



**For KCC Use:**  
 Effective Date: \_\_\_\_\_  
 District # \_\_\_\_\_  
 SGA?  Yes  No

**KANSAS CORPORATION COMMISSION 1034201**  
**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  
 (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: \_\_\_\_\_



1034201

### 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

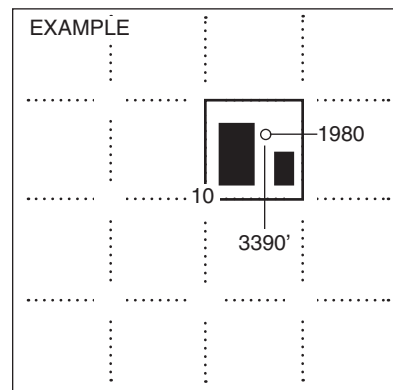
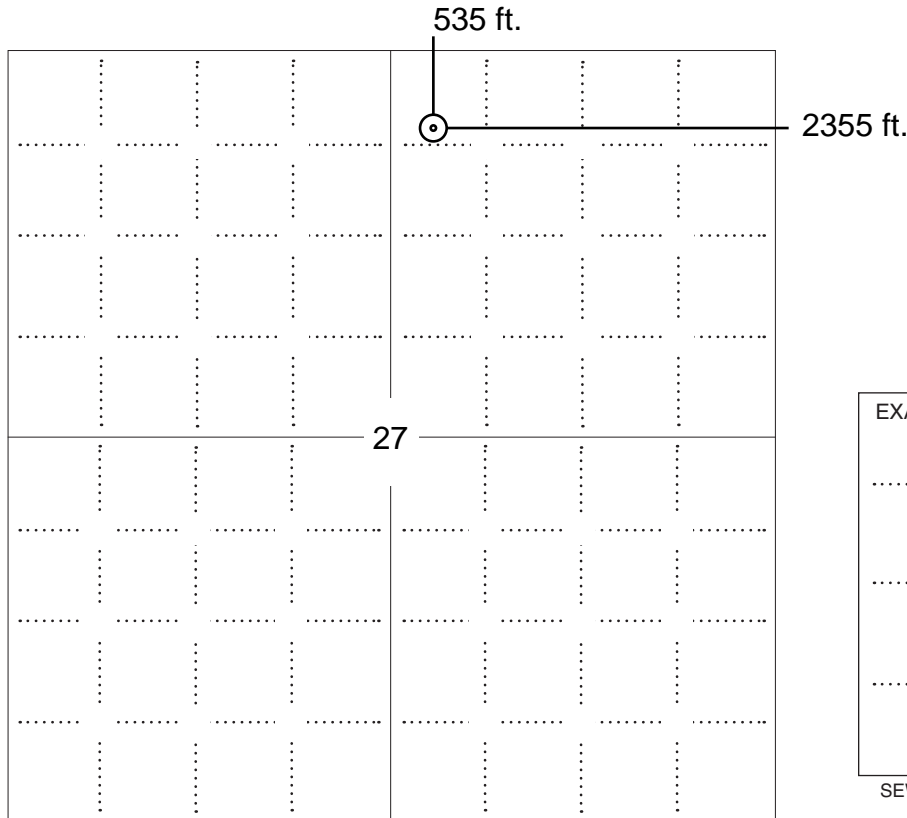
**If Section is Irregular, locate well from nearest corner boundary.**

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 1034201  
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	
<b>Emergency, Settling and Burn Pits ONLY:</b> 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		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> 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**

