR to enter into this lease, it is hereby acknowledged and agreed that LESSEE may assign this lease in whole or in part to any affiliate of LESSEE and in such event shall give LESSOR prompt written notice of such assignment. No assignment of this lease shall be made to any other entity without the prior written consent of LESSOR, which shall not be unreasonably withheld; provided, however, that the consent of LESSOR shall not be deemed to have been unreasonably withheld if any proposed assignee shall not be an entity having a reputation, level of experience and financial resources at least substantially equivalent to that of LESSEE. For purposes of this paragraph, an "affiliate of LESSEE shall mean a direct or indirect subsidiary of LESSEE or other entity controlled by or under common control with LESSEE.


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14. LESSOR Gas Usage.

In addition to royalty, and free of charge to LESSOR for the gas reserved hereby, but at LESSOR'S risk and expense for making connections, and consistent with LESSEE'S reasonable safety standards, LESSOR hereby reserves the right to use gas from any gas well on the leased premises for use in LESSOR'S stoves, water heaters and heating of LESSOR'S principal dwelling on the leased premises. LESSOR may also use gas for LESSOR'S existing shop or garage or other operations so long as LESSOR'S total usage of gas for all LESSOR'S purposes does not exceed 5,000 cubic feet of gas per any given day; this courtesy provision of gas for LESSOR does not constitute a cumulative right or reservation of any quantity of gas as to such gas not used by LESSOR on any given day. If LESSOR shall use gas from any gas well, LESSOR shall save, hold harmless, defend and indemnify LESSEE from any claim asserted against LESSEE arising out of or in connection with LESSOR'S use of such gas, and for any act or omission by LESSOR, and further releases LESSEE from any claim for use of such gas notwithstanding that such gas has not been treated with an "odor" agent.

15. Line Burial.

LESSEE shall bury all pipelines and electric lines at least below plow depth, but not less than 36 inches below the surface of leased premises, and upon reasonable request, lower pipelines, electric lines, flowlines, gathering lines, etc. to allow terracing, waterway construction, or other improvement to the surface by LESSOR for agricultural purposes.

16. Surface Use Limitation; Injection or Disposal Well(s).

LESSEE shall not use the surface of the land for storage of supplies and equipment except as may be necessary for current gas operations on and benefiting solely LESSOR'S land. LESSEE may not cause living quarters to be constructed or placed upon the property. LESSEE shall not install a gas processing plant, dehydration plant, salt water storage facilities, or other facility which benefits property other than LESSOR'S property except by separate written agreement for agreed compensation. PROVIDED that if LESSEE is using a well or wells on LESSOR'S property for salt water or other fluid disposal or injection serving property other than LESSOR'S property, LESSEE shall pay LESSOR \$350.00 per month per well for each such injection or disposal well or wells located on LESSOR'S property.

17. Workmanlike Operations.

LESSEE shall operate the lease in a workmanlike manner, to close and secure all gates located on the leased premises, to not cut any fences, to repair any fences damaged by LESSEE, and to repair terraces or waterways, if damaged.

18. Timber.

LESSEE shall not cut or remove any timber or timber products without the express written consent of LESSOR'S.

19. Release.

LESSEE shall release the lease of record within thirty (30) days after termination of the lease and at LESSEE'S expense, if requested by LESSOR, to bring LESSOR'S abstract of title up to date to show the release and any other matters of record relating to this lease. LESSEE may elect to release or surrender only a portion of the leased premises in which event LESSEE shall be relieved of the obligation to develop but otherwise shall remain obligated for damages, surface restoration, and other obligations of LESSEE.

20. Well Plugging.

In the event LESSEE shall drill a dry hole well on this lease, or in the event a well is permanently abandoned, the well shall be plugged immediately in accordance with Kansas Corporation Commission requirements.

21. Termination.

Upon termination of this lease for any reason, LESSEE shall pull and plug all wells, remove all LESSEE'S machinery and other property. If LESSEE fails to remove LESSEE'S equipment and other property within one hundred twenty (120) days after termination of the lease, such property shall, at the option of LESSOR, become the property of LESSOR free of all right, title or interest of LESSEE. LESSEE agrees to restore land to the same condition as of the date of this lease as nearly as possible.

22. Damages; Restoration of Surface.

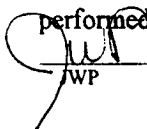
LESSEE shall pay for damages caused by LESSEE'S operations to crops on the leased premises and to pay for all other damages caused by LESSEE, including but not limited to damages to livestock, waterways and terraces. In addition, when LESSEE'S operations or lines damage LESSOR'S irrigation lines and/or related electric lines, LESSEE shall repair and restore the same at LESSEE'S expense. LESSEE acknowledges it may be necessary to place LESSEE'S lines below LESSOR'S buried irrigation lines and or related electric lines. LESSEE or his assigns agree in the event of drilling operations to restore the surface of the land to its original contour and condition as nearly as is reasonably practicable. LESSEE or his assigns shall consult with LESSOR as to route of ingress and egress and location of equipment on the leased premises.

