



For KCC Use:

Effective Date: _____

District # _____

SGA? Yes No

KANSAS CORPORATION COMMISSION 1029979 OIL & GAS CONSERVATION DIVISION

Form C-1

October 2007

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

NOTICE OF INTENT TO DRILL

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

Expected Spud Date: _____
month day year

OPERATOR: License# _____

Name: _____

Address 1: _____

Address 2: _____

City: _____ State: _____ Zip: _____ + _____

Contact Person: _____

Phone: _____

CONTRACTOR: License# _____

Name: _____

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

If OWWO: old well information as follows:

Operator: _____

Well Name: _____

Original Completion Date: _____ Original Total Depth: _____

Directional, Deviated or Horizontal wellbore? Yes No

If Yes, true vertical depth: _____

Bottom Hole Location: _____

KCC DKT #: _____

Spot Description: _____

_____ - _____ - _____ - _____ Sec. _____ Twp. _____ S. R. _____ E W
(OO/OO)

_____ feet from N / S Line of Section

_____ feet from E / W Line of Section

Is SECTION: Regular Irregular?

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

County: _____

Lease Name: _____ Well #: _____

Field Name: _____

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): _____

Nearest Lease or unit boundary line (in footage): _____

Ground Surface Elevation: _____ feet MSL

Water well within one-quarter mile: Yes No

Public water supply well within one mile: Yes No

Depth to bottom of fresh water: _____

Depth to bottom of usable water: _____

Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set: _____

Length of Conductor Pipe (if any): _____

Projected Total Depth: _____

Formation at Total Depth: _____

Water Source for Drilling Operations:

Well Farm Pond Other: _____

DWR Permit #: _____

(Note: Apply for Permit with DWR)

Will Cores be taken? Yes No

If Yes, proposed zone: _____

AFFIDAVIT

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

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

1. Notify the appropriate district office **prior** to spudding of well;
2. A copy of the approved notice of intent to drill **shall be** posted on each drilling rig;
3. The minimum amount of surface pipe as specified below **shall be set** by circulating cement to the top; in all cases surface pipe **shall be set** through all unconsolidated materials plus a minimum of 20 feet into the underlying formation.
4. If the well is dry hole, an agreement between the operator and the district office on plug length and placement is necessary **prior to plugging**;
5. The appropriate district office will be notified before well is either plugged or production casing is cemented in;
6. If an ALTERNATE II COMPLETION, production pipe shall be cemented from below any usable water to surface within **120 DAYS** of spud date. Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC District 3 area, alternate II cementing must be completed within 30 days of the spud date or the well shall be plugged. **In all cases, NOTIFY district office** prior to any cementing.

Submitted Electronically

For KCC Use ONLY

API # 15 - _____

Conductor pipe required _____ feet

Minimum surface pipe required _____ feet per ALT. I II

Approved by: _____

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

Spud date: _____ Agent: _____

Remember to:

- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spud date;
- File acreage attribution plat according to field proration orders;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CP-4) after plugging is completed (within 60 days);
- Obtain written approval before disposing or injecting salt water.
- If this permit has expired (See: authorized expiration date) please check the box below and return to the address below.

