

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

# Kansas Corporation Commission Oil & Gas Conservation Division

Form C-1 October 2007 Form must be Typed

	ITENT TO DRILL All blanks must be Filled (5) days prior to commencing well
Expected Spud Date: month day year	Spot Description:
•	Sec Twp S. R E W
OPERATOR: License#	feet from N / S Line of Section
Name:	feet from E / W Line of Section
Address 1:	Is SECTION: Regular Irregular?
Address 2:	(Note: Locate well on the Section Plat on reverse side)
City:	County:
Contact Person:	Lease Name: Well #:
Phone:	Field Name:
CONTRACTOR: License#	Is this a Prorated / Spaced Field?
Name:	Target Formation(s):
	Nearest Lease or unit boundary line (in footage):
Well Drilled For: Well Class: Type Equipment:	
Oil Enh Rec Infield Mud Rotary	
Gas Storage Pool Ext. Air Rotary	Water well within one-quarter mile:  Yes No
Disposal Wildcat Cable	Public water supply well within one mile: Yes No
Seismic ; # of Holes Other	Depth to bottom of fresh water:
Other:	Depth to bottom of usable water:
If OWWO: old well information as follows:	Surface Pipe by Alternate: III
II OWWO. Old well illiormation 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:
Directional, Deviated or Horizontal wellbore?  Yes No	Well Farm Pond Other:
If Yes, true vertical depth:	DWR Permit #:
Bottom Hole Location:	(Note: Apply for Permit with DWR )
KCC DKT #:	Will Cores be taken? Yes No
	If Yes, proposed zone:
The undersigned hereby affirms that the drilling, completion and eventual plus It is agreed that the following minimum requirements will be met:  1. Notify the appropriate district office <i>prior</i> to spudding of well;  2. A copy of the approved notice of intent to drill <i>shall be</i> posted on each  3. The minimum amount of surface pipe as specified below <i>shall be set</i> to through all unconsolidated materials plus a minimum of 20 feet into the 4. If the well is dry hole, an agreement between the operator and the districtions.	drilling rig; by circulating cement to the top; in all cases surface pipe <b>shall be set</b> be underlying formation.
5. The appropriate district office will be notified before well is either plugg 6. If an ALTERNATE II COMPLETION, production pipe shall be cemented Or pursuant to Appendix "B" - Eastern Kansas surface casing order #1 must be completed within 30 days of the spud date or the well shall be  Submitted Electronically	d from below any usable water to surface within 120 DAYS of spud date. 33,891-C, which applies to the KCC District 3 area, alternate II cementing
	Remember to:
For KCC Use ONLY	- File Drill Pit Application (form CDP-1) with Intent to Drill;
API # 15	- File Completion Form ACO-1 within 120 days of spud date;

	Remember to:
For KCC Use ONLY	- File Drill Pit Application (form CDP-1) with Intent to Drill;
API # 15	- File Completion Form ACO-1 within 120 days of spud date;
Conductor pipe requiredfeet	<ul> <li>File acreage attribution plat according to field proration orders;</li> <li>Notify appropriate district office 48 hours prior to workover or re-entry;</li> </ul>
Minimum surface pipe requiredfeet per ALT. I II	- Submit plugging report (CP-4) after plugging is completed (within 60 days);
Approved by:	- Obtain written approval before disposing or injecting salt water.
This authorization expires:  (This authorization void if drilling not started within 12 months of approval date.)	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:
Spud date: Agent:	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	S Line of Section
Well Number:			feet from	E / V	W Line of Section
Field:	Sec	Twp	S. R	E	≣ W
Number of Acres attributable to well:	Is Section:	Regular or	Irregular		
	If Section is Section corr	s Irregular, locate ner used: NE		rest corner	boundary.