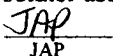
23. Pits.

LESSEE shall not make any pits except when necessary to drill or service a well; within ninety (90) days after drilling or servicing a well, a pit shall be pumped out, filled in with original soil and leveled. All top soil shall be piled separately and returned to the surface when the pits are filled.

24. Roads; ATV; Rental.

LESSEE shall make only one road to each well, to make no roads exceeding eighteen (18) feet in width, and to properly maintain such roads. Existing roads may be used and maintained by LESSEE. LESSOR may use all such roads. Upon request by LESSOR, LESSEE shall not construct a permanent road to a wellsite in planted fields to reduce crop loss. In that event, after wells are drilled and equipped for production, LESSEE'S routine maintenance and inspection shall be performed by personnel using small four-wheel all-terrain vehicles (ATV's) rather than regular size autos, trucks, or other


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vehicles. An annual rental of \$150.00 per acre for roads in planted fields shall be paid by LESSEE.

25. Well Location.

Before commencing any drilling operation, LESSEE shall notify LESSOR of the drill site in writing, to which OWNER may object in writing. IF no objection by LESSOR is made within 10 days, LESSEE may proceed at that location(s). If objection is made, LESSEE and LESSOR shall meet to determine agreeable drilling sites. LESSOR shall not unreasonably withhold consent

26. CRP.

If any part of the leased premises are subject to or enrolled in the Conservation Reserve Program, LESSEE shall re-seed to grass all areas thereof affected by LESSEE'S operations and hold LESSOR harmless from penalties or liquidated damages assessed by the Department of Agriculture, the Soil Conservation Service or the Agricultural Stabilization and Conservation Service under the Conservation Reserve Program as a result of LESSEE'S operations.

27. LESSEE Use.

LESSEE shall have the right to use, free of cost, gas, oil, and water produced on said land for his operations thereon. Water from wells of LESSOR, or from ponds of LESSOR may not be used without LESSOR'S written consent.

28. Pooling.

LESSEE may propose pooled spacing units approved by any governmental authority, and LESSOR'S formal consent and cooperation shall not be unreasonably withheld. Drilling or reworking operations upon or production from any part of any such spacing unit shall be considered for all purposes of this Lease as operations or production from this Lease. LESSEE shall allocate to this Lease the proportionate share of production which the acreage in this Lease included in any such spacing unit bears to the total acreage in said spacing unit. A development pooled unit shall not exceed 300 acres without consent of LESSOR.

29. Late Payment.

Any payment due hereunder which is made more than thirty (30) days after its due date shall have added thereto a five percent (5%) penalty payable to LESSOR, plus statutory interest, subject to LESSEE'S right to abandon a site or portion of a right-of-way as stipulated herein and thereafter not be liable for future payments as to said abandoned site or right-of-way portion.

30. Prepayment.

All payments made hereunder for initial operations within each particular wellsite location, whether such operations involve drilling production well or stratigraphic test holes, building roadways, or installing gathering systems and other equipment, must be made by LESSEE to LESSOR at least fifteen (15) days in advance of the contemplated operation or activity. Subsequent anniversary checks where provided herein shall be made by mailing such to LESSOR on or before said anniversary date. The LESSOR agrees to notify LESSEE of any change in the party to be identified as LESSOR under this Lease, which change might be caused by any conveyances or descent from the original LESSOR hereunder, so that LESSEE may be informed of changes in the proper payee for payments made under this Lease. It is understood and agreed that the covenants made by LESSEE to LESSOR under this Lease are covenants running with the surface ownership of the subject lands, and that said rights must pass with said ownership and are not subject to retention by the party identified herein as OWNER in the event of such a change in surface ownership.

31. LESSOR Operations. It is understood that LESSOR shall continue to use the surface for farming and agricultural and other purposes, and LESSOR shall not be liable to LESSEE for interruption or damage to LESSEE'S operations under this lease unless LESSOR acts are willful, wanton , or constitute gross negligence.

32. Bonus Payment.

This Lease shall not be valid unless payment of the initial bonus agreed to is received within thirty (30) days of LESSOR'S execution of this lease.

33. Execution.

This Lease and Addendum shall be executed in triplicate, two (2) executed originals to be held by LESSOR and one (1) executed original to be held by LESSEE. LESSEE may elect to file of record only an agreed Memorandum of the Lease in lieu of the actual Lease and Addendum. Upon written request of LESSOR, LESSEE shall record the actual Lease and Addendum with the Register Of Deeds for the county or counties where the leased property is situated. Such recording request may not be made before two (2) years following execution of this Lease. If LESSEE fails to record the lease following written request permitted herein, LESSOR may record the Lease and Addendum and LESSEE shall reimburse LESSOR for recording fees.

LESSORS:

LESSEE:

Mission Land Services, L.L.C.