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



1029979

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

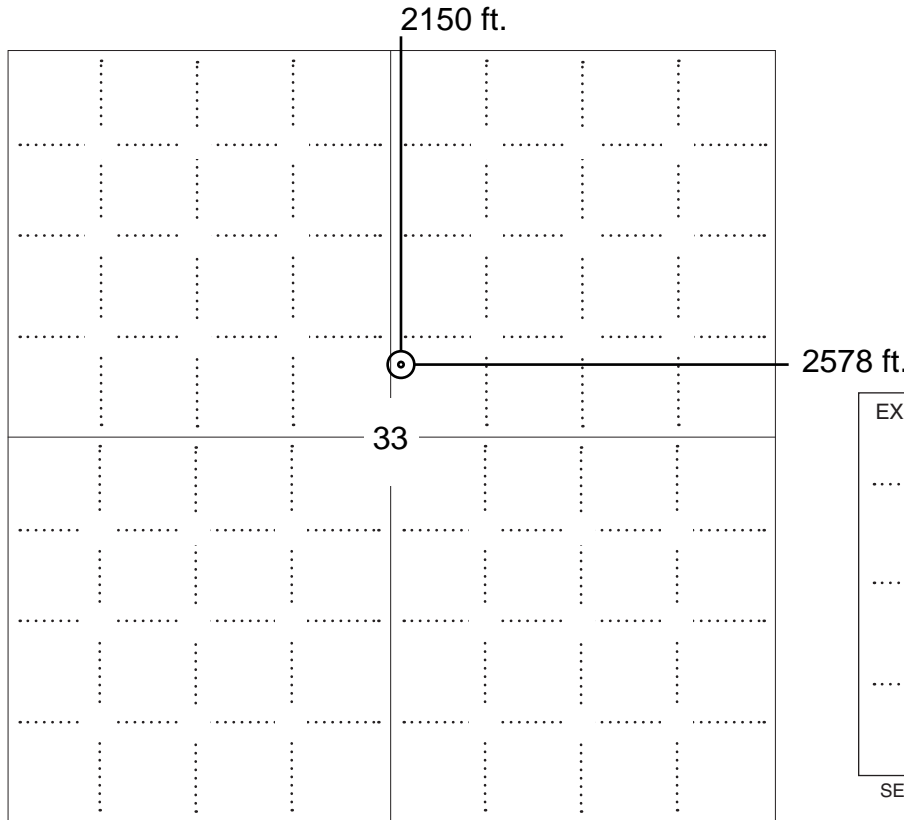
If Section is Irregular, locate well from nearest corner boundary.

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 1029979
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: Yes No

OIL AND GAS LEASE

AGREEMENT, Made and entered into this 15th day of September, 2007,

by and between Dale K. Reitschneider and Theresa A. Reitschneider, husband and wife

11655 1/2 Louisville Rd.

Saint George, KS 66535

whose mailing address is Mull Drilling Company, Inc., P.O. Box 2758, Wichita, Kansas 67201, hereinafter called Lessee;

and MULL DRILLING COMPANY, INC., P.O. Box 2758, Wichita, Kansas 67201, hereinafter called Lessee;

acknowledged and of the royalties herein provided and of the agreements of the lease 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 all 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

County of Lane State of Kansas described as follows, to-wit:

Section 33: NW/4 Township 17 South, Range 28 West,

In Section 33 Township 17 South Range 28 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 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 produced from said land or land with which said land is pooled.

1st. To deliver to the credit of lessor, free of cost, in the pipe line 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. Where gas from a well producing gas only is not sold or used, lessee may pay or tender as royalty One Dollar (\$1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

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 herein, then the royalties herein provided for shall be paid to 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.

When requested by lessor, lessee shall bury lessee's pipe lines below 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 growing crops on 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 the 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.

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

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 of tracts contiguous to one another and to be into a unit or units not exceeding 80 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 unit, as if it were included in 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 receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

NUMERICAL DIRECT INDIRECT COMP. ORIG. COMPUTER

STATE OF KANSAS, LANE COUNTY, SS This instrument was filed for record on the 19 day of October, A.D. 2007 at 10:30 o'clock A.M. duly recorded in Book 101 on page 1288. Fee 12.00. Register of Deeds.

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written.

Dale K. Reitschneider

Theresa A. Reitschneider

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 24th day of August, 2007

by and between Gerald A. Riemann Trust No. 1, dated April 1, 2002

P.O. Box 666 Dighton, KS 67839

whose mailing address is hereinafter called Lessor (whether one or more),

and MULL DRILLING COMPANY, INC., P.O. Box 2758, Wichita, Kansas 67201, hereinafter called Lessee;

Lessor, in consideration of Ten and more Dollars (\$ 10.00) 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 geological 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 interests, therein situated in

County of Lane State of Kansas described as follows, to-wit:

Township 17 South, Range 28 West, Section 33; E/2

In Section 33 Township 17 South Range 28 West and containing 320 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 produced from said land or land with which said land is pooled.

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 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. Where gas from a well producing gas only is not sold or used, lessee may pay or tender as royalty One Dollar (\$1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

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 to 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.

When requested by lessor, lessee shall bury lessee's pipe lines 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 growing crops on said land. Lessee shall have the right at any time to remove and 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 the heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rents or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or 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 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 undersigned lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

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 of tracts contiguous to one another and to be into a unit or units not exceeding 80 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 unit, as if it were included in 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 receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

lease is made, as recited herein.