#### **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.)

					248	0 ft.		
	:  :					: : : :		
••••	: 					:		
	<u>:</u> :	<u>:</u> :	3	2	<u>6</u> —			– 1715ftкамріе
	:	•		:		:	:	
	:		· 					1980
								3390'
								10

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,
- 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

31245 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)  Is the pit located in a Sensitive Ground Water  Is the bottom below ground level?  Yes No  Pit dimensions (all but working pits):  Depth from If the pit is lined give a brief description of the material, thickness and installation procedure	Iling Pit  If Existing, date co  Pit capacity:  Pround Water Area? Yes  Artificial Liner? Yes N  its): Length (fee peth from ground level to decenting the liner)				
Distance to nearest water well within one-mile	of pit	Depth to shallo	west fresh waterfeet.		
feet Depth of water well	feet		redwell owner electric logKDWR		
Emergency, Settling and Burn Pits ONLY:  Producing Formation:  Number of producing wells on lease:  Barrels of fluid produced daily:  Does the slope from the tank battery allow all flow into the pit?  Yes No  Submitted Electronically		Type of material Number of work Abandonment	bover and Haul-Off Pits ONLY:  al utilized in drilling/workover:		
	KCC (	OFFICE USE OF	NLY Steel Pit RFAC RFAS		
Date Received: Permit Num	ber:	Permi	it Date: Lease Inspection:  Yes No		

63U (Rev. 1993)