By Jeffrey W. Pierpoint
Jeffrey W. Pierpoint

By Calvin Ezy

By Jill A. Pierpoint
Jill A. Pierpoint

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GAS LEASE

AGREEMENT, made and entered into the 23rd day of July, 2002, by and between JEFFREY W. PIERPOINT and wife, JILL A. PIERPOINT hereinafter called LESSOR, and MISSION LAND SERVICES, LLC, P. O. Box 849, Traverse City, Michigan 49865-0849, hereinafter called LESSEE.

WITNESSETH, That the LESSOR, for and in consideration of Ten and No/100 Dollars cash in hand paid, the receipt and sufficiency of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by those presents does grant, demise, lease and let exclusively unto the said LESSEE, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and gas of whatsoever nature or kind, including all hydrocarbon and non-hydrocarbon substances produced in association therewith, with the term "gas" specifically including coal bed methane gas and occluded gas from coal seams, helium, carbon dioxide, gaseous sulphur compounds, and other commercial gases, as well as normal hydrocarbon gases, with rights of way and easements for laying pipe lines, and erections of structures thereon to produce and take care of said products (including dewatering of coal bed gas wells), all that certain tract of land situated in the Counties of Wilson, State of Kansas, described as follows, to wit:

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E/2 East of Creek and North of River Section 9, T 28 S, R 15 E; East 510 feet of the South 165 feet SW/4, Section 3 T 28 S, R 15 E; NW/4 Section 10, T 27 S, R 15 E; SW/4 West of River Section 10, T 28 S, R 15 E; 1.7 acres of land, more or less, Beginning 30 feet South and 1188 feet East of the NW corner NW/4, thence east 445 feet, thence south 168 feet, thence west 445 feet north to POB Section 10, T 28 S, R 15 E

together with any reversionary rights therein, and together with all strips, or parcels of land, (not, however, to be construed to include parcels comprising a regular 40-acre legal subdivision or lot of approximately corresponding size) adjoining or contiguous to the above-described land and owned or claimed by LESSOR, and containing 371.46 acres, more or less. Notwithstanding any other term of this lease to the contrary, there is excepted from the lands previously described, a square tract or tracts 20 feet North to South and 20 feet East to West centered upon any unplugged and abandoned oil and/or gas well located upon the property previously described.

1. It is agreed that this lease shall remain in force for a primary term of Five (5) years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but LESSEE is then engaged in drilling, reworking or dewatering operations thereon, then this lease shall continue in force so long as dewatering or drilling operations are being continuously prosecuted on the leased premises or on acreage pooled therewith; and drilling operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If, after discovery of oil or gas on said land or on acreage pooled therewith, dewatering operations and the production of oil or gas should cease from any cause after the primary term, this lease shall not terminate if LESSEE commences additional drilling, reworking or dewatering operations within ninety (90) days from the date of cessation of the dewatering operation or production or from date of completion of a dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as dewatering operations continue or oil or gas is produced from the leased premises or on acreage pooled therewith.

2. This is a PAID-UP LEASE. For consideration herein paid to LESSOR by LESSEE, LESSOR agrees that LESSEE shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term.

3. In consideration of the premises the said LESSEE covenants and agrees:
- 1st, To deliver to the credit of LESSOR, free of cost, in the pipe line to which LESSEE may connect wells of said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.
 - 2nd, To pay LESSOR one-eighth (1/8) of the gross proceeds each year, payable monthly, for the gas produced and saved from each well where gas only is found, while the same is being used off the premises, and if used for the manufacture of gasoline a royalty of one-eighth (1/8), payable monthly, at the prevailing market rate for gas.
 - 3rd, To pay LESSOR for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product thereof royalty of one-eighth (1/8) of the proceeds, payable monthly, at the prevailing market rate.

No costs of leasing, drilling, equipping, producing, constructing or maintaining gas lines or transportation costs from the wellhead to and including the major pipeline, or any other charges of any kind other than applicable pro rata taxes, shall be deducted in any manner from LESSOR'S royalties. Only pro rata deductions for major pipeline transportation expenses incurred from the point of connection to the major pipeline to the actual market where the gas is sold are permitted.

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Gas selling prices must be the result of bona fide arms length negotiations and agreements with a third party which is not a subsidiary, parent or affiliate of LESSEE.

4. Where gas from a well capable of producing gas (or from a well in which dewatering operations have commenced) is not sold or used, LESSEE may pay or tender as royalty to the LESSOR One Dollar (\$1.00) per year per net royalty acre, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of ninety days from the date such well is shut in or dewatering operations are commenced and thereafter on or before the anniversary date of this during the period such well is shut in or dewatering operations are being conducted. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease for a period of one year from the date of said anniversary date. A well may not be shut in for more than two (2) years.

5. If said LESSOR owns a less interest in the above-described land other than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid to LESSOR only in the proportion which LESSOR'S interest bears to the whole and undivided fee.

6. LESSEE shall have the right to use, free of cost, gas, oil and water produced on said land for LESSEE'S operation thereon and transportation, except water from the wells of LESSOR.

