



KANSAS CORPORATION COMMISSION 1032548
OIL & GAS CONSERVATION DIVISION

Form C-1
October 2007

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

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

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: Oil Gas Seismic ; _____ # of Holes Other: _____
Well Class: Enh Rec Storage Disposal Infield Pool Ext. Wildcat Other _____
Type Equipment: Mud Rotary Air Rotary 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
(00/00) _____ 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: _____



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

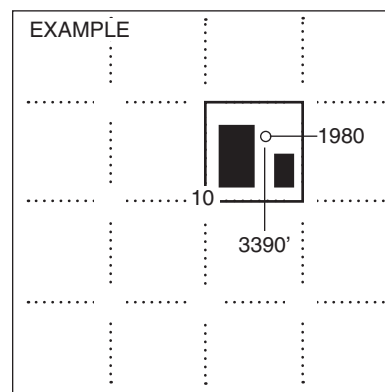
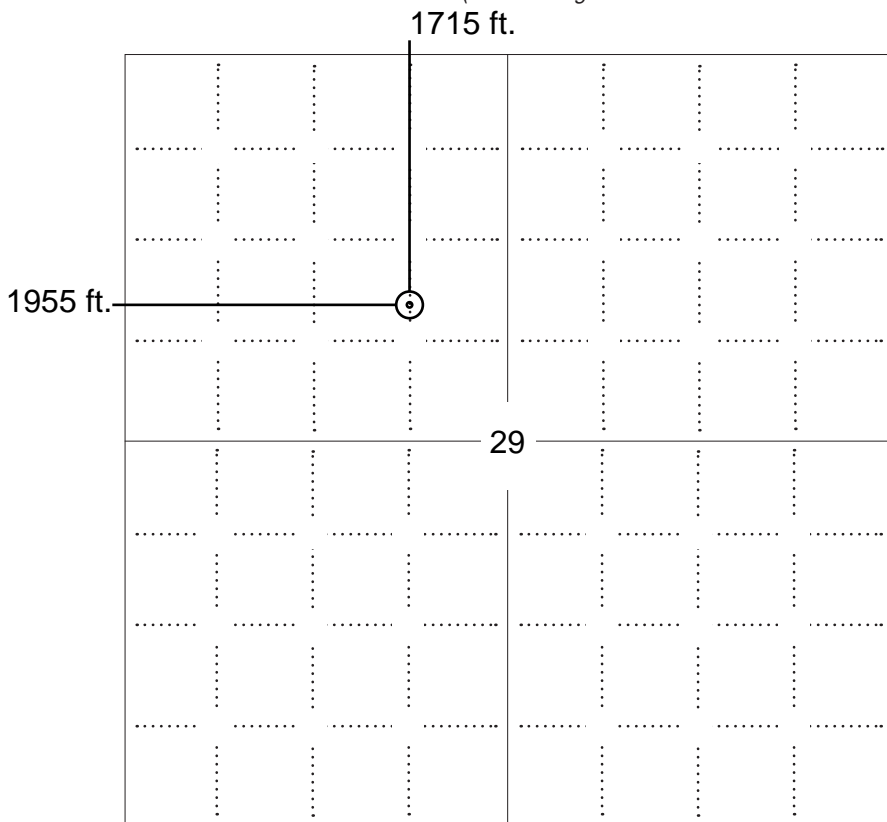
If Section is Irregular, locate well from nearest corner boundary.

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.)



SEWARD CO.

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).

**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



LEASE EXTENSION AGREEMENT

THIS Agreement, dated the 31st day of July, 2009, by and between TERRY L. WOOD and MARSHA L. WOOD, husband and wife, and PATRICIA A. LAIR and RANDY L. LAIR, her husband hereinafter sometimes referred to as "Owner", and Colt Natural Gas, L.L.C., hereinafter sometimes referred to as "Operator";

WITNESSETH:

WHEREAS, Owner is the present owner of all or an undivided interest in and to the right, title and interest of Lessor and Operator is the present owner of all of Lessee's right, title and interest in and to that certain Oil and Gas Lease executed by Owner in favor of Colt Natural Gas, L.L.C., on the 24th day of January, 2007, said lease being recorded in Book 563, Page 358, Records of Montgomery County, State of Kansas, a full description of the lands covering the following described lands:

LOTS 2 AND 6, BEING THE S/2 NW/4 OF SECTION 29, TOWNSHIP 32 SOUTH, RANGE 17 EAST; AND THE NORTH HALF OF THE SOUTHEAST QUARTER (N/2 SE/4) OF SECTION 30, TOWNSHIP 32 SOUTH, RANGE 17 EAST, EXCEPT THE NORTH 620 FEET OF THE WEST 1,110 FEET, AND EXCEPT BEGINNING AT THE SOUTHWEST CORNER OF THE NORTH HALF OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 32 SOUTH, RANGE 17 EAST, THENCE NORTH 200 FEET, THENCE EAST 400 FEET, THENCE SOUTH 200 FEET, THENCE WEST 400 FEET TO THE POINT OF BEGINNING;

AND WHEREAS, it is the mutual desire of Owner and Operator to amend said Lease to extend the primary term of said Lease as hereinafter provided;

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars (\$10.00), and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed that the words and figure "THREE (3) years" appearing in the primary term paragraph of said Lease are hereby deleted from said Lease and in lieu thereof there are hereby substituted therefor the words and figure "FOUR (4) years".