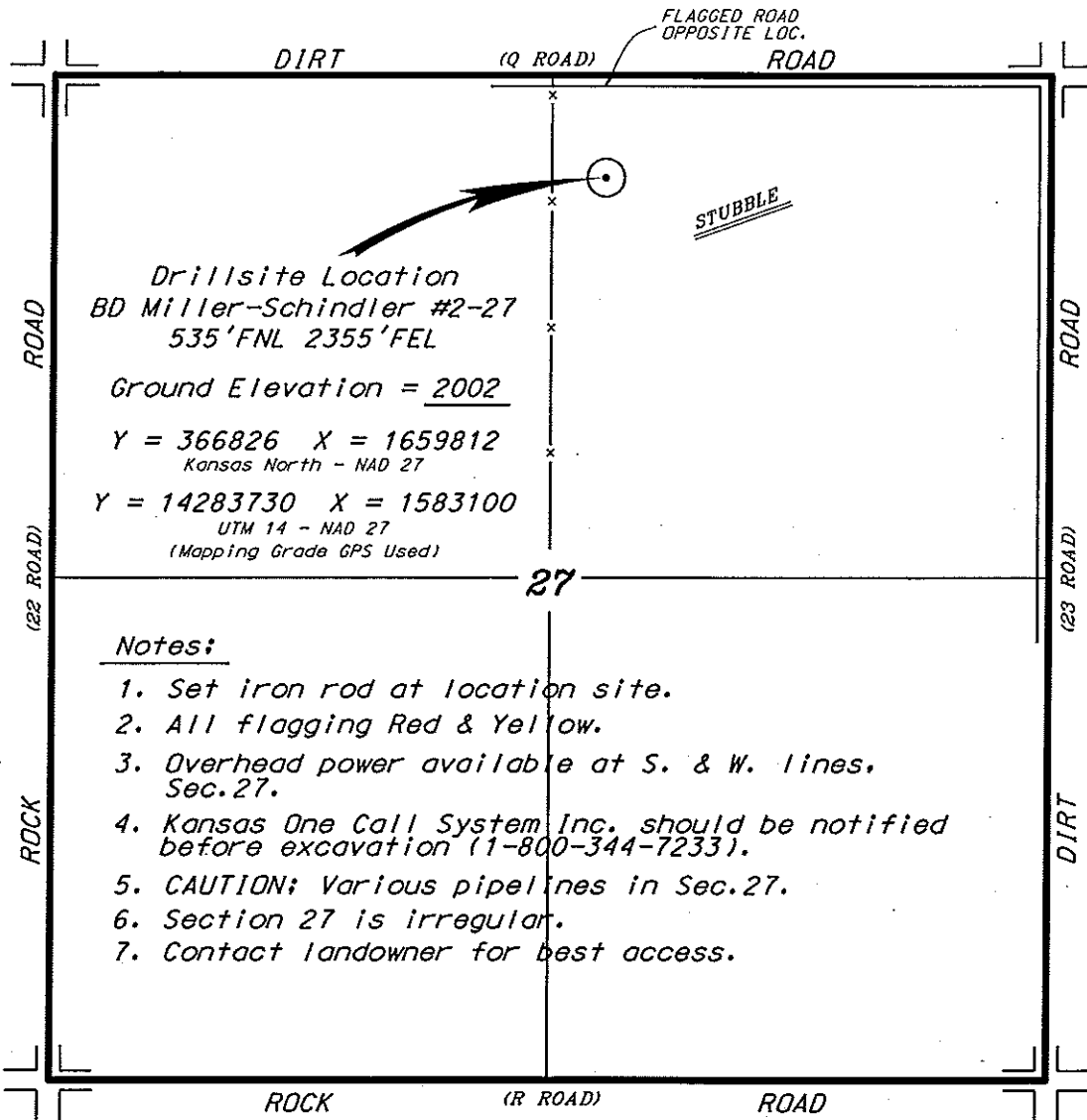
Steel Pit

RFAC

RFAS

Date Received: \_\_\_\_\_ Permit Number: \_\_\_\_\_ Permit Date: \_\_\_\_\_ Lease Inspection:  Yes     No

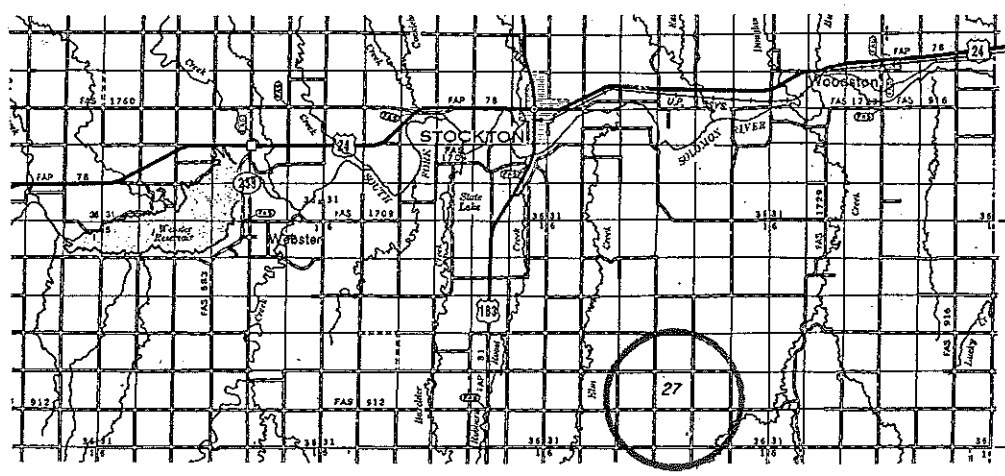
MAK-J ENERGY KANSAS, LLC  
 BD MILLER-SCHINDLER LEASE  
 NE.1/4, SECTION 27, T8S, R17W  
 ROOKS COUNTY, KANSAS