7. When requested by LESSOR, LESSEE shall bury LESSEE'S pipeline below plow depth.

8. No well shall be drilled with a surface location nearer than 200 feet to the house or barn now on said premises without written consent of LESSOR.

9. LESSEE shall pay for damages caused by LESSEE'S operations to growing crops on said land.

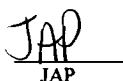
10. LESSEE shall have the right, but not the obligation, at any time to remove all machinery and fixtures placed on said premises, including the right to draw and removing casing.

11. The rights of LESSOR and LESSEE hereunder may be assigned in whole or part. No change in ownership of LESSOR'S interest (by assignment or otherwise) shall be binding on LESSEE until LESSEE has been furnished with notice, consisting of certified copies of all recorded 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. No other kind of notice, whether actual or constructive, shall be binding on LESSEE. No present or future division of 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 LESSEE'S operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

12. LESSEE shall conduct its operations in a good and workmanlike manner, as would a prudent operator under the same or similar circumstances, in compliance with all applicable rules and regulations of any regulatory body having jurisdiction on such operations. LESSEE shall comply with all laws and regulations of any governmental body claiming jurisdiction over the lands covered by this lease or the person of the LESSOR herein and in so complying, LESSEE shall not be responsible for determining the legality, validity or constitutionality of any such law or regulation enacted or issued by any such governmental body. In determining the residence of LESSOR for the purpose of complying with such laws or regulations, LESSEE may rely upon the address of LESSOR herein set forth or upon the last known address of LESSOR. Neither any error in the determination of the residence or status of LESSOR nor an error in the payment of any sums of money due or payable to LESSOR under the terms of this lease which is made during the course of, or as a result of, LESSEE'S good faith efforts to comply with any such laws or regulations shall terminate this lease or constitute grounds for any cause of action against LESSEE. All of LESSEE'S obligations and covenants hereunder, whether express or implied, shall be suspended at the time or from time to time as compliance with any thereof is prevented or hindered by or is in conflict with federal, state, county or municipal laws, rules, regulations or Executive Order asserted as official by or under public authority claiming jurisdiction, or act of God, adverse field, weather, or market conditions, inability to obtain materials in the open market or transportation thereof, war, strikes, lockouts, riots, or other conditions or circumstances not wholly controlled by LESSEE, and this lease shall not be terminated in whole or in part, nor LESSEE held liable in damages for failure to comply with any such obligations or covenants if compliance therewith is prevented or hindered by or is in conflict with any of the foregoing eventualities. The time during which LESSEE shall be prevented from conducting production, drilling, dewatering or reworking operations during the primary term of this lease, under the contingencies stated above, shall be added to the primary term of the lease.

13. LESSOR hereby 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 LESSOR, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.


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14. Should any one or more of the parties hereinabove named as LESSOR fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as LESSOR. The work "LESSOR" as used in this lease shall mean any one or more of all the parties who execute this lease as LESSOR. All the provisions of this lease shall be binding on the heirs, successors and assigns of LESSOR and LESSEE.

15. This lease may, at LESSEE'S option, be extended as to all or part of the lands covered hereby for an additional primary term of Five (5) years commencing on the date that the lease would have expired but for the extension. LESSEE may exercise its option by paying or tendering to LESSOR an extension payment equal to the bonus paid at inception of this lease, said bonus to be paid or tendered to LESSOR in the same manner as provided in Paragraph numbered 4 hereof with regard to the payment of shut-in royalties. If LESSEE exercises this option, the primary term of this lease shall be considered to be continuous, commencing on the date of the lease and continuing from that date to the end of the extended primary term. LESSEE'S option shall expire sixty (60) days following expiration of the primary term stated in Paragraph numbered 1 above.

16. The attached Addendum is incorporated herein by reference and made a part hereof.

IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

LESSORS:

LESSEE:

MISSION LAND SERVICES, L.L.C.

Jeffrey W. Pierpoint
JEFFREY W. PIERPOINT,

By Calvin Eng

Jill A. Pierpoint
JILL A. PIERPOINT

513-48-4631
TAX ID #

STATE OF KANSAS, COUNTY OF Woodson, ss:

The foregoing instrument and attached Addendum was acknowledged before me on this 23rd day of July, 2002, by JEFFREY W. PIERPOINT and JILL A. PIERPOINT, husband and wife.

My commission expires:



Nancy L. Fife
Notary public

State of Kansas, County of Woodson, ss:

The foregoing instrument and attached Addendum was acknowledged before me on this 23rd day of July, 2002, by Calvin Eng, as Agent of MISSION LAND SERVICES, L.L.C.

My commission expire:



Nancy L. Fife
Notary public

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ADDENDUM
Gas Only

Attached to and made a part of that certain oil and gas lease dated July 23rd, 2002 by and between **JEFFREY W. PIERPOINT and JILL A. PIERPOINT**, husband and wife, LESSOR and **MISSION LAND SERVICES, L.L.C.**, a Michigan corporation, LESSEE:

All terms contained in This Addendum shall be controlling, and any conditions or terms on the printed lease which are inconsistent with the terms herein shall be void. Notwithstanding provisions of the printed lease, rights of exploration and production extend to gas rights only. Rights for exploration and production of oil are reserved to LESSOR and may be leased to third parties.