Except as amended hereby, said Lease shall remain unchanged, and for the consideration above recited: (a) Owner and Operator ratify, confirm and adopt said Lease as hereby amended and acknowledge that same is valid, subsisting and in full force and effect, and agree that the sum herein paid hereunder by Operator to Owner shall be considered as consideration for this Agreement for extending the primary term of said Lease for the period commencing January 24, 2010, to January 24, 2011; and (b) Owner does hereby grant, lease and let the lands described in said Lease to Operator, its successors, sublessees and assigns, upon all and singular the terms and provisions of said Lease as amended hereby.

This Agreement shall be binding upon and shall inure to the benefit of the respective heirs, successors, legal representatives, sublessees or assigns of the parties hereto.

EXECUTED this 31st day of July, 2009.

Lessors:

Terry L. Wood
 Terry L. Wood

Patricia A. Lair
 Patricia A. Lair

Marsha L. Wood
 Marsha L. Wood

Randy L. Lair
 Randy L. Lair

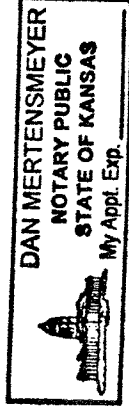
STATE OF KANSAS, COUNTY OF MONTGOMERY, SS:

The foregoing instrument was acknowledged before me this 31st day of July 2009

By TERRY L. WOOD and MARSHA L. WOOD, husband and wife


Notary Public: Dan Mertensmeyer

My Appointment Expires: 6/12/2013



STATE OF KANSAS, COUNTY OF Sebastian, SS:

The foregoing instrument was acknowledged before me this 7 day of August 2009

By PATRICIA A. LAIR and RANDY L. LAIR, her husband


Notary Public

My Appointment Expires: 7/2/2013



OIL AND GAS LEASE

Plus (C&S GAS)

(PAID-UP)

AGREEMENT, made and entered into this 24th day of JANUARY, 20 07
by and between TED G. WOOD and EMMA JEAN WOOD, TRUSTEES of the TED G. WOOD and
EMMA JEAN WOOD REVOCABLE LIVING TRUST dated March 6, 1999

hereinafter called Lessor (whether one or more), and Colt Natural Gas, L.L.C., P.O. Box 388, Iola, Kansas
66749, hereinafter called Lessee.

1. **GRANT.** Lessor, for and in consideration of the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration, receipt and sufficiency of which are acknowledged, and of the covenants and agreements hereinafter contained, does hereby grant, demise, lease and let unto said Lessee, exclusively, its successors and assigns, the following described land for the purpose of conducting geological, geophysical and other exploratory work, including drilling and operating for, producing, saving, storing and marketing the oil and all gas of whatsoever nature or kind including but not limited to coalbed gas, shale gas or casinghead gas and all other hydrocarbons and their respective constituent products, and the exclusive right of injecting gas, air, water, brine and other fluids and substances into the subsurface strata, and constructing roads, laying pipe lines, electric lines and other utilities, building tanks and erecting other structures thereon, necessary or convenient to produce, save and take care of, treat, dewatering any gas formations and market said substances and products, all that certain tract of land together with any reversionary rights and after-acquired interests therein, described as follows:

LOTS 2 AND 6 IN SECTION 29, TOWNSHIP 32 SOUTH, RANGE 17 EAST; AND

THE NORTH HALF OF THE SOUTHEAST QUARTER (N/2 SE/4) OF SECTION 30, TOWNSHIP 32 SOUTH, RANGE 17 EAST,
EXCEPT THE NORTH 620 FEET OF THE WEST 1,110 FEET, AND **EXCEPT** BEGINNING AT THE SOUTHWEST CORNER
OF THE NORTH HALF OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 32 SOUTH, RANGE 17 EAST, THENCE
NORTH 200 FEET, THENCE EAST 400 FEET, THENCE SOUTH 200 FEET, THENCE WEST 400 FEET TO THE POINT OF BEGINNING;

Section 29, 30 Township 32 Range 17 containing 155 acres more or less
located in MONTGOMERY COUNTY, KANSAS.

2. **PRIMARY TERM.** This Lease shall remain in full force for a term of THREE (3) year(s) from this date, (herein called "Primary Term"), and as long thereafter as oil or gas, or any of the substances covered by this Lease, is produced from said land by Lessee in paying quantities, or the premises are being developed.