# **OIL AND GAS LEASE**

AGREEMENT, Made and entered into the_	25 <sup>th</sup>	day of	July		_2006
by and between	MCRACKEN	N FAMILY T	RUST, herein represented	l by	
			itee		
whose mailing address is				<del></del>	
and	Samuel Gary	Jr. & Associ	ates, Inc	7665 hereinafter called Lessor (	whether one or more),
	1670 Broadw	ay, Suite 330	0, Denver, CO 80202		einafter called Lessee;
Lessor, in consideration of Ten a acknowledged and of the royalties herein provided a exploring by geophysical and other means, prospect gas, water, other fluids, and air into subsurface strate care of treat, manufacture, process, store and transpand otherwise caring for its employees, the following	and of the agreements of the drilling, mining and continuous and continuous storing port said oil, liquid hydrocout said oil	the lessee herein or operating for and p g oil, building tank carbons, gases and	ontained, hereby grants, leases and le roducing oil, liquid hydrocarbons, al is, power stations, telephone lines, ar their respective constituent product	ets exclusively unto lessee for the puril il gases, and their respective constitu- id other structures and things thereon is and other products manufactured the	rpose of investigating, ent products, injecting
therein situated in County of Ell			·	descr	
SEE EXHIBIT "A" ATTA					
In Section 32 Township	15 South	Range	16 West and contain	ning <u>160.00</u> acre	s, more or less, and all
Subject to the provisions herein contained, liquid hydrocarbons, gas or other respectiv pursuant to the provisions hereof.	this lease shall remain in re constituent products, or	force for a term of them, is p	f Three (3) years from this roduced from said land or land pool	s date (called "primary term") and as ed therewith or this lease is otherwis	long thereafter as oil, to maintained in effect
In consideration of the premises the said les	•				
1st. To deliver to the credit of Lessor, free the leased premises.					
2nd. To pay Lessor for gas, (including casi one-eighth (1/8), at the market price at the well, (but to be less a proportionate part of the production, seving gas, processing, compressing, or otherwise male monthly.					
This lease may be maintained during the produced on the leased premises or on acreage poo as operations are being continuously prosecuted on than one hundred and twenty (120) days shall ela discovery of oil or gas on the leased premises or o Lessee commences additional drilling or reworking If oil or gas shall be discovered and produced as a acreage pooled or unitized therewith.					
If after the primary term one or more wells well or wells are either shut in or production theref for a period of ninety (90) consecutive days such per acre then covered by this lease, such payment thereafter on or before each anniversary date of this or otherwise being maintained by operations, or if due until the end of the next following anniversary shall render Lessee liable for the amount due, but si	s on the lease premises or from is not being sold by I rell or wells are shut in or to be made to Lessor on a s lease while the well or w production is being sold b date of this lease that ces hall not operate to termina	lands pooled or un lessee, such well of production therefron before the annivells are shut in or y Lessee from and sation of such operate this lease.	itized therewith are capable of produ- r wells shall nevertheless be deemed om is not sold by Lessee, the Lessee ersary date of this lease next ensum- production therefrom is not being sol- ther well on the leased premises or le- ations or production occurs, as the c	ucing oil or gas or other substances co to be producing for the purpose of m shall pay an aggregate shut-in royalty g after the expiration of the said nine d by Lessee; provided that if this leas ands pooled or unitized therewith, no ase may be. Lessee's failure to prope	overed hereby, but such a maintaining the lease. If of One Dollar (\$1.00) ty (90) day period and it is in its primary term shut-in royalty shall be errly pay shut-in royalty
If said lessor owns a less interest in the ab for shall be paid the said lessor only in the proportion	ove described land than th	ne entire and undiv	ided fee simple estate therein, then the	ne royalties (including any shut-in roy	alties) herein provided
Lessee shall have the right to use, free of c			for lessee's operation thereon, excep	ot water from the wells of lessor.	hoto
When requested by lessor, lessee shall bur No well shall be drilled nearer than 200 fe			without written content of leater		In Direct AA
Lessee shall pay for damages caused by le		•			ruccarical AP
Lessee shall have the right at any time to r	* -			draw and remove casing.	Moderat
If the estate of either party hereto is assi administrators, successors or assigns, but no chang a written transfer or assignment or a true copy the portions arising subsequent to the date of assignment	ge in the ownership of the ereof. In <b>case</b> lessee assig	land or accionment	of tentals of fovalties shall be bindi	ng on the lessee fintil after the lessee i	nas deen fiiffiisaca will
Lessee may at any time execute and deliv- lease as to such portion or portions and be relieved	er to lessor or place of rec l of all obligations as to the	ord <b>a release or</b> rel e <b>acreage</b> surrende	eases covering any portion or portion red	ns of the above described premises an	d thereby surrender this
All express or implied covenants of this leads in part, nor lessee held liable in damages, for failurestrictions on the drilling and production of well operations or obligations under this lease are prevelectricity, fuel, access or easements, or by an acother act of nature, explosion, governmental action take or transport such production, or by any other terminate because of such prevention or delay, are provision or implied covenants of this lease when	are to comply therewith, and regulation of the payented or delayed by such to God, strike, lockout,	f compliance is pro- rice or transportation laws, rules, regular or other industrial	evented by, or if such failure is the roon of oil, gas or other substance covations or orders, or by inability to obdisturbance, act of the public enemy	esult of, any such Law, Order, Rule of vered hereby When drilling, reworks stain necessary permits, equipment, so y, war, blockade, public not, lighteni y, war, blockade, public not, lighteni	or Regulation, including ing, production or other ervices, material, water, ng, fire, storm, flood or
Lessor hereby warrants and agrees to de mortgages, taxes or other liens on the above desci themselves and their heirs, successors and assig homestead may in any way affect the purposes for	ribed lands, in the event or ns, hereby surrender and r which this lease is made.	f default of payme release all right o as recited herein.	nt by lessor, and be subrogated to the follower and homestead in the pren	erights of the holder thereor, and the nises described herein, in so far as t	andersigned lessors, lossaid right of dower and
Lessee, at its option, is hereby given the immediate vicinity thereof, when in lessee's judging as or other minerals in and under and that may be 40 acres each in the event of an oil well, or into a the county in which the land herein lessed is situs be treated, for all purposes except the payment of shall be treated as if production is had from this lessal receive on production from a unit so pooled basis bears to the total acreage so pooled or unitize.	right and power to pool, ment it is necessary or adverse or produced from said pren unit or units not exceeding ated an instrument identify froyalties on production case, whether the well or unit of the ced in the particular unit in each of the ced in the particular unit in the content of the ced in the particular unit in the product of the particular unit in the product of the product of the particular unit in the product of	unitize or combin visable to do so in nises, such pooling g 640 acres each i ying and describin from the pooled un wells be located on royalty stipulated volved.	ee the acreage covered by this lease order to properly develop and operate or unitization to be of tracts contigu in the event of a gas well. Lessee sha g the pooled or unitized acreage. The lit, as if it were included in this lease the premises covered by this lease on herein as the amount of his acreage in	or any portion thereof with other lan a said lease premises so as to promote out to one another and to be into a una all execute in writing and record in the entire acreage so pooled or unitized e. If production is found on the poole root. In lieu of the royalties elsewhere placed in the unit or his royalty inters	ad, lease or leases in the e the conservation of oil it or units not exceeding e conveyance records o into a tract or unit shall d or unitized acreage, i e herein specified, lesso est therein on an acreage
This lease may be signed in any number signing, notwithstanding some of the Lessors above this lease as Lessor although not named.	or numbers of counterpart cove named who may not above.	rts and shall be eff have joined in the	ective as to each Lessor on execution execution hereof. The word "Less	n hereof as to his or her interest and s for" as used in this lease shall mean	thall be binding on those the party or parties who
Lessoe shall have the exclusive right to e known or not, including the drilling of holes, use of securing geological and geophysical information self such information without Lessor's consent associated with seismograph operations (ie: true tenant (if Lessor has a tenant) will be compensate	explore the land herein des of tersion balance, seismo on. All information obta Lessor and Lessee here racks in the wheat, pastured decordingly, or Lessee I	scribed by geologic ograph explosions, ined by Lessee as in agree that a po e or field, road use may elect to repair	al, geophysical or other methods, wh magnetometer, or other geophysical a result of such activity shall be the rition of the consideration paid here, compaction etc.) If any extraordinathe damages in lieu of compensation	bether similar to those herein specified or geological instruments, tests or presclusive property of Lessee, and Lesser in is for advance payment of usual ary damages should occur, at Lessor	d or not and whether not occdures, for the purposessee may disseminate to and customary damage is discretion, Lessor or i
SEE EXHIBIT "A" ATTACHE				DITIONAL TERMS AND	PKUVISIUNS.
IN WITNESS WHEREOF, the undersigned exec	tute this instrument as of the	ne day and year fir	st above written.		
Witnesses:		V	Conred m	- Hockey	
		CO	NRAD MCRACKEN, as trustee of t	he MCRACKEN FAMILY TRUST	

