

For KCC Use:	
Effective Date: _	
District #	
0040	

Spud date: _

Agent:

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

1029971

Form C-1
October 2007
Form must be Typed
Form must be Signed

Expected Spud Date:	Spot Description:
, ,	Sec TwpS. R ∐ E ∐ \
PERATOR: License#	feet from N / S Line of Section
lame:	feet from E / W Line of Section
ddress 1:	Is SECTION: Regular Irregular?
ddress 2:	(Note: Locate well on the Section Plat on reverse side)
ity:	County:
ontact Person:	Lease Name: Well #:
hone:	Field Name:
ONTRACTOR: License#	Is this a Prorated / Spaced Field?
ame:	Target Formation(s):
Well Drilled For: Well Class: Type Equipment:	Nearest Lease or unit boundary line (in footage):
Oil Enh Rec Infield Mud Rotary	Ground Surface Elevation:feet MS
Gas Storage Pool Ext. Air Rotary	Water well within one-quarter mile:
Disposal Wildcat Cable	Public water supply well within one mile:
Seismic ; # of Holes Other	Depth to bottom of fresh water:
Other:	Depth to bottom of usable water:
	Surface Pipe by Alternate: I II
If OWWO: old well information as follows:	Length of Surface Pipe Planned to be set:
Operator:	Length of Conductor Pipe (if any):
Well Name:	Projected Total Depth:
Original Completion Date: Original Total Depth:	Formation at Total Depth:
	Water Source for Drilling Operations:
oirectional, Deviated or Horizontal wellbore?	Well Farm Pond Other:
Yes, true vertical depth:	DWR Permit #:
Sottom Hole Location:	(Note: Apply for Permit with DWR)
(CC DKT #:	Will Cores be taken?
	If Yes, proposed zone:
AF he undersigned hereby affirms that the drilling, completion and eventual p	FIDAVIT lugging of this well will comply with K.S.A. 55 et. seq.
t is agreed that the following minimum requirements will be met:	
 Notify the appropriate district office <i>prior</i> to spudding of well; A copy of the approved notice of intent to drill <i>shall be</i> posted on each The minimum amount of surface pipe as specified below <i>shall be se</i> through all unconsolidated materials plus a minimum of 20 feet into the lift through all unconsolidated materials plus a minimum of 20 feet into the lift through all unconsolidated materials plus a minimum of 20 feet into the lift through all unconsolidated materials plus a minimum of 20 feet into the lift through all unconsolidated materials plus a minimum of 20 feet into the lift through all unconsolidated materials plus a minimum of 20 feet into the lift through all unconsolidated materials plus a minimum of 20 feet into the lift through all unconsolidated materials plus a minimum of 20 feet into the lift through all unconsolidated materials plus a minimum of 20 feet into the lift through all unconsolidated materials plus a minimum of 20 feet into the lift through all unconsolidated materials plus a minimum of 20 feet into the lift through all unconsolidated materials plus a minimum of 20 feet into the lift through all unconsolidated materials plus a minimum of 20 feet into the lift through all unconsolidated materials plus a minimum of 20 feet into the lift through all unconsolidated materials plus a minimum of 20 feet into the lift through all unconsolidated materials plus a minimum of 20 feet into the lift through all unconsolidated materials plus a minimum of 20 feet into the lift through all unconsolidated materials plus a minimum of 20 feet into the lift through all unconsolidated materials plus a minimum of 20 feet into the lift through all unconsolidated materials plus a minimum of 20 feet into the lift through all unconsolidated materials plus a minimum of 20 feet into the lift through all unconsolidated materials plus a minimum of 20 feet into the lift through all unconsolidated materials plus a minimum of 20 feet into the lift through all unconsolidate	t by circulating cement to the top; in all cases surface pipe shall be set ne underlying formation. Strict office on plug length and placement is necessary prior to plugging;
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Signature of Operator or Agent:



IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

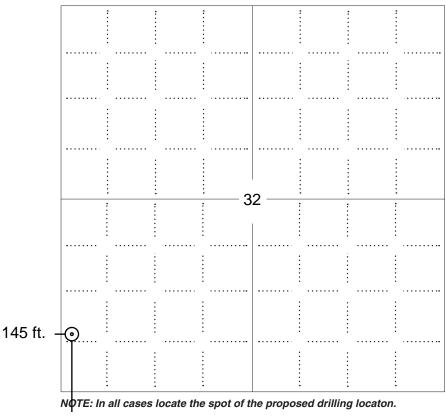
Plat of acreage attributable to a well in a prorated or spaced field

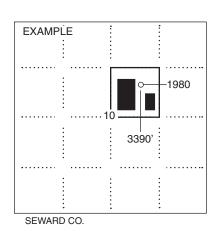
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please 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:	Sec Twp S. R
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.)