1. Expiration.

It is hereby understood and agreed that after the expiration of the primary term herein and in the event a portion or portions of the land herein leased is pooled or unitized with other land so as to form a pooled unit or units, operations on or production from such unit or units will maintain this Lease in force only as to the land included in said unit or units. This Lease, as to land not included in said unit or units shall revert to LESSOR unless extended. Any acreage not so extended shall be released by LESSEE at LESSOR'S request.

2. Guaranteed Royalty.

Notwithstanding any other provisions for shut-in royalty, continuous drilling or provisions for pooling or unitization, it is expressly understood that at the end of the primary term of this lease, if on an annual calendar year basis, the royalty monies paid to LESSOR hereunder during the previous calendar year are less than the greater of \$ 1,857.30 or \$5.00 per net mineral acre then leased, LESSEE shall, at or prior to the end of sixty (60) days after the end of such calendar year pay to LESSOR or deposit to the credit of LESSOR a sum of money equal to the difference between the greater of \$1,857.30 or \$5.00 per net mineral acre then leased and the total of all royalty monies on production so paid to LESSOR during such calendar year. If LESSEE fails to make such minimum royalty payment, LESSOR shall notify LESSEE via certified mail delivered to LESSEE'S address that the minimum royalty as provided herein is insufficient. This lease shall thereafter terminate unless LESSEE shall within thirty (30) days pay the difference following receipt of such notification. On the fifteen (15) year anniversary date of this Lease, the guaranteed royalty provided for above shall increase to the greater of \$3,714.60 or \$10.00 per net mineral acre then leased. On the thirty (30) year anniversary date of this Lease, the guaranteed royalty shall increase to the greater of \$5,571.90 or \$15.00 per net mineral acre then leased.

3. Road Maintenance.

LESSEE will maintain any roads constructed by LESSEE or any existing roads of LESSOR'S used by LESSEE in its operations, so that the roads are maintained in such conditions to adequately provide for LESSEE'S operations. All roads used by LESSEE in its operations will be maintained in such a condition as to allow normal car usage. Further, during the time drilling operations are being conducted or any other times when any of the LESSOR'S present roads are being used for transporting oil, machinery and/or being traveled by any motor vehicle larger than an automobile or a ¾ Ton Pickup Truck, the LESSEE shall always keep LESSOR'S roads maintained and/or graded so that LESSOR'S roads are smooth and passable for automobile traffic.

4. Continuous Drilling/Development.

It is hereby understood and agreed that at the end of the primary term of this lease, the lease shall not terminate as to the undeveloped acreage so long as production has been obtained and is continuing on some part of the leased land, or a gas well located on some part of the leased land is shut in as provided herein, or so long as operations for drilling or reworking are being conducted on some part of the undeveloped acreage of the leased land, unless the LESSEE fails to continuously develop the undeveloped acreage in accordance with the following terms and provisions:

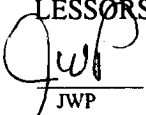
Within three hundred sixty-five (365) days following the expiration of the primary term, or within three hundred sixty-five (365) days following the completion of each well capable of production, or within three hundred sixty-five (365) days following the completion of each dry hole, actual drilling operations must be commenced on a new well, or else the lease shall terminate as to the undeveloped acreage.

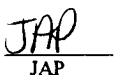
As each well is drilled on the undeveloped acreage, the LESSEE shall designate the new proration unit acreage which is to be maintained and not terminated and a description or plat identifying such proration unit acreage, not to exceed 160 acres per well.

As to all wells hereunder, the completion date of nonproducing wells shall be the date of final plugging and abandonment and the completion date of producing wells shall be the date the well is physically completed and capable of production, including the completion of the potential and all other tests, including but not limited to the dewatering process necessary for the production of hydrocarbons and coal bed methane gas.

With reference to the continuous development obligation described above, the LESSEE shall not be allowed to accumulate any time which is not expended on the 365 day limit between completion of one well and commencement of the next well.

The obligation for continuous development of undeveloped acreage shall not be suspended or extended if the LESSEE is prevented from complying with such provisions of the lease due to an act of God, flood, physical impossibility, fire, strike, scarcity or inability to obtain or use equipment or material or any other event beyond the control of LESSEE except where prevented by governmental laws, rules or regulations, or except upon written approval of such suspension or extension by LESSORS, which approval shall not be unreasonably withheld.


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5. Road location.

LESSEE and LESSOR shall mutually agree on routes of ingress and egress for operations on the leased premises. LESSOR acknowledges that LESSEE shall require adequate access without delay for personnel and equipment required for LESSEE'S operations. Where requested by LESSOR, all roads added by LESSEE shall run parallel to crop rows planted or to be planted at time of road installation. Gravel roads shall not cross drainage ditches or terrace channels. When entering tilled fields or fields with planted crops, routes of ingress and egress shall parallel tilled or planted rows.