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

STATE OF KANSAS, LANE COUNTY, SS

The instrument was filed for record on the 01 day of August 2007 at 11 o'clock A.M. and duly recorded in Book 130 on page 228 Fee \$6.00

Butler, Kansas Register of Deeds 207

JERALD A. RIEMANN TRUST NO. 1

Jerald A. Riemann, Trustee (Signature)

JERALD A. RIEMANN TRUST NO. 1 (Signature)

NUMERICAL DIRECT INDIRECT COMP. ORIG. COMPUTER 1/0320

- 1.) No right is granted to the Lessee to erect on any part of the leased premises any plant or facility for gasoline extraction or for the processing of gas or petroliiferous substance, except the normal and necessary heater and separator customarily used. Lessee specifically agrees to build any meter houses, separators, heater treaters, and storage tanks, used for the purpose of producing and saving any oil and gas upon the above described premises adjacent to any county, state, or federal road or highway adjoining the above described premises. All storage tanks and tank battery installations shall be installed in any of the four (4) corners of the leased premises to avoid interference with any circular sprinkler system. Provided, further, no such installation shall be made closer than 1400 feet to the center of the leased premises.
- 2.) Lessor reserves all rights to grant, lease, mine, and/or produce any minerals from said lands except interests in gas and oil and their constituent products herein leased to Lessee.
- 3.) Lessor shall have the right to purchase from Lessee at the wellhead price from any gas well located on the leased premises, or on any land unitized or pooled therewith, for farming, irrigation, and other agricultural purposes; provided, however, that the amount of gas used by the Lessor for such purposes in any given year shall not exceed the amount attributable to Lessor's royalty interest for that year. Such right to purchase gas shall be subject to the following terms and conditions:
 - (a) Any gas so purchased by Lessor shall be taken at or near the mouth of the well at a point to be designated by Lessee. All equipment necessary for the taking of gas and the measuring of the same shall be furnished by Lessor at his own expense.
 - (b) The method of taking of gas and the point of connection for taking must be such as to not interfere with the operation of the well and must be submitted to Lessee, or his assigns, and accepted by him before gas is taken.
 - (c) Lessee shall bill Lessor monthly, quarterly, semi-annually, or annually, at Lessee's option, for gas so taken by Lessor.
 - (d) Lessee, or his assigns, shall not be liable to Lessor, Lessor's agents or employees, or any other person with reference to the gas taken, the use thereof, the equipment used, the manner of its use, or anything incident thereto or resulting therefrom. Lessee, or his assigns, shall not be under any obligation to produce gas from any well unless practical or economical to do so.
 - (e) Lessee, or his assigns, shall at all times have dry land access, to and from and around any equipment used by Lessor for taking gas and metering same.
- 4.) Lessee shall bury pipelines and utility lines to a depth of not less than sixty (60) inches below the surface. Lessee shall pay Lessor for reasonable damages to all property, real, personal or mixed, caused by its operations on said land, including but specifically not limited to land, growing crops, grass, buildings, livestock, surface, fences and other improvements and personal property. All slush pits shall be filled and leveled within sixty (60) days after well completion or abandonment unless a longer time therefore is granted by Lessor, at its option. Lessee further agrees to pay Lessor a reasonable amount, but not less than \$1,500.00 for each drill site location on the leased premises. As further consideration hereunder, Lessee agrees to pay to Lessor a minimum of \$5.00 per rod, plus crop damages, for any pipeline installed or constructed on the above land, whether or not connecting to the well on the leased premises.
- All damages payable under the above paragraph shall be payable on or before three (3) months after such damages occur.
- 5.) Lessor reserves the right to designate all routes of ingress and egress. Prior to the construction of any roads, pipelines, tank battery installations, or installation of other equipment on the leased premises, Lessee shall consult with and agree with the surface owner and tenant as to the location and direction of same. There shall be no oil road surfaces or hard surfacing of any access roads without the written consent of Lessor.
- 6.) It is the intention of the parties hereto to cause as little interference with farming operations on said land as possible, including but specifically not limited to the operation of pivotal irrigation sprinkler systems, or any other irrigation method. Any production equipment, including but not specifically not limited to pump jacks, hydraulic lifting equipment, or any other equipment necessary to produce any or gas well on the above described land, shall be recessed to such depth as to permit the use by Lessor of a circular irrigation sprinkler system.
- 7.) In the event Lessee shall cause a well to be drilled on this lease during the growing season of whatever crop is planted and should Lessor's or his agent's equipment prohibit the use of any irrigation system on this land during that time the well is being drilled, Lessee agrees to pay Lessor the difference in the value of the crop produced on that strip of land that could not be watered. The field average shall be used as the maximum producing capability of the land, and the

price per unit shall be the cash price at the local elevator in the town nearest to this land as of the first of the normally accepted harvest month.

