



For KCC Use:
 Effective Date: _____
 District #: _____
 SGA? Yes No

KANSAS CORPORATION COMMISSION 1031715
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
 (00000) _____ 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: _____ <i>(This authorization void if drilling not started within 12 months of approval date.)</i> | |
| 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: _____



1031715

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

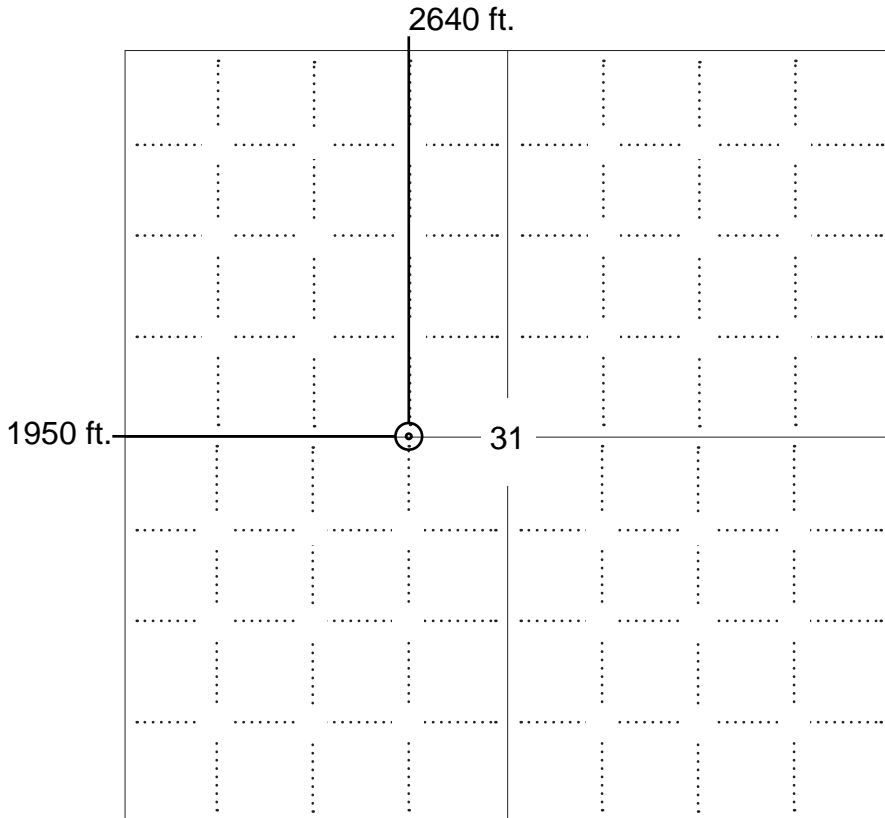
If Section is Irregular, locate well from nearest corner boundary.

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 1031715
OIL & GAS CONSERVATION DIVISION

Form CDP-1
April 2004
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

| | | | |
|---|--|--|--|
| Operator Name: _____ | | License Number: _____ | |
| Operator Address: _____ | | | |
| Contact Person: _____ | | Phone Number: _____ | |
| Lease Name & Well No.: _____ | | Pit Location (QQQQ): _____-_____-_____-_____ | |
| Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <i>(If WP Supply API No. or Year Drilled)</i> | | Pit is: <input type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: _____ (bbls) | |
| Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input type="checkbox"/> No | | Chloride concentration: _____ mg/l <i>(For Emergency Pits and Settling Pits only)</i> | |
| Is the bottom below ground level? <input type="checkbox"/> Yes <input type="checkbox"/> No | | Artificial Liner? <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| How is the pit lined if a plastic liner is not used? | | _____ | |
| Pit dimensions (all but working pits): _____ Length (feet) _____ Width (feet) _____ N/A: Steel Pits Depth from ground level to deepest point: _____ (feet) _____ No Pit | | | |
| If the pit is lined give a brief description of the liner material, thickness and installation procedure. | | Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. | |
| Distance to nearest water well within one-mile of pit _____ feet Depth of water well _____ feet | | Depth to shallowest fresh water _____ feet. Source of information: _____ measured _____ well owner _____ electric log _____ KDWR | |
| Emergency, Settling and Burn Pits ONLY: Producing Formation: _____ Number of producing wells on lease: _____ Barrels of fluid produced daily: _____ Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No | | Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: _____ Number of working pits to be utilized: _____ Abandonment procedure: _____ _____ Drill pits must be closed within 365 days of spud date. | |
| Submitted Electronically | | | |