790 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

1029971

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: Emergency Pit Burn Pit Settling Pit Drilling Pit Workover Pit Haul-Off Pit (If WP Supply API No. or Year Drilled)	Pit is: Proposed If Existing, date c Pit capacity:		SecTwpR East West Feet from North / South Line of Section Feet from East / West Line of Section		
		(bbls)	County		
Is the pit located in a Sensitive Ground Water	Area? Yes	No	Chloride concentration: mg/l (For Emergency Pits and Settling Pits only)		
Is the bottom below ground level? Yes No	Artificial Liner?	No	How is the pit lined if a plastic liner is not used?		
Pit dimensions (all but working pits):	Length (fe	eet)	Width (feet) N/A: Steel Pits		
Depth fr	om ground level to de	eepest point:	(feet) No Pit		
material, thickness and installation procedure).	liner integrity, i	ncluding any special monitoring.		
		Depth to shallo Source of infor	west fresh waterfeet.		
feet Depth of water well	feet		redwell owner electric logKDWR		
Emergency, Settling and Burn Pits ONLY:		Drilling, Work	over and Haul-Off Pits ONLY:		
Producing Formation:		Type of materia	al utilized in drilling/workover:		
Number of producing wells on lease:		Number of working pits to be utilized:			
Barrels of fluid produced daily:		Abandonment	procedure:		
Does the slope from the tank battery allow all spilled fluids to flow into the pit? Yes No		Drill pits must I	pe closed within 365 days of spud date.		
Submitted Electronically					
	КСС	OFFICE USE O	NLY Steel Pit RFAC RFAS		
Date Received: Permit Num	ber:	Perm	it Date: Lease Inspection:		

OIL AND GAS LEASE

, 20_05	between
inafter called Lessor (wheth	er one or more),
,hereinafte	r called Lessee:
h is here acknowledged and s exclusively unto lessee for or and producing oil, liquid h e strata, laying pipe lines, sto care of, treat, manufacture, p cts manufactured therefrom, and after-acquired interest, th ows to-wit:	or the purpose of hydrocarbons, all bring oil, building process, store and and housing and
ning 80 acres, mor	re or less, and all
	,hereinafte ,hereinafte h is here acknowledged and sexclusively unto lessee for and producing oil, liquid te strata, laying pipe lines, stoare of, treat, manufacture, pcts manufactured therefrom, and after-acquired interest, thows to-wit:

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 <u>ninety</u> (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

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 State of Kansas Ness County

Book: 297 Page: 477

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

Recorded: 11/18/2005 8:05:00 AM l ibbih belil behib kele ibih kelil behir behir behir behir behir keli ibbih

Book: 297 Page: 478

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 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 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 royalties on production from the production from a unit so production is found on the probled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalty stipulated herein as the moyalty significance in the production 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 into a trace or not. In the production of the royalty stipulated herein as the amount of his royalty acreage placed in the production of the royalty stipulated herein as the amount of his royalty stipulated herein as the production in the production is the production of the royalty stipulated herein as the production is the production of the royalty stipulated herein and the production is the production of the royalty stipulated.

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

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au a	n i (imori				TATE OF
YIIV	Motary Pu				ly commission expires
My Appt. Exp. Sylv	0Z .		To yab	zińt əm	he foregoing instrument was acknowledged before i
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					TATE OF Kansas
		:# xsT 10 #SS			
		SA or Tax #:			
	<u></u>	:# xbT 10 #SS			
		:#xeT 10 22		<	Vella Mae Strecker
			ove written.	l year first ab	N WITNESS WHEREOF, we sign the day and
			the lessor.	ot bisq ed lls	of Five dollars (\$5.00) per mineral acre sha

Notary Public

OIL AND GAS LEASE

	× ×	
THIS AGREEMENT, Entered into this the 27 the day of C	October , 20 08 between: 4	
City of Bazine	· · · · ·	Ī
PO Box	3.5.	_
Bazine, KS 67516	, hereinafter called Lessor (whether one or more)	١.
and American Warrior, Inc.	The state of the s	ĺ
	hereinafter called Lessee	