#### EXHIBIT "A"

Attached to and made a part of that Certain Oil and Gas Lease dated July 25, 2006, by and between, MCRACKEN FAMILY TRUST, as Lessor, and SAMUEL GARY, JR. & ASSOCIATES, INC., as Lessee.

## **PROPERTY DESCRIPTION:**

# TOWNSHIP 15 SOUTH - RANGE 16 WEST

#### **SECTION 32:**

That certain tract or parcel of land estimated to contain <u>160.00</u> acres, more or less, and being described as the Northeast Quarter (NE/4) of Section 32, Township 15 South, Range 16 West, Ellis County, Kansas.

It is the intention of this lease to cover and include any mineral interest which the Lessor may own in and to the above described tract, including streets, roads, canals, drainage ditches, rights of way or other servitudes, including, but not limited to, any reversionary interest which Lessor may acquire in the same, by prescription of nonuse.

## **ADDITIONAL TERMS AND PROVISIONS:**

- 1. The provisions of this EXHIBIT "A" shall control and supersede the terms of the attached oil and gas lease when such terms conflict.
- 2. Lessee shall bury and maintain all pipelines below ordinary plow depth (36").
- 3. Lessee shall pay all damages, caused by Lessee's operations hereunder to crops, including grass, and restore as nearly as practical, said premises to the same conditions and contour as previously existed, upon termination of this lease.
- 4. Lessee is hereby granted the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. This option may be exercised by Lessee, in total, on or before the expiration date of lease by paying and delivering to Lessor at the above address, the sum of \$12.00 per acre covered by the lease. In the event Lessee exercises this option, Lessee must renew all acreage covered by this lease. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a term of five (5) years.

63U (Rev. 1993)