3. **PAID-UP LEASE.** This Lease may be maintained during the Primary Term hereof without further payment or drilling operations. If Lessee shall commence to drill a well within the Primary Term of this Lease or any extension thereof, then 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 Primary Term.

4. **ROYALTY.** Lessor shall receive royalties as follows:

(A) Lessee shall deliver to the credit of Lessor as royalty, free of costs of production, storage or treatment on the leased premises, into the pipe line or storage tanks to which Lessee may connect its wells, the equal FIFTEEN PERCENT (15%) part of all OIL produced, saved and marketed from the leased premises.

(B) Lessee shall pay to Lessor as royalty on all gas of whatsoever nature or kind, including but not limited to coalbed gas, shale gas or casinghead gas, and their respective constituent elements or other gaseous substances ("Gas"), produced and marketed from the leased premises FIFTEEN PERCENT (15%) of the market value at the mouth of the well.

(C) Where Gas from a well capable of producing Gas (or from a well in which dewatering operations have commenced), is not sold or used after the expiration of the Primary Term, Lessee shall pay or tender as royalty to Lessor the sum of TEN DOLLAR (\$10.00) per year per net mineral acre, such payment or tender to be made on or before the anniversary date of this Lease next ensuing after the expiration of 90 days from the date such well is shut in or dewatering operations are commenced and thereafter on or before the anniversary date of this lease during the period such well is shut in or dewatering operations are being conducted. If such payment is not timely made, this Lease shall not terminate unless Lessee fails to make or tender such payment within thirty (30) days after receipt of written notice of default given by Lessor to Lessee by certified mail, return receipt requested. So long as payment is made as provided herein, the Lessee shall be deemed to be producing oil and/or or gas in accordance with paragraph 2 of this Lease.

5. **FORCE MAJEURE.** All provisions hereof, express or implied, shall be subject to all federal and state laws, and the orders, rules, or regulations of all governmental agencies administering the same, and this Lease shall not be in any way terminated wholly or partially, nor shall Lessee be liable in damages for failure to comply with any of the express or implied provisions hereof, if such failure accords with any such laws, orders, rules or regulations. Lessee shall not be liable in damages, forfeiture or termination, on account of breach of covenant, express or implied, or failure of any condition necessary to keep this Lease in force, which results from force majeure; and the obligations of Lessee shall be suspended if and while drilling or other operations are delayed or interrupted by force majeure. Force majeure includes Act of God, storm, flood, strike, scarcity of labor or material, lockout, blowout, breach of contract by drillers, subcontractors or suppliers, surface or subsurface conditions which impede normal operations or which would result in other damages or waste, or other bona fide cause beyond the reasonable control of Lessee. Lessee shall have a reasonable time after the removal or cessation of force majeure within which to commence or resume performance under the Lease. If force majeure occurs during the Primary Term, the time such force majeure exists shall be added to the Primary Term.

6. **LESSEER INTEREST.** If said Lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein, then royalties and other payments herein provided shall be paid to said Lessor in the proportion that his/her interest bears to the whole and undivided fee title. If more than one party has executed this Lease as Lessor, then this provision applies to each such party.

7. **OPERATIONS AND REMOVAL.** Lessee shall bury its pipelines below plow depth where reasonably possible. No well shall be drilled nearer than TWO HUNDRED (200) feet to any house or barn on said land as of the date of this Lease without written consent of Lessor. Lessee shall pay for damages caused by its operations to said land. Lessee shall fill in drilling pits and restore well location(s) as nearly as reasonably possible to the general condition before drilling operations began, within a reasonable time after a well has been plugged or completed. Lessee shall fence all tanks and wells when requested by Lessor. Lessee shall have the right at any time to remove any or all machinery and fixtures placed on said land, including the right to draw and remove casing.

8. **FREE SUBSTANCES.** Lessee shall have the right to use, free of cost or royalty, gas, oil, and water produced on said land for Lessee's operations thereon, except fresh water from the wells of Lessor. If gas is produced from any well, Lessor shall have the right to take such gas, free of charge, for domestic purposes in one single family dwelling on the leased premises. This provision does not extend to additional dwellings that may be located upon tracts into which the leased premises may be divided. Lessor's lines, appliances at the well, meters and connections shall be of good quality and installed at Lessor's expense. Lessee shall have the right to designate the point of connection and to impose such rules and regulations as may be reasonably necessary to protect the well and other lines. Lessor's taking and use of gas shall be at Lessor's sole risk, and Lessee shall not be liable in any way for Lessor's failure or inability to obtain or use such gas on account of the use of pumping stations, breakage of lines, conditions at the well, requirements or restrictions under any gas contract, Lessee's operations, or any other cause. Lessor shall be solely responsible for compliance with all applicable safety rules and regulations, including K.A.R. 82-11-4, in effect at the time of connection including, but not limited to, odorization of the gas.