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

OIL AND GAS LEASE

THIS AGREEMENT, Entered into this the 18th day of October, 2006 between
Edgar Schadel and Carolyn R. Schadel, husband and wife
RR1 Box 17A
Alexander, KS 67513 hereinafter called Lessor (whether one or more),
 and American Warrior, Inc.

hereinafter called Lessee:

Lessor, in consideration of Ten (10) & O.V.C. 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 Rush State of Kansas and described as follows to-wit:

The Southwest Quarter (SW/4)

In Section 31, Township 19 South, Range 20 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 or can be produced from said land or land with which said land is pooled. If, due to circumstances beyond Lessee's control, Lessee is unable to obtain a rotary drilling rig prior to the expiration of the primary term, Lessor agrees that Lessee shall have a reasonable time, not to exceed ninety (90) days, within which to obtain such rotary drilling rig and commence operations for the drilling of a well.

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

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

2nd. To pay lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8), at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (1/8) of the proceeds received by lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. At any time, either before or after the expiration of the primary term of this lease, if there is a gas well or wells on the above land (and, for the purposes of this clause, the term "gas well" shall include wells capable of producing natural gas, condensate, distillate or any gaseous substance and wells classified as gas wells by any governmental authority) and such well or wells are shut-in, before or after production therefrom, lessee or any assignee hereunder may pay or tender annually, within sixty (60) days after the end of each yearly period during which such gas well or gas wells are shut-in, as substitute gas royalty, Five Dollars (\$5.00) per net mineral acre retained hereunder, for the acreage then held under this lease, by the party making such payments or tenders, and, if such payments or tenders are made, it shall be considered under all provisions of this lease that gas is being produced from the leased premises in paying quantities.

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

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee.

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

Lessee shall bury lessee's pipelines below plow depth.

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

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

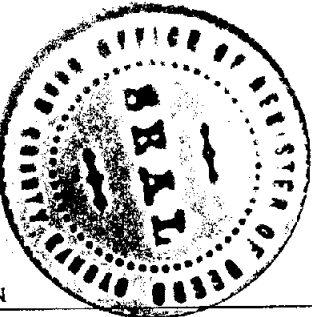
Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

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

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

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



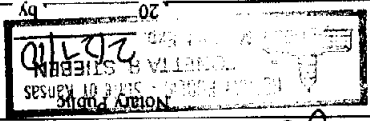
STATE OF KANSAS, RUSH COUNTY, S.S.
THIS INSTRUMENT WAS FILED FOR RECORD ON
THE 26 DAY OF JANUARY A.D. 2007
AT 11:20 O'CLOCK A.M. AND
DULY RECORDED IN BOOK 152 OF
AT PAGE 997
Morgan, R. Schadel
REGISTER OF DEEDS
INDEXED 6
#666
\$30.00

My commission expires _____
Notary Public

The foregoing instrument was acknowledged before me this _____ day of _____, 20____

COUNTY OF _____
STATE OF _____
My commission expires _____
Notary Public

The foregoing instrument was acknowledged before me this _____ day of _____, 20____



COUNTY OF _____
STATE OF _____
My commission expires _____
Notary Public

The foregoing instrument was acknowledged before me this _____ day of _____, 2007

COUNTY OF New Kansas
STATE OF Kansas
Edgar Schadel and Carolyn R. Schadel, husband and wife

SS# or Tax #: _____
SS# or Tax #: _____
SS# or Tax #: _____
SS# or Tax #: _____
Edgar Schadel
Carolyn R. Schadel

IN WITNESS WHEREOF, we sign the day and year first above written.

The attached Addendum to Oil and Gas Lease is incorporated herein by reference as though set out in detail.

If at the end of the primary term, this lease is not otherwise extended by production, lessee or its assigns is hereby granted an option to extend this lease for an additional one (1) year provided the following conditions are met. The lessee shall review the 3-D seismic covering this lease with the lessor. The lessee shall have an intent to Drill filed with the Kansas Corporation Commission. In the event the lessee elects to exercise this option, a consideration of Five dollars (\$5.00) per mineral acre shall be paid to the lessor.