# OIL AND GAS LEASE



				_	Shecked	
AGREEMENT, Made and entered into the	14 <sup>th</sup>	_day of	November			200
by and between	HELEN D	OME, wido	w of John B. E	ome		
whose mailing address is	2013 E 21	st Street - A	pt. A, Hays, Ka	nsas 67601	hereinafter called	Lessor (whether one or mor
and	Samuel Ga	ry Jr. & As	sociates, Inc.	CO 80202		hereinafter called Less
Lessor in consideration of Ten one	Othor Valueble C	way. Suite	3300, Denver,	CO 80202		hereinafter called Less
Lessor, in consideration of Ten and acknowledged and of the royalties herein provided and exploring by geophysical and other means, prospecting gas, water, other fluids, and air into subsurface strata, leare of treat, manufacture, process, store and transport and otherwise caring for its employees, the following definitions are carried to the strategy of the strat	lying pipe lines, storing oil	, building tanks,	power stations, teleph	ione lines, and other	s, and their respective	constituent products, inject:
therein situated in County of Ellis						described as follows to a
SEE EXHIBIT "A" ATTAC	HED HERETO A1	ND MADE	A PART HERE	OF FOR PR	OPERTY DESC	CRIPTION
In Section 32 Township	15 South	_ Range	16 West	_ and containing _	160.00	acres, more or less, and
Subject to the provisions herein contained, this liquid hydrocarbons, gas or other respective copursuant to the provisions hereof.	s lease shall remain in forconstituent products, or any					
In consideration of the premises the said lessee lst. To deliver to the credit of Lessor, free of the leased premises.		ch Lessee may c	Onnect wells on said	land the equal one	eighth (1/8) part of al	l att mendissad and accord to
2nd. To pay Lessor for gas, (including easingh one-eighth (1/8), at the market price at the well, (but, as to be less a proportionate part of the production, several the gas, processing, compressing, or otherwise making made monthly.	to gas sold by Lessee, in ince, or other excise taxes a any such gas merchantable	no event more than the cost incurred for the gas so	ded and sold, or used an one-eighth (1/8) of ed by Lessee in deliv Id, used off the prem	the net proceeds neering, treating for the man	or used in the manufact eccived by Lessee from the removal of nitrogen sufacture of products the	ure of any products therefron such sales, such net procest, helium or other impurities herefrom, said payments to
This lease may be maintained during the prima produced on the leased premises or on acreage pooled as operations are being continuously prosecuted on the than one hundred and twenty (120) days shall clapse discovery of oil or gas on the leased premises or on ac Lessee commences additional drilling or reworking opet foil or gas shall be discovered and produced as a restacted produced produced as a restacted produced as a restacted produced p	ry term hereof without furtor unitized therewith but L leased premises or on acres between the completion o reage pooled or unifized if rations within one hundrefult of such operations, this	her payment or dessect is then engage pooled or unit abandonment of the properties o	rilling operations. If aged in drilling, rewo tized therewith, and of one well and the l duction should cease by days from the date nue in full force and	at the expiration of orking operations the operations shall be beginning of operation any cause af of cessation of pro- effect so long as of	f the primary term of the hereon, then this lease a considered to be continuions for the drilling of the the primary term, if duction or from the dat of or gas is produced fi	is lease, oil or gas is not bei shall continue in force so ic nuously prosecuted if not m of a subsequent well. If af his lease shall not terminate te of completion of a dry ho roun the leased premises or
If after the primary term one or more wells on well or wells are either shut in or production therefrom for a period of ninety (90) consecutive days such well or ear acre then covered by this lease, such payment to be thereafter on or before each anniversary date of this leas or otherwise being maintained by operations, or if produce until the end of the next following anniversary date shall render Lessee liable for the amount due, but shall	the lease premises or lands is not being sold by Lessec or wells are shut in or produ- e made to Lessor on or belse while the well or wells a uction is being sold by Les- of this lease that cessation	pooled or unitize, such well or we oction therefrom ore the anniversa re shut in or processee from another to of such operation	ed therewith are capa ells shall nevertheless is not sold by Lessee, ary date of this lease fuction therefrom is n well on the leased pr ons or production occ	ble of producing of be deemed to be p the Lessee shall property next ensuing after out being sold by Le emises or lands pours.	il or gas or other substa producing for the purpo ay an aggregate shut-in the expiration of the se essee; provided that if to loled or unitized therew y be. Lessee's failure t	nces covered hereby, but si se of maintaining the lease, royalty of One Dollar (\$1.) aid ninety (90) day period a his lease is in its primary te ith, no shut-in royalty share to pronety nay shut-in royal
If said lessor owns a less interest in the above for shall be paid the said lessor only in the proportion w	not operate to terminate thi described land than the ent	s lease ire and undivided	I fee simple estate the	rein, then the rova	lties (including any shu	rt-în rovalties) herein provi
Lessee shall have the right to use, free of cost,	hich lessor's interest bears	to the whole and ton said land for	undivided fee,	eran eventual	from the well Classe	
When requested by lessor, lessee shall bury les	see's pipe lines below ploy	v depth.			tion the wells of less	ui.
No well shall be drilled nearer than 200 feet to			hout written consent	of lessor.		
Lessee shall pay for damages caused by lessee Lessee shall have the right at any time to remo			premises including	he right to draw an	rd remove essing	