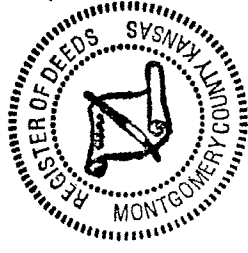
9. **RIGHT OF WAY.** For the consideration first stated above, Lessor conditionally grants to Lessee an easement and right of way as provided herein. The use of such easement and right of way are conditioned upon Lessee first paying or tendering to Lessor of the sum of TEN DOLLARS (\$10.00) per rod. Such payment or tender may be made at any time while this Lease is in effect. Such easement and right of way are described as follows: Lessor grants to Lessee a strip of land thirty (30) feet wide for the purpose of laying, constructing, operating, inspecting, maintaining, repairing, replacing and removing a pipeline or pipelines for the transportation of water, brines, oil, gas and other substances, and electric line(s), at a location or locations to be determined by Lessee, on, in, over and through the land described hereinabove. The centerline of such easement and right of way shall be the center of the pipeline(s) and/or electric line(s) as actually laid. Lessee will consult with Lessor on course, route and direction of lines so as to minimize interference with surface use by Lessor. Such pipeline(s) and electric line(s) shall be buried when reasonably possible below plow depth. Lessee shall pay for damages to growing crops, fences or other structures of Lessor that are caused by the construction, maintenance and operation of such pipeline(s) and electric line(s). Lessee shall have the right of ingress and egress to and from the premises for all purposes necessary

LEASE \$6.00

ADDITIONAL PAGES \$2.00

TECHNOLOGY FUND \$4.00

BOOK: 563 PAGE: 358



2-pgs

Note: See revisions side
special provisions

to exercise of the rights granted herein. This easement, and right of way shall be construed as if conveyed by separate instrument, without regard to the oil and gas Lease or the term thereof; provided, however, that if use of such easement and right of way is not actually commenced within the term of said oil and gas Lease or extension or renewal thereof then this easement and right of way and all rights granted thereunder shall cease and terminate on the date said oil and gas lease expires. This easement and right of way are independent of, and in addition to, and are not a substitute for, the rights of Lessee under said Lease, which rights are not hereby diminished or affected, it being understood that this easement and right of way provides for transporting products mentioned herein which may be produced, obtained, stored or transported upon or across lands adjacent thereto or in the vicinity thereof. The easement and right of way granted herein are a covenant running with the land and shall extend to Lessee and Lessee's successors and assigns, and shall remain in force for the term of said oil and gas Lease and as long thereafter as the land easement and right of way are used by Lessee, its successors and assigns, for the purposes herein mentioned.

10. BREACH. The breach of any obligation under any provision or covenant of this Lease, express or implied, shall not work a forfeiture or termination of the Lease nor be grounds for cancellation unless Lessor first notifies Lessee in writing of the breach and the facts relied upon as constituting such breach, together with a demand for the specific performance thereof, and the Lessee, if in default, fails within a reasonable time thereafter to commence compliance with the obligations imposed.

11. ASSIGNMENT AND ENTIRETY. 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 payments and/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; and if it is hereby agreed in the event this Lease shall be assigned as to a part or as to parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the payments and/or royalties due from him or them on an acreage basis, such default shall not operate to defeat or affect this Lease insofar as it covers a part or parts of said lands upon which the said Lessee or any assignee thereof shall make due payments of said payments and/or royalties. If the leased premises are now or hereafter owned in severally or in separate tracts, the premises, nevertheless, may be developed and operated as an entirety, and the payments and/or royalties shall be paid to each separate owner in the proportion that the acreage owned by him bears to the entire leased area. There shall be no obligation on the part of the Lessee to offset wells on separate tracts into which the land covered by this Lease is now or may hereafter be divided by sale, devise, or otherwise, or to furnish separate meters, tanks or other measuring devices for oil and/or gas produced from such separate tracts.

12. WARRANTY AND SUBROGATION. 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 in addition Lessee may reimburse itself for such payments out of any royalties or payments due or payable to Lessor.