8.) The use of water provided for under this lease is limited to use for drilling operations on the leased premises only. Lessee shall specifically not have any right to use fresh water from the above described premises for the purpose of water flooding or injection in any water flooding program in which the leased premises may, for any reason, be pooled or unitized.

9.) The installation of any salt water disposal equipment by Lessee in the operation of the lease shall be subject to the written approval of Lessor. Lessee shall not be permitted to use any well drilled on the leased premises as a salt water disposal without the written consent of Lessor and without compensating Lessor for the use thereof. Provided, however, the terms of this paragraph do not apply to the disposal of salt water produced from wells located on the leased premises.

10.) Subject to Lessee's obligations under Paragraph 4 above, in the event there is no production in paying quantities found by any operations undertaken by Lessee during the primary term of this lease and there is an abandonment of said lease, the Lessee shall fill all pits, ponds, remove all structures and reasonably restore the premises to the condition existing at the time the lease is executed. Within six (6) months after the expiration of the lease by its terms, Lessee shall have the obligation to restore, as nearly as practicable as possible, the leased premises to the same condition as received, natural wear and tear and damages by the elements excepted.

11.) Lessee shall have one (1) year, herein called "shut-in period," from the date of completion of a gas well in which to make pipeline connections from production or marketing of gas. The shut-in period may be extended for a period to not exceed two (2) additional years, at the option of Lessee. During the shut-in period, Lessee shall pay to Lessor shut-in royalty at the rate of \$5.00 per acre per year, which royalty shall be due and payable on the anniversary date of this lease. During the shut-in period, it shall be considered that gas is being produced from the leased premises in paying quantities so long as Lessee is paying shut-in royalty as herein provided.

12.) Lessee agrees that at no time during the life of this lease shall the royalty paid to Lessor for a yearly period commencing with first production from the well, including the value of gas used as provided in Paragraph 3 above, computed at the price being paid to Lessor for such gas, be less than \$5.00 per acre. Such deficiency, if any, shall be paid to Lessor by Lessee within thirty (30) days after notice and written demand thereof is made by Lessor.

13.) Lessee agrees that it will comply with all regulations and statutes of all governmental entities having jurisdiction over compliance with environmental legislation. Lessee further agrees to accept the leased premises in its "as is" condition. It is acknowledged that Lessee has been advised to inspect the property to determine that it is suitable for the purpose intended and to ascertain that no environmental hazards or toxins are now present.

14.) Lessee shall indemnify and hold Lessor harmless from any claims, damages, actions or causes of action from any environmental damage or contamination caused or contributed to by Lessee subsequent to the commencement of this lease.

15.) Notwithstanding any other provisions herein, not less than all of the lands covered by this lease shall be included in any one unit for the production of gas.

16.) It is expressly agreed, notwithstanding anything to the contrary herein, if this lease be in force and effect at the expiration of the primary term, this lease shall thereupon terminate as to all formations not penetrated by the drilling of a test well or wells on the leased premises or land pooled or consolidated therewith, except if drilling is in progress at the end of the extended primary term.

17.) Lessee agrees to maintain any well site, storage tank location, or any other areas used in its lease operations reasonably free of weeds, but without the use of salt or chemical substances in such weed control. Lessee will use reasonable diligence in its operations to cause minimal interference with any cattle operations on said lands.

18.) This lease shall not be assigned except in its entirety. Lessee agrees to notify Lessor by written notice of any lease assignment within thirty (30) days following such assignment.

19.) Any abstracting charges for drilling operations by Lessee under the terms of this lease shall be paid by the Lessee.

20.) Whenever necessary in this lease and exhibit and where the context requires, the singular term and the related pronoun shall include plural, the masculine and the feminine.

Lessee acknowledges that the leased premises is in the Conservation Reserve Program of the United States Department of Agriculture. In the event Lessee drills a dry hole on the leased premises, Lessee shall reseed the entire drillsite and access road. In the event Lessee completes a producing well on the leased premises, Lessee shall reseed the drillsite except the area needed for the production wellsite and the access road. Such reseeding shall be done in compliance with the regulations of said Conservation Reserve Program.

Joann Stemann
James A. Stemann