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 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.

ADDENDUM TO OIL AND GAS LEASE

This Addendum is attached to and made a part of that certain Oil and Gas Lease dated October 18, 2006, by and between Edgar Schadel and Carolyn R. Schadel, husband and wife, as Lessors, and American Warrior, Inc. as Lessee.

- A. Lessee agrees to notify Lessors at least thirty (30) days prior to commencement of any operations. Lessors' approval of routes of ingress and egress by Lessee as may be necessary to the operation shall be required, which approval shall not be unreasonably withheld. Lessee agrees to maintain in good repair all roads used by Lessee whether existing or developed by Lessee and to keep all gates across such roads, if any, closed or to install suitable cattle guards if Lessors or their agricultural tenant pasture cattle upon the previously described real property.
- B. The Lessee shall have the right to use, free of cost gas, oil and water found on said land for its operations on the leased premises. Lessee shall not have the right to use freshwater from the leased premises for secondary recovery operations without the written consent and approval of the Lessors.
- C. Lessors' approval shall be required for the location of all permanent structures and equipment by Lessee, which approval shall not be unreasonably withheld.
- D. The shutting of a well for any reason under paragraph 2nd of this oil and gas lease shall be limited to a period of two (2) years unless otherwise agreed upon in writing by the Lessors.
- E. Unless otherwise agreed upon in writing by the parties hereto, Lessee agrees to remove and reserve top soil at drill sites, pits, and other temporary locations, to a depth twenty four (24) inches, such material to be kept separate from other soil removed by Lessee in its operations.
- F. Unless otherwise agreed upon in writing by the parties hereto, all pits utilized by the Lessee in drilling and in the operation of a well or wells under this lease shall be fully lined with material which is in compliance with and acceptable under the rules, regulations and guidelines of the Kansas Corporation Commission and which is acceptable to the Lessors, so as to protect the environment, including, but not limited to the soil, surface and/or ground water and crops, grass, trees or other vegetation on the premises. Lessors shall not unreasonably withhold their approval as to the materials utilized in lining the pits.
- G. Lessee shall have the right at any time during or within ninety (90) days, weather permitting, after the expiration of this lease to remove all property and fixtures placed by Lessee on the land, including the right to draw and remove all casing. Any property of Lessee not so removed, at the option of Lessors, shall become the property of Lessors without reimbursement to Lessee.
- H. Lessee agrees that on completion or abandonment of a well on the leased premises, the surface of the land will be restored to its original condition as nearly as possible, within ninety (90) days, weather permitting, after completion or abandonment of the well. Surface restorations shall include the following: (a) all pits must be drained or pumped dry; (b) pits must be back-filled with dry dirt after being cleaned; (c) liners for the pits as hereinabove required shall be removed, unless otherwise agreed upon in writing; (d) the previously removed and segregated top soil shall then be restored to the surface of said pits and drilling location; and (e) the area on which operations have been conducted must be compacted so that its condition is equal to the adjoining land on which operations were not conducted; and (f) the land shall be restored to its original contour at the time of execution of this Lease Agreement by the Lessors. Lessee shall re-seed to grass all areas thereof affected by Lessee's operations.
- I. All pipelines and utility lines used by Lessee in its operations shall be buried below plow depth, which shall not be less than thirty-six (36) inches.
- J. Lessee shall conduct its operations in accordance with prudent standards of the oil and gas industry and further, shall conduct its operations in accordance with the rules and regulations of the KANSAS CORPORATION COMMISSION, the KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT, and the ENVIRONMENTAL PROTECTION AGENCY OF THE UNITED STATES. Lessee shall observe all required safety precautions to insure that no damages occur except those defined as "Force Majeure". Except as hereinabove otherwise

Title

 President

 Cecil O Brate

 Lessee, By:

Date: January 16, 2007

AMERICAN WARRIOR, INC.

CAROLYN R. SCHADEL, Lessor

 EDGAR SCHADEL, Lessor

Date: January 26, 2007

Signed for Identification:

L. To the extent that the provisions of the attached oil and gas lease are inconsistent or in contradiction of the terms of this addendum, the terms of the addendum to oil and gas lease shall control.