13. SPECIAL PROVISIONS.

- A. Lessee will notify Lessor of any new well locations for Lessor's approval of such locations before drilling commences upon said property. Such approval shall not be unreasonably withheld by Lessor.
- B. Lessee will consult with Lessor on course, route and direction of lease roads and line (pipe, electric & telephone) installations so as to minimize interference with surface use. Lessee to establish and utilize the minimum number of lease roads necessary to conduct operations, and shall not deviate from lease roads once established, lease roads shall be maintained in good condition so as to prevent rutting and erosion.
- C. When requested by Lessor, Lessee will install and maintain cattle-tight gates at all lease access points into pastures and through pasture cross fences.
- D. Lessee shall not establish a storage yard or general maintenance area on the lease premises; any equipment or supplies not in active use shall be promptly removed from the premises.
- E. Lessee shall defend, indemnify and hold harmless Lessor from any environmental damage, spills or leaks arising from Lessee's operations.
- F. No compressor, tank batteries, or disposal well(s) shall be placed on above said property unless agreed to in writing by Lessor.
- G. Lessee agrees to plug all wells and restore the premises as close as possible to its original condition upon termination of this lease.
- H. Lessee shall not establish a storage yard or general maintenance area on the lease premises; any equipment or supplies not in active use shall be promptly removed from the premises.
- I. The above said property shall not be pooled with other properties without prior written approval from Lessor.
- J. In addition to the terms found in paragraph 8 above, Lessor shall also have the right to use a minimal and reasonable amount of gas necessary to heat the existing shop building as presently located on property described in this lease. Such free gas shall be limited to a maximum daily amount of 2,500 cubic feet. This provision does not extend to any additional buildings other than the one referenced above. The use of gas for such existing farm shop shall follow all of the same requirements as stated in paragraph 8 above as gas used for domestic purposes in one single family dwelling including and restating at the "Lessor's expense" and "Lessors sole risk". Lessee at its option can require the Lessor to install an approved meter to measure such above referenced gas usage.
- K. Lessee agrees to drill, complete, and attempt to produce at least one well within the primary term (3 years) of this lease, or this lease shall terminate.
- L. If Lessee should drill on said lease, Lessee agrees to drill no more than two wells unless otherwise agreed to in writing by Lessor.
- M. For all damages, breach or other disputes, Lessor and lessee mutually agree to submit to binding arbitration to resolve any conflicts or disputes that cannot otherwise be resolved by good faith negotiations between the Parties. Either Party can invoke binding arbitration proceedings with 60 days written notice to the other Party. The Party invoking such arbitration will pay the cost to retain an attorney licensed in the State of Kansas whom will conduct the arbitration proceedings, and such attorney shall be acceptable to the other Party, such acceptance not to be unreasonably withheld.

Whereof witness our hands as of the day and year first above written.

The TED G. WOOD and EMMA JEAN WOOD REVOCABLE LIVING TRUST dated March 6, 1999


Name: Ted G. Wood, Trustee

Address: 520 West Main St.
Cherryvale, Kansas 67335

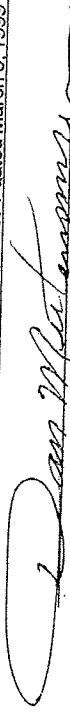

Name: Emma Jean Wood, Trustee

Address: _____

STATE OF _____, COUNTY OF _____, MONTGOMERY _____, ss:

The foregoing instrument was acknowledged before me this 24th day of _____ JANUARY _____ 20 07

By TED G. WOOD and EMMA JEAN WOOD, TRUSTEES of the TED G. WOOD and EMMA JEAN WOOD REVOCABLE LIVING TRUST dated March 6, 1999.



Notary Public Dan Mertensmeyer
Commission/Appointment Expires: 6/12/2009

NOTARY PUBLIC - State of Kansas
DAN MERTENSMEYER
My Appt. Exp. _____

Plus (C&S GAS)

OIL AND GAS LEASE

(PAID-UP)

AGREEMENT, made and entered into this 24th day of JANUARY, 20 07
by and between TED G. WOOD and EMMA JEAN WOOD, TRUSTEES of the TED G. WOOD and
EMMA JEAN WOOD REVOCABLE LIVING TRUST dated March 6, 1999

hereinafter called Lessor (whether one or more), and Colt Natural Gas, L.L.C., P.O. Box 388, Iola, Kansas 66749, hereinafter called Lessee.

1. **GRANT.** Lessor, for and in consideration of the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration, receipt and sufficiency of which are acknowledged, and of the covenants and agreements hereinafter contained, does hereby grant, demise, lease and let unto said Lessee, exclusively, its successors and assigns, the following described land for the purpose of conducting geological, geophysical and other exploratory work, including drilling and operating for, producing, saving, storing and marketing the oil and all other hydrocarbon nature or kind including but not limited to coalbed gas, shale gas or casinghead gas and all other hydrocarbons and their respective constituent products, and the exclusive right of injecting gas, air, water, brine and other fluids and substances into the subsurface strata, and constructing roads, laying pipe lines, electric lines and other utilities, building tanks and erecting other structures thereon, necessary or convenient to produce, save and take care of, treat, dewatering any gas formations and market said substances and products, all that certain tract of land together with any reversionary rights and after-acquired interests therein, described as follows:

LOTS 2 AND 6 IN SECTION 29, TOWNSHIP 32 SOUTH, RANGE 17 EAST; AND

THE NORTH HALF OF THE SOUTHEAST QUARTER (N/2 SE/4) OF SECTION 30, TOWNSHIP 32 SOUTH, RANGE 17 EAST, [✓]
EXCEPT THE NORTH 620 FEET OF THE WEST 1,110 FEET, AND **EXCEPT** BEGINNING AT THE SOUTHWEST CORNER OF THE NORTH HALF OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 32 SOUTH, RANGE 17 EAST, THENCE NORTH 200 FEET, THENCE EAST 400 FEET, THENCE SOUTH 200 FEET, THENCE WEST 400 FEET TO THE POINT OF BEGINNING;

Section 29, 30 Township 32 Range 17 containing 155 acres more or less
located in MONTGOMERY COUNTY, KANSAS.