Lessor, in consideration of Dollars in hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring by geophysical and other means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest, therein situated in the County of Ness State of Kansas and described as follows to-wit:

A tract of land containing 4.45 acres located in the West Half of the Northwest Quarter of the Southwest Quarter of the Southwest Quarter (W/2 of NW/4 of SW/4 of SW/4) of Section Thirty-two (32), Township Eighteen (18) South. Range Twenty-one (21) West of the 6th P.M. bounded on the East by a public road In Section 32 , Township 18 South , Range 21 West , and containing 4.45

Subject to the provisions herein contained, this lease shall remain in force for a term of Two (2) 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:

- 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.
- 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 he purposes of this clause, the term "gas well" shall include wells capable of producing natural gas, condensate, distillate or any gaseous substance, whether completed or not completed, due to the lack of a pipeline connection, 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. 6.
- 7. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor.
 - 8. 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.

State of Kansas - Ness County

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 lesse is made, as recited herein.

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 other minerals in and under and that may be produced from said premises, such pooling to be into a unit or units not exceeding of 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 record in the conveyance records of the county in which the land unit shall be treated, for all purposes except the payment of royalties on production from the pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, Lessor shall or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, Lessor shall or wells be located on the premises covered by this lease is stipled in the particular unit involved.

15. If at the end of the primary term, this lease is not otherwise extended by production, Lessee or its assigns is in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled or its assigns is in the unit or his proyalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

hereby granted an option to extend this lease for an additional one (1) year. In the event the Lessee elects to exercise this option,

per mineral acre shall be paid to the Lessor.

a consideration of Ten dollars (\$10.00)

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dy commission expires
OUNTY OF he foregoing instrument was acknowledged before me this day of by
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Ty commission expires /-9-/ Z Stanley R. Erb
Satricia Showalter as Mayor of the City of Bazine Kansas
OUNTY OF <u>NESS</u> he foregoing instrument was acknowledged before me this
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SS# or Tax #:
:# xeT 10 #SS
SS# or Tax #:
Satricia Showalter as Mayor of the City of Bazine Kansas
:#xr 10 SS
N WITNESS WHEREOF, we sign the day and year first above written.

Notary Public

OIL AND GAS LEASE

OIL AND GAS LEASE		-1-		*
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ΓHIS AGREEMENT, Entered into this the 27th the day of October, 20 08 between	્રે ખે,	(2)	ં છ	
<u>Norma Schlegel as Attorney-In-Fact for Elton L. Margheim, also known as Elton Leroy Marghei</u>	n Esc		·	,
307 N Main		95	160	
Bazine, KS 67516 , hereinafter called Lessor	(whether one	or more),		
and American Warrior, Inc.		<u> </u>		
	ereinafter calle	ed Lessee:		

Lessor, in consideration of Dollars in hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring by geophysical and other means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest, therein situated in the County of Ness State of Kansas and described as follows to-wit:

The South One-Half of the South One-Half (S/2 S/2)

In Section 32 , Township 18 South , Range 21 West , and containing 160 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of Two (2) 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:

- 1. 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.
- 2. 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 he purposes of this clause, the term "gas well" shall include wells capable of producing natural gas, condensate, distillate or any gaseous substance, whether completed or not completed, due to the lack of a pipeline connection, 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.
- 3. 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.
- 4. 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.
- 5. 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.
 - 6. Lessee shall bury Lessee's pipelines below plow depth.
- 7. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor.
 - 8. Lessee shall pay for damages caused by Lessee's operations to said land.
- 9. 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.
- 10. 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.
- 11. 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.
- 12. 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.

State of Kansas - Ness County

Book: 319 Page: 775

Receipt #: 4804
Pages Recorded: 2
Cashier Initials: KB

in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved. receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, Lessor shall unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land other minerals in and under and that may be produced from said premises, such pooling to be into a unit or units not exceeding 640 acres each, centered on the wellbore, in the event of an oil well, or into a unit or units not exceeding 640 acres each in 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 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 any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in Lessee's judgment it is necessary lease is made, as recited herein. shall have the right at any time to redeem for Lessor, by payment any mortgages 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 lessors is another than the premises described herein. Lessor herby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee Book: 319 Page: 776

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Notary Public