6. Facility Location.

In the event production of oil and/or gas is obtained under this lease, LESSEE and LESSOR shall mutually agree upon the location of production equipment such as tanks, pipelines and access roads, and the agreement of LESSOR shall not be unreasonably withheld. LESSOR acknowledges that such facilities are necessary for the operation of this lease. LESSEE shall provide LESSOR with a map of leased premises showing current well, pipeline, flow line and electric line locations on LESSOR'S property annually and in addition when requested by LESSOR. LESSEE shall, on an annual basis, provide in writing to LESSOR the LESSEE'S current address and telephone number, together with the name, address and telephone number of the operator for the Lease, if different than LESSEE.

7. Gates.

In the event LESSEE drills a well or wells on the leased premises, unless excused or waived in writing by LESSOR, LESSEE shall place a gate so as to restrict access to the premises to authorized personnel. Any such gate shall be large enough to permit LESSOR'S farm machinery and equipment access to the property. LESSEE shall lock the gates all times that LESSEE or its personnel are not physically on the premises. LESSOR shall be provided with key(s) necessary for LESSOR'S access through such gates. The purpose of the gates is to protect LESSOR'S property. LESSOR bears no responsibility or liability to insure the gates are locked, provided that if left unlocked by LESSOR, resulting theft or destruction of LESSOR property by third party trespassers shall not be the responsibility of LESSEE.

8. Water Wells.

Should LESSEE elect to abandon any well drilled by LESSEE on the leased premises, which well is capable of producing fresh water, before plugging said well LESSEE shall offer said well to LESSOR and LESSOR may, at his election, take over the well upon payment to LESSEE of the fair market value of any casing in the well, subject to any rules and regulations of any regulatory agency with jurisdiction. In the event LESSOR takes over said well, LESSOR does hereby assume all liability for plugging thereof, and hereby agrees to indemnify and hold harmless the LESSEE from any liability therefore.

9. Spud fee.

In the event LESSEE elects to drill a well on any parcel of the herein described leased premises, LESSEE agrees to pay LESSOR a spud fee of five hundred dollars (\$500.00), per well site location, prior to commencement of operations.

10. Pipelines.

It is hereby understood and agreed that for all pipelines which serve other leases in addition to the hereinabove leased premises, LESSEE shall pay as damages the sum of \$5.00 per rod together with market value of growing crops destroyed, if any. Pipeline location shall be governed by provisions for facility location to minimize crop loss, interference with waterways and terraces, and otherwise minimize interference with LESSOR'S use of the property. Provisions for surface restoration, and damages subsequent to installation shall apply to pipeline operation.

11. Lease Appearance.

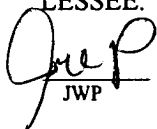
No open salt-water pits or ditches shall ever be maintained on the premises. All storage tanks, separators and compressors shall be kept as a group on the above described drilling and operation sites located on the lease premises and all oil or gas wells shall be neatly, attractively and adequately fenced and enclosed by LESSEE so as to reasonably protect persons and livestock from injury. LESSEE shall at all times conduct and keep all of its operations including said equipment, neat in appearance, in proper condition and well painted to blend in as naturally as possible with the surroundings and as to not lower the land value of the areas for agriculture and/or industrial use, and consistent with the highest and best standards of the oil and gas industry.

12. Irrigated Land.

It is hereby understood and agreed that if a well or wells drilled are located on irrigated lands, that all above ground equipment, including but not limited to pumping units and tank battery facilities shall be located as near to existing roads and fence lines as possible. All pumping units in irrigated fields shall be skidded and raised above surface of the leased premises. Pumping units shall be set parallel with the running of the water. During irrigation by LESSOR, pump jacks and other leasehold appurtenances in the irrigation area served by center pivot irrigation shall be situated, modified or temporarily removed, if necessary, so they do not impede the center pivot irrigation. LESSOR shall provide reasonable advance notice not less than seven (7) days prior to commencement of center pivot irrigation.

13. Assignment.

As a material inducement to LESSOR to enter into this lease, it is hereby acknowledged and agreed that LESSEE may assign this lease in whole or in part to any affiliate of LESSEE and in such event shall give LESSOR prompt written notice of such assignment. No assignment of this lease shall be made to any other entity without the prior written consent of LESSOR, which shall not be unreasonably withheld; provided, however, that the consent of LESSOR shall not be deemed to have been unreasonably withheld if any proposed assignee shall not be an entity having a reputation, level of experience and financial resources at least substantially equivalent to that of LESSEE. For purposes of this paragraph, an "affiliate of LESSEE shall mean a direct or indirect subsidiary of LESSEE or other entity controlled by or under common control with LESSEE.


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14. LESSOR Gas Usage.