2. **PRIMARY TERM.** This Lease shall remain in full force for a term of THREE (3) year(s) from this date, (herein called "Primary Term"), and as long thereafter as oil or gas, or any of the substances covered by this Lease, is produced from said land by Lessee in paying quantities, or the premises are being developed.

3. **PAID-UP LEASE.** This Lease may be maintained during the Primary Term hereof without further payment or drilling operations. If Lessee shall commence to drill a well within the Primary Term of this Lease or any extension thereof, then 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 Primary Term.

4. **ROYALTY.** Lessor shall receive royalties as follows:

(A) Lessee shall deliver to the credit of Lessor as royalty, free of costs of production, storage or treatment on the leased premises, into the pipe line or storage tanks to which Lessee may connect its wells, the equal FIFTEEN PERCENT (15%) part of all OIL produced, saved and marketed from the leased premises.

(B) Lessee shall pay to Lessor as royalty on all gas of whatsoever nature or kind, including but not limited to coalbed gas, shale gas or casinghead gas, and their respective constituent elements or other gaseous substances ("Gas"), produced and marketed from the leased premises FIFTEEN PERCENT (15%) of the market value at the mouth of the well.

(C) Where Gas from a well capable of producing Gas (or from a well in which dewatering operations have commenced), is not sold or used after the expiration of the Primary Term, Lessee shall pay or tender as royalty to Lessor the sum of TEN DOLLAR (\$10.00) per year per net mineral acre, such payment or tender to be made on or before the anniversary date of this Lease next ensuing after the expiration of 90 days from the date such well is shut in or dewatering operations are commenced and thereafter on or before the anniversary date of this lease during the period such well is shut in or dewatering operations are being conducted. If such payment is not timely made, this Lease shall not terminate unless Lessee fails to make or tender such payment within thirty (30) days after receipt of written notice of default given by Lessor to Lessee by certified mail, return receipt requested. So long as payment is made as provided herein, the Lessee shall be deemed to be producing oil and/or gas in accordance with paragraph 2 of this Lease.

5. **FORCE MAJEURE.** All provisions hereof, express or implied, shall be subject to all federal and state laws, and the orders, rules, or regulations of all governmental agencies administering the same, and this Lease shall not be in any way terminated wholly or partially, nor shall Lessee be liable in damages for failure to comply with any of the express or implied provisions hereof, if such failure accords with any such laws, orders, rules or regulations. Lessee shall not be liable in damages, forfeiture or termination, on account of breach of covenant, express or implied, or failure of any condition necessary to keep this Lease in force, which results from force majeure; and the obligations of Lessee shall be suspended if and while drilling or other operations are delayed or interrupted by force majeure. Force majeure includes Act of God, storm, flood, strike, scarcity of labor or material, lockout, blowout, breach of contract by drillers, subcontractors or suppliers, surface or subsurface conditions which impede normal operations or which would result in other damages or waste, or other bona fide cause beyond the reasonable control of Lessee. Lessee shall have a reasonable time after the removal or cessation of force majeure within which to commence or resume performance under the Lease. If force majeure occurs during the Primary Term, the time such force majeure exists shall be added to the Primary Term.

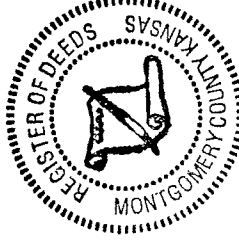
6. **LESSER INTEREST.** If said Lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein, then royalties and other payments herein provided shall be paid to said Lessor in the proportion that his/her interest bears to the whole and undivided fee title. If more than one party has executed this Lease as Lessor, then this provision applies to each such party.

7. **OPERATIONS AND REMOVAL.** Lessee shall bury its pipelines below plow depth where reasonably possible. No well shall be drilled nearer than TWO HUNDRED (200) feet to any house or barn on said land as of the date of this Lease without written consent of Lessor. Lessee shall pay for damages caused by its operations to said land. Lessee shall fill in drilling pits and restore well location(s) as nearly as reasonably possible to the general condition before drilling operations began, within a reasonable time after a well has been plugged or completed. Lessee shall fence all tanks and wells when requested by Lessor. Lessee shall have the right at any time to remove any or all machinery and fixtures placed on said land, including the right to draw and remove casing.