K. The installation of any salt water disposal equipment by the Lessee in the operation of the lease shall be subject to the approval of the Lessors. Lessee shall not unreasonably withhold approval for such installation where the disposal of the salt water is from a well that is being drilled or is producing upon the above-described premises. Lessee shall not, however, be permitted to utilize any well drilled on the leased premises for disposal of salt water from wells located on other premises unless otherwise agreed upon by the parties hereto in writing. Lessors shall be entitled to compensation for disposal of salt water in wells upon the leased premises and the parties shall agree, in writing, as to such compensation prior to disposal occurring therein.

provided, Lessee shall pay Lessors, or their order, for all damage arising out of its operations under this lease, including, but not limited to, persons, livestock, trees, pastures, growing crops, surface and ground water, terraces, and other improvements on the leased premises. As a demonstration of good faith, without any means of limitation whatsoever, Lessee shall advance to the Lessors the sum of ONE THOUSAND DOLLARS (\$1,000.00) prior to the commencement of any drilling operations hereunder as a deposit to be applied against well site damage. Said payment shall be nonrefundable and shall not be construed as liquidated damages or in any other way limiting actual damages or specific performances required by the Lessee herein.

OIL AND GAS LEASE

THIS AGREEMENT, Entered into this the 18th day of October, 2006 between
Patricia Kay Thompson and Dennis R. Thompson, wife and husband
24663 County Highway 111
Fergus Falls, MN 56537 hereinafter called Lessor (whether one or more),
 and American Warrior, Inc.

hereinafter called Lessee:

Lessor, in consideration of Ten (10) & O.V.C. 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 Rush State of Kansas and described as follows to-wit:

The East One-Half of the Northwest Quarter (E/2 NW/4)

In Section 31, Township 19 South, Range 20 West, and containing 80 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 or can be produced from said land or land with which said land is pooled. If, due to circumstances beyond Lessee's control, Lessee is unable to obtain a rotary drilling rig prior to the expiration of the primary term, Lessor agrees that Lessee shall have a reasonable time, not to exceed ninety (90) days, within which to obtain such rotary drilling rig and commence operations for the drilling of a well.

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

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

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

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

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee.

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

Lessee shall bury lessee's pipelines below plow depth.

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

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

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

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

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

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

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and the undersigned 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 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 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.

If at the end of the primary term, this lease is not otherwise extended by production, lessee or its assigns is hereby granted an option to extend this lease for an additional one (1) year provided the following conditions are met. The lessee shall review the 3-D seismic covering this lease with the lessor. The lessee shall have an intent to Drill filed with the Kansas Corporation Commission. In the event the lessee elects to exercise this option, a consideration of Five dollars (\$5.00) per mineral acre shall be paid to the lessor.

IN WITNESS WHEREOF, we sign the day and year first above written.

Patricia Kay Thompson
Patricia Kay Thompson

Dennis R. Thompson
Dennis R. Thompson

SS or Tax #:

SS # or Tax #:

SS # or Tax #:

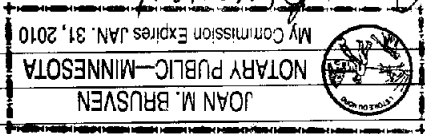
SS # or Tax #:

STATE OF ~~Kansas~~ *Minnesota*

COUNTY OF ~~Osage~~ *Osage*

The foregoing instrument was acknowledged before me this 25th day of October

Patricia Kay Thompson and Dennis R. Thompson, wife and husband



Notary Public

My commission expires 11/31/2010

STATE OF *Minnesota*

COUNTY OF *Osage*

The foregoing instrument was acknowledged before me this

day of

20

by

My commission expires

Notary Public

STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me this

day of

20

by

My commission expires

Notary Public

STATE OF KANSAS, RUSH COUNTY, S.S.

THIS INSTRUMENT WAS FILED FOR RECORD ON

THE 20 DAY OF Nov A.D.

20 06 AT 4 O'CLOCK P.M., AND

DUTY RECORDED IN BOOK 179 OF 2006

AT PAGE 677

Joan M. Brusven

REGISTER OF DEEDS

INDEXED G

#/355

12.00

MICROFILMED