If the estate of either party hereto is assigned administrators, successors or assigns, but no change in a written transfer or assignment or a true copy thereof portions arising subsequent to the date of assignment	i, and the privilege of ass the ownership of the land of . In case lessee assigns thi	igning in whole or assignment of i s lease, in whole	or in part is expression that is expression to the contract of	y allowed, the covall be binding on that all be relieved of a	venants hereof shall ex the lessee until after the all obligations with resp	stend to their heirs, execute lessee has been furnished weet to the assigned portion
Lessee may at any time execute and deliver to lease as to such portion or portions and be relieved of a	lessor or place of record a ll obligations as to the acre	release or release age surrendered.	s covering any portio	n or portions of the	e above described prem	ises and thereby surrender t
All express or implied covenants of this lease in part, nor lessee held liable in damages, for failure to restrictions on the drilling and production of wells, an operations or obligations under this lease are prevente electricity, fuel, access or easements, or by an act of other act of nature, explosion, governmental action, go take or transport such production, or by any other caus terminate because of such prevention or delay, and, at provision or implied covenants of this lease when drilling	shall be subject to all Fede comply therewith, if com deregulation of the price of d or delayed by such laws, fod, strike, lockout, or oth vernmental delay, restraint e, whether of the kind spe Lessee's option, the perior me, production or other on	ral and State Law pliance is preven r transportation of rules, regulation er industrial dist or inaction, or by cifically enumera d of such preven regulators are so we	is, Executive Orders, ted by, or if such fail oil, gas or other su so or orders, or by insurbance, act of the puy inability to obtain a ted above or otherwition or delay shall be executed to delay and	Rules or Regulation are is the result of the stance covered he billity to obtain neublic enemy, war, satisfactory marketse, which is not restadded to the term	ons, and this lease shall, any such Law, Order, reby When drilling, roessary permits, equipolockade, public riot, he for production, or fail soonably within control hereof. Lessee shall in	not be terminated, in whole Rule or Regulation, includ- eworking, production or oil onent, services, material, wal ightening, fire, storm, flood ure of purchasers or carriers of Lessee, this lease shall not be liable for breach of a
Lessor hereby warrants and agrees to defend mortgages, taxes or other liens on the above described themselves and their heirs, successors and assigns, h homestead may in any way affect the purposes for which	the title to the lands herein lands, in the event of defan	n described, and alt of payment by	agrees that the lesses lessor, and be subro wer and homestead	e shall <b>have</b> the rig gated <b>to the</b> rights on the premises de	tht at any time to redee of the holder thereof, a scribed herein, in so f	em for lessor, by payment and the undersigned lessors, are as said right of dower a
Lessee, at its option, is hereby given the righ immediate vicinity thereof, when in lessee's judgment gas or other minerals in and under and that may be pro 40 acres each in the event of an oil well, or into a unit the county in which the land herein leased in situated be treated, for all purposes except the payment of roy shall be treated as if production is had from this lease, shall receive on production from a unit so pooled only basis bears to the total acreage so pooled or unitized in	t and power to pool, unitize it is necessary or advisable duced from said premises, or units not exceeding 45 m in instrument identifying a alties on production from to whether the well or wells be such portion of the royalt the particular unit involved	te or combine the to do so in order such pooling or u acres each in the nd describing the the pooled unit, a e located on the p stipulated here	e acreage covered by to properly develop mitzation to be of tra- event of a gas well peoded or unitized a s if it were included, cremises covered by tra- m as the amount of h	this lease or any pand operate said lease some properties of lease shall executive sections. The entire in this lease or not. In its acreage placed in	portion thereof with off ase premises so as to p me another and to be in the in writing and recor- acreage so pooled or un duction is found on the lieu of the royalties els in the unit or his royalty	her land, lease or leases in romote the conservation of to a unit or units not exceed d in the conveyance records intized into a tract or unit sl pooled or unitized acreage ewhere herein specified, les interest therein on an acre-
This lease may be signed in any number or m signing, notwithstanding some of the Lessors above receute this lease as Lessor, although not named above	ambers of counterparts and amed who may not have	shall be effective comed in the exe	c as to each Lessor or cution hereof. The v	n execution hereof vord "Lessor" as u	as to his or her interest used in this lease shall	t and shall be binding on the mean the party or parties v
Lessee shall have the exclusive right to explor known or not, including the drilling of holes, use of tor of securing geological and geophysical information. A sell such information without Lessor's consent. Les associated with seismograph operations (ie: tire tracks tenant (if Lessor has a tenant) will be compensated acc	e the land herein described sion balance, seismograph All information obtained b sor and Lessee herein agr in the wheat, pasture or he ordingly, or Lessee may el	by geological, georphosions, mag explosions, mag y Lessee as a res ee that a portion old, road use, con cot to repair the d	eophysical or other metometer, or other gult of such activity slof the consideration apaction etc.) If any lamages in lieu of cor	ethods, whether su cophysical or geold hall be the exclusive paid herein is for extraordinary dama expensation	milar to those herein sp ogical instruments, tests we property of Lessee, a advance payment of ages should occur, at L	ectfied or not and whether is or procedures, for the purp and Lessee may disseminat usual and customary dama essor's discretion, Lessor o
SEE EXHIBIT "A" ATTACHED H	ERETO AND MA	DE A PAR	Γ HEREOF FO			
IN WITNESS WHEREOF, the undersigned execute th	is instrument as of the day	and year first abo	ove written.			
Witnesses:			Α. Λ	$\sim$		
			Alle	$n$ / $\mathcal{L}$	om o	