8. **FREE SUBSTANCES.** Lessee shall have the right to use, free of cost or royalty, gas, oil, and water produced on said land for Lessee's operations thereon, except fresh water from the wells of Lessor. If gas is produced from any well, Lessor shall have the right to take such gas, free of charge, for domestic purposes in one single family dwelling on the leased premises. This provision does not extend to additional dwellings that may be located upon tracts into which the leased premises may be divided. Lessor's lines, appliances at the well, meters and connections shall be of good quality and installed at Lessor's expense. Lessee shall have the right to designate the point of connection and to impose such rules and regulations as may be reasonably necessary to protect the well and other lines. Lessor's taking and use of gas shall be at Lessor's sole risk, and Lessee shall not be liable in any way for Lessor's failure or inability to obtain or use such gas on account of the use of pumping stations, breakage of lines, conditions at the well, requirements or restrictions under any gas contract, Lessee's operations, or any other cause. Lessor shall be solely responsible for compliance with all applicable safety rules and regulations, including K.A.R. 82-11-4, in effect at the time of connection including, but not limited to, odorization of the gas.

9. **RIGHT OF WAY.** For the consideration first stated above, Lessor conditionally grants to Lessee an easement and right of way as provided herein. The use of such easement and right of way are conditioned upon Lessee first paying or tendering to Lessor the sum of TEN DOLLARS (\$10.00) per rod. Such payment or tender may be made at any time while this Lease is in effect. Such easement and right of way are described as follows: Lessor grants to Lessee a strip of land thirty (30) feet wide for the purpose of laying, constructing, operating, inspecting, maintaining, repairing, replacing and removing a pipeline or pipelines for the transportation of water, brines, oil, gas and other substances, and electric line(s), at a location or locations to be determined by Lessee, on, in, over and through the land described hereinabove. The centerline of such easement and right of way shall be the center of the pipeline(s) and/or electric line(s) as actually laid. Lessee will consult with Lessor on course, route and direction of lines so as to minimize interference with surface use by Lessor. Such pipeline(s) and electric line(s) shall be buried when reasonably possible below plow depth. Lessee shall pay for damages to growing crops, fences or other structures of Lessor that are caused by the construction, maintenance and operation of such pipeline(s) and electric line(s). Lessee shall have the right of ingress and egress to and from the premises for all purposes necessary

*Colt Energy, Inc. 4350 Shawnee Mission Pkwy, Ste 280 Fairway, KS. 66205



2 pgs

to exercise of the rights granted herein. This easement... and right of way shall be construed as if conveyed by separate instrument, without regard to the oil and gas Lease or the term thereof; provided, however, that if use of such easement and right of way is not actually commenced within the term of said oil and gas Lease or extension or renewal thereof then this easement and right of way and all rights granted thereunder shall cease and terminate on the date said oil and gas Lease expires. This easement and right of way are independent of, and in addition to, and are not a substitute for, the rights of Lessee under said Lease, which rights are not hereby diminished or affected, it being understood that this easement and right of way provides for transporting products mentioned herein which may be produced, obtained, stored or transported upon or across lands adjacent thereto or in the vicinity thereof. The easement and right of way granted herein are a covenant running with the land and shall extend to Lessee and Lessee's successors and assigns, and shall remain in force for the term of said oil and gas Lease and as long thereafter as such easement and right of way are used by Lessee, its successors and assigns, for the purposes herein mentioned.

10. BREACH. The breach of any obligation under any provision or covenant of this Lease, express or implied, shall not work a forfeiture or termination of the Lease nor be grounds for cancellation unless Lessor first notifies Lessee in writing of the breach and the facts relied upon as constituting such breach, together with a demand for the specific performance thereof, and the Lessee, if in default, fails within a reasonable time thereafter to commence compliance with the obligations imposed.

11. ASSIGNMENT AND ENTIRETY. 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 payments and/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; and it is hereby agreed in the event this Lease shall be assigned as to a part or as to parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the payments and/or royalties due from him or them on an acreage basis, such default shall not operate to defeat or affect this Lease insofar as it covers a part or parts of said lands upon which the said Lessee or any assignee thereof shall make due payments of said payments and/or royalties. If the leased premises are now or hereafter owned in severally or in separate tracts, the premises, nevertheless, may be developed and operated as an entirety, and the payments and/or royalties shall be paid to each separate owner in the proportion that the acreage owned by him bears to the entire leased area. There shall be no obligation on the part of the Lessee to offset wells on separate tracts into which the land covered by this Lease is now or may hereafter be divided by sale, devise, or otherwise, or to furnish separate meters, tanks or other measuring devices for oil and/or gas produced from such separate tracts.

12. WARRANTY AND SUBROGATION. 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 in addition Lessee may reimburse itself for such payments out of any royalties or payments due or payable to Lessor.