In addition to royalty, and free of charge to LESSOR for the gas reserved hereby, but at LESSOR'S risk and expense for making connections, and consistent with LESSEE'S reasonable safety standards, LESSOR hereby reserves the right to use gas from any gas well on the leased premises for use in LESSOR'S stoves, water heaters and heating of LESSOR'S principal dwelling on the leased premises. LESSOR may also use gas for LESSOR'S existing shop or garage or other operations so long as LESSOR'S total usage of gas for all LESSOR'S purposes does not exceed 5,000 cubic feet of gas per any given day; this courtesy provision of gas for LESSOR does not constitute a cumulative right or reservation of any quantity of gas as to such gas not used by LESSOR on any given day. If LESSOR shall use gas from any gas well, LESSOR shall save, hold harmless, defend and indemnify LESSEE from any claim asserted against LESSEE arising out of or in connection with LESSOR'S use of such gas, and for any act or omission by LESSOR, and further releases LESSEE from any claim for use of such gas notwithstanding that such gas has not been treated with an "odor" agent.

15. Line Burial.

LESSEE shall bury all pipelines and electric lines at least below plow depth, but not less than 36 inches below the surface of leased premises, and upon reasonable request, lower pipelines, electric lines, flowlines, gathering lines, etc. to allow terracing, waterway construction, or other improvement to the surface by LESSOR for agricultural purposes.

16. Surface Use Limitation; Injection or Disposal Well(s).

LESSEE shall not use the surface of the land for storage of supplies and equipment except as may be necessary for current gas operations on and benefiting solely LESSOR'S land. LESSEE may not cause living quarters to be constructed or placed upon the property. LESSEE shall not install a gas processing plant, dehydration plant, salt water storage facilities, or other facility which benefits property other than LESSOR'S property except by separate written agreement for agreed compensation. PROVIDED that if LESSEE is using a well or wells on LESSOR'S property for salt water or other fluid disposal or injection serving property other than LESSOR'S property, LESSEE shall pay LESSOR \$350.00 per month per well for each such injection or disposal well or wells located on LESSOR'S property.

17. Workmanlike Operations.

LESSEE shall operate the lease in a workmanlike manner, to close and secure all gates located on the leased premises, to not cut any fences, to repair any fences damaged by LESSEE, and to repair terraces or waterways, if damaged.

18. Timber.

LESSEE shall not cut or remove any timber or timber products without the express written consent of LESSOR'S.

19. Release.

LESSEE shall release the lease of record within thirty (30) days after termination of the lease and at LESSEE'S expense, if requested by LESSOR, to bring LESSOR'S abstract of title up to date to show the release and any other matters of record relating to this lease. LESSEE may elect to release or surrender only a portion of the leased premises in which event LESSEE shall be relieved of the obligation to develop but otherwise shall remain obligated for damages, surface restoration, and other obligations of LESSEE.

20. Well Plugging.

In the event LESSEE shall drill a dry hole well on this lease, or in the event a well is permanently abandoned, the well shall be plugged immediately in accordance with Kansas Corporation Commission requirements.

21. Termination.

Upon termination of this lease for any reason, LESSEE shall pull and plug all wells, remove all LESSEE'S machinery and other property. If LESSEE fails to remove LESSEE'S equipment and other property within one hundred twenty (120) days after termination of the lease, such property shall, at the option of LESSOR, become the property of LESSOR free of all right, title or interest of LESSEE. LESSEE agrees to restore land to the same condition as of the date of this lease as nearly as possible.

22. Damages; Restoration of Surface.

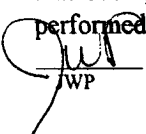
LESSEE shall pay for damages caused by LESSEE'S operations to crops on the leased premises and to pay for all other damages caused by LESSEE, including but not limited to damages to livestock, waterways and terraces. In addition, when LESSEE'S operations or lines damage LESSOR'S irrigation lines and/or related electric lines, LESSEE shall repair and restore the same at LESSEE'S expense. LESSEE acknowledges it may be necessary to place LESSEE'S lines below LESSOR'S buried irrigation lines and or related electric lines. LESSEE or his assigns agree in the event of drilling operations to restore the surface of the land to its original contour and condition as nearly as is reasonably practicable. LESSEE or his assigns shall consult with LESSOR as to route of ingress and egress and location of equipment on the leased premises.

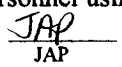
23. Pits.

LESSEE shall not make any pits except when necessary to drill or service a well; within ninety (90) days after drilling or servicing a well, a pit shall be pumped out, filled in with original soil and leveled. All top soil shall be piled separately and returned to the surface when the pits are filled.

24. Roads; ATV; Rental.

LESSEE shall make only one road to each well, to make no roads exceeding eighteen (18) feet in width, and to properly maintain such roads. Existing roads may be used and maintained by LESSEE. LESSOR may use all such roads. Upon request by LESSOR, LESSEE shall not construct a permanent road to a wellsite in planted fields to reduce crop loss. In that event, after wells are drilled and equipped for production, LESSEE'S routine maintenance and inspection shall be performed by personnel using small four-wheel all-terrain vehicles (ATV's) rather than regular size autos, trucks, or other


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vehicles. An annual rental of \$150.00 per acre for roads in planted fields shall be paid by LESSEE.