## EXHIBIT "A"

Attached to and made a part of that Certain Oil and Gas Lease dated November 14, 2006, by and between, HELEN DOME, as Lessor, and SAMUEL GARY, JR. & ASSOCIATES, INC., as Lessee.

## **PROPERTY DESCRIPTION:**

# TOWNSHIP 15 SOUTH – RANGE 16 WEST

#### **SECTION 32:**

That certain tract or parcel of land estimated to contain 160.00 acres, more or less, and being described as the Southeast Quarter (SE/4) of Section 32, Township 15 South, Range 16 West, Ellis, County, Kansas.

It is the intention of this lease to cover and include any mineral interest which the Lessor may own in and to the above described tract, including streets, roads, canals, drainage ditches, rights of way or other servitudes, including, but not limited to, any reversionary interest which Lessor may acquire in the same, by prescription of nonuse.

# **ADDITIONAL TERMS AND PROVISIONS:**

- 1. The provisions of this **EXHIBIT** "A" shall control and supersede the terms of the attached oil and gas lease when such terms conflict.
- 2. Lessee shall bury and maintain all pipelines below ordinary plow depth (36").
- Lessee shall pay all damages, caused by Lessee's operations hereunder to crops, including grass, and
  restore as nearly as practical, said premises to the same conditions and contour as previously existed,
  upon termination of this lease.
- 4. Lessee is hereby granted the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. This option may be exercised by Lessee, in total, on or before the expiration date of lease by paying and delivering to Lessor at the above address, the sum of \$12.00 per acre covered by the lease. In the event Lessee exercises this option, Lessee must renew all acreage covered by this lease. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a term of five (5) years.



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

September 15, 2009

TOM FERTAL Samuel Gary Jr. & Associates, Inc. 1515 WYNKOOP, STE 700 DENVER, CO80202

Re: Drilling Pit Application API 15-051-25893-00-00 MCRACKEN FAMILY TRUST ET AL 1X-32 NE/4 Sec.32-15S-16W Ellis County, Kansas

#### Dear TOM FERTAL:

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. Keep pits away from draw/drainage.

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 (785) 625-0550 when the fluids have been removed. Please file form CDP-5 (August 2008), Exploration and Production Waste Transfer, through SOLAR within 30 days of fluid removal.

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 (785) 625-0550.