13. SPECIAL PROVISIONS.

- A. Lessee will notify Lessor of any new well locations for Lessor's approval of such locations before drilling commences upon said property. Such approval shall not be unreasonably withheld by Lessor.
- B. Lessee will consult with Lessor on course, route and direction of lease roads and line (pipe, electric & telephone) installations so as to minimize interference with surface use, Lessee to establish and utilize the minimum number of lease roads necessary to conduct operations, and shall not deviate from lease roads once established, lease roads shall be maintained in good condition so as to prevent rutting and erosion.
- C. When requested by Lessor, Lessee will install and maintain cattle-tight gates at all lease access points into pastures and through pasture cross fences.
- D. Lessee shall not establish a storage yard or general maintenance area on the lease premises; any equipment or supplies not in active use shall be promptly removed from the premises.
- E. Lessee shall defend, indemnify and hold harmless Lessor from any environmental damage, spills or leaks arising from Lessee's operations.
- F. No compressor, tank batteries, or disposal well(s) shall be placed on above said property unless agreed to in writing by Lessor.
- G. Lessee agrees to plug all wells and restore the premises as close as possible to its original condition upon termination of this lease.
- H. Lessee shall not establish a storage yard or general maintenance area on the lease premises; any equipment or supplies not in active use shall be promptly removed from the premises.
- I. The above said property shall not be pooled with other properties without prior written approval from Lessor.
- J. In addition to the terms found in paragraph 8 above, Lessor shall also have the right to use a minimal and reasonable amount of gas necessary to heat the existing shop building as presently located on property described in this lease. Such free gas shall be limited to a maximum daily amount of 2,500 cubic feet. This provision does not extend to any additional buildings other than the one referenced above. The use of gas for such existing farm shop shall follow all of the same requirements as stated in paragraph 8 above as gas used for domestic purposes in one single family dwelling including and restating at the "Lessor's expense" and "Lessor's sole risk". Lessee at its option can require the Lessor to install an approved meter to measure such above referenced gas usage.
- K. Lessee agrees to drill, complete, and attempt to produce at least one well within the primary term (3 years) of this lease, or this lease shall terminate.
- L. If Lessee should drill on said lease, Lessee agrees to drill no more than two wells unless otherwise agreed to in writing by Lessor.
- M. For all damages, breach or other disputes, Lessor and lessee mutually agree to submit to binding arbitration to resolve any conflicts or disputes that cannot otherwise be resolved by good faith negotiations between the Parties. Either Party can invoke binding arbitration proceedings with 60 days written notice to the other Party. The Party invoking such arbitration will pay the cost to retain an attorney licensed in the State of Kansas whom will conduct the arbitration proceedings, and such attorney shall be acceptable to the other Party, such acceptance not to be unreasonably withheld.

Whereof witness our hands as of the day and year first above written.

The TED G. WOOD and EMMA JEAN WOOD REVOCABLE LIVING TRUST dated March 6, 1999


Name: Ted G. Wood, Trustee

Address 520 West Main St.
Cherryvale, Kansas 67335


Name: Emma Jean Wood, Trustee

Address _____

STATE OF KANSAS, COUNTY OF MONTGOMERY, ss:

The foregoing instrument was acknowledged before me this 24th day of JANUARY, 20 07.

By TED G. WOOD and EMMA JEAN WOOD, TRUSTEES of the TED G. WOOD and EMMA JEAN WOOD REVOCABLE LIVING TRUST dated March 6, 1999.



Notary Public Dan Mertensmeyer
Commission/Appointment Expires: 6/12/2009

NOTARY PUBLIC - State of Kansas
DAN MERTENSMEYER
My Appt. Exp. _____

Summary of Changes

Lease Name and Number: Wood Rev Liv Tr, T & E 6-29

API/Permit #: 15-125-31901-00-00

Doc ID: 1032548

Correction Number: 2

Approved By: Rick Hestermann 11/12/2009

Field Name	Previous Value	New Value
ElevationPDF	880 Estimated	857 Estimated
Feet to Nearest Water Well Within One-Mile of Pit	2960	2807
Ground Surface Elevation	880	857
KCC Only - Approved By	Rick Hestermann 10/14/2009	Rick Hestermann 11/12/2009
KCC Only - Date Received	10/13/2009	11/11/2009
KCC Only - Regular Section Quarter Calls	SW NE SE NW	SE NW SE NW
LocationInfoLink	https://solar.kgs.ku.edu/kcc/detail/locationInformation.cfm?section=29&t2000	https://solar.kgs.ku.edu/kcc/detail/locationInformation.cfm?section=29&t1955
Number of Feet East or West From Section Line	2000	1955
Number of Feet East or West From Section Line	2000	1955
Number of Feet North or South From Section Line	1930	1715

Summary of changes for correction 2 continued

Field Name	Previous Value	New Value
Number of Feet North or South From Section Line	1930	1715
Quarter Call 3	NE	NW
Quarter Call 3	NE	NW
Quarter Call 4 - Smallest	SW	SE
Quarter Call 4 - Smallest	SW	SE
Save Link	../..kcc/detail/operatorEditDetail.cfm?docID=1032092	../..kcc/detail/operatorEditDetail.cfm?docID=1032548

Summary of Attachments

Lease Name and Number: Wood Rev Liv Tr, T & E 6-29

API: 15-125-31901-00-00

Doc ID: 1032548

Correction Number: 2

Approved By: Rick Hestermann 11/12/2009

Attachment Name

Wood Lease