25. Well Location.

Before commencing any drilling operation, LESSEE shall notify LESSOR of the drill site in writing, to which OWNER may object in writing. IF no objection by LESSOR is made within 10 days, LESSEE may proceed at that location(s). If objection is made, LESSEE and LESSOR shall meet to determine agreeable drilling sites. LESSOR shall not unreasonably withhold consent

26. CRP.

If any part of the leased premises are subject to or enrolled in the Conservation Reserve Program, LESSEE shall re-seed to grass all areas thereof affected by LESSEE'S operations and hold LESSOR harmless from penalties or liquidated damages assessed by the Department of Agriculture, the Soil Conservation Service or the Agricultural Stabilization and Conservation Service under the Conservation Reserve Program as a result of LESSEE'S operations.

27. LESSEE Use.

LESSEE shall have the right to use, free of cost, gas, oil, and water produced on said land for his operations thereon. Water from wells of LESSOR, or from ponds of LESSOR may not be used without LESSOR'S written consent.

28. Pooling.

LESSEE may propose pooled spacing units approved by any governmental authority, and LESSOR'S formal consent and cooperation shall not be unreasonably withheld. Drilling or reworking operations upon or production from any part of any such spacing unit shall be considered for all purposes of this Lease as operations or production from this Lease. LESSEE shall allocate to this Lease the proportionate share of production which the acreage in this Lease included in any such spacing unit bears to the total acreage in said spacing unit. A development pooled unit shall not exceed 300 acres without consent of LESSOR.

29. Late Payment.

Any payment due hereunder which is made more than thirty (30) days after its due date shall have added thereto a five percent (5%) penalty payable to LESSOR, plus statutory interest, subject to LESSEE'S right to abandon a site or portion of a right-of-way as stipulated herein and thereafter not be liable for future payments as to said abandoned site or right-of-way portion.

30. Prepayment.

All payments made hereunder for initial operations within each particular wellsite location, whether such operations involve drilling production well or stratigraphic test holes, building roadways, or installing gathering systems and other equipment, must be made by LESSEE to LESSOR at least fifteen (15) days in advance of the contemplated operation or activity. Subsequent anniversary checks where provided herein shall be made by mailing such to LESSOR on or before said anniversary date. The LESSOR agrees to notify LESSEE of any change in the party to be identified as LESSOR under this Lease, which change might be caused by any conveyances or descent from the original LESSOR hereunder, so that LESSEE may be informed of changes in the proper payee for payments made under this Lease. It is understood and agreed that the covenants made by LESSEE to LESSOR under this Lease are covenants running with the surface ownership of the subject lands, and that said rights must pass with said ownership and are not subject to retention by the party identified herein as OWNER in the event of such a change in surface ownership.

31. LESSOR Operations. It is understood that LESSOR shall continue to use the surface for farming and agricultural and other purposes, and LESSOR shall not be liable to LESSEE for interruption or damage to LESSEE'S operations under this lease unless LESSOR acts are willful, wanton , or constitute gross negligence.

32. Bonus Payment.

This Lease shall not be valid unless payment of the initial bonus agreed to is received within thirty (30) days of LESSOR'S execution of this lease.

33. Execution.

This Lease and Addendum shall be executed in triplicate, two (2) executed originals to be held by LESSOR and one (1) executed original to be held by LESSEE. LESSEE may elect to file of record only an agreed Memorandum of the Lease in lieu of the actual Lease and Addendum. Upon written request of LESSOR, LESSEE shall record the actual Lease and Addendum with the Register Of Deeds for the county or counties where the leased property is situated. Such recording request may not be made before two (2) years following execution of this Lease. If LESSEE fails to record the lease following written request permitted herein, LESSOR may record the Lease and Addendum and LESSEE shall reimburse LESSOR for recording fees.

LESSORS:

LESSEE:

Mission Land Services, L.L.C.

By Jeffrey W. Pierpoint
Jeffrey W. Pierpoint

By Calvin Eng

By Jill A. Pierpoint
Jill A. Pierpoint

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JAP



*Mark Parkinson, Governor
Thomas E. Wright, Chairman
Michael C. Moffet, Commissioner
Joseph F. Harkins, Commissioner*

July 02, 2009

Tracy Miller
Cherokee Wells LLC
P.O. Box 296
Fredonia, KS66736

Re: Drilling Pit Application
J. Pierpoint Lease Well No. A-8
NE/4 Sec.09-28S-15E
Wilson County, Kansas

Dear Tracy Miller:

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 practical after drilling operations have ceased.

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) 432-2300 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/

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) 432-2300.

CONSERVATION DIVISION

Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802
(316) 337-6200 • Fax: (316) 337-6211 • <http://kcc.ks.gov/>