Notes:

1. Set iron rod at location site.
2. All flagging Red & Yellow.
3. Overhead power available at S. & W. lines, Sec.27.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION; Various pipelines in Sec.27.
6. Section 27 is irregular.
7. Contact landowner for best access.

\*Ingress and egress to location as shown on this plot is per usage only and may not be legally opened for public use. Contact landowner, tenant and county road department for access.



\*Controlling data is based upon the best maps and photographs available to us and upon a regular section of land containing 640 acres.  
 \*Approximate section lines were determined using the normal standard of care of oilfield surveyors practicing in the state of Kansas. The section corners, which establish the precise section lines, were not necessarily located, and the exact location of the drillsite location in the section is not guaranteed. Therefore, the operator securing this service and accepting this plot and all other parties relying thereon agree to hold Central Kansas Oilfield Services, Inc., its officers and employees harmless from all losses, costs and expenses and said parties released from any liability from incidental or consequential damages.  
 \*Elevations derived from National Geodetic Vertical Datum.

Date December 29, 2008



BB MILLER-SCHINDLER #27

Johnson  
Cem

Twin  
Mountain



20374PG581

# OIL AND GAS LEASE

This Oil and Gas Lease ("Lease") is made this 29th day of June, 2007, by and between Kermit Schindler, a/k/a Kermit D. Schindler, SR.

a single man

, whose address is 1590 20 Road, Stockton, Kansas 67609

("Lessor" whether one or more) and I. Fred Hambright, Inc., whose address is 125 N. Market, Suite 1415, Wichita, KS 67202 ("Lessee").

WITNESSETH, For and in consideration of TEN DOLLARS, the covenants and agreements contained herein, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Lessor does hereby grant, demise, lease and let exclusively unto said Lessee, with the exclusive rights for the purposes of mining, exploring by geophysical and other methods and operating for and producing therefrom oil and all gas of whatsoever name or kind (including coalbed gas), and laying pipelines, telephone and telegraph lines, building tanks, plants, power stations, roadways and structures thereon to produce, save and take care of said products (including dewatering of coalbed gas wells), and the exclusive surface or subsurface rights and privileges related in any manner to any and all such operations, and any and all other rights and privileges necessary, incident to, or convenient for the operation alone or conjointly with neighboring land for such purposes, all that certain tract or tracts of land situated in ROCKS County, State of Kansas described as follows, to wit:

\*Each Tract is a separate lessee\*

See Description Rider attached hereto and made a part hereof:

and containing 840 acres, more or less (the "Premises").

1. It is agreed that this Lease shall remain in full force for a term of Three (3) years from this date ("Primary Term") and as long thereafter as oil or gas of whatsoever nature or kind is produced from the Premises or on acreage pooled or unitized therewith, or operations are continued as hereinafter provided. If, at the expiration of the Primary Term, oil or gas is not being produced from the Premises or on acreage pooled or unitized therewith but Lessee is then engaged in drilling, reworking or dewatering operations thereon, then this Lease shall continue in force so long as such operations are being continuously prosecuted. Operations shall be considered to be continuously prosecuted if not more than one hundred twenty (120) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on the Premises or on acreage pooled or unitized therewith, the production thereof should cease from any cause after the primary term, this Lease shall not terminate if Lessee commences additional drilling, reworking or dewatering operations within one hundred twenty (120) days from date of cessation of production or from date of completion of a dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the Primary Term, this Lease shall continue in force so long as oil or gas is produced from the Premises or on acreage pooled or unitized therewith.

2. This is a PAID-UP LEASE. In consideration of the payment made herewith, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the Primary Term surrender this Lease as to all or any portion of the Premises and as to any strata or stratum, by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligations thereafter accruing as to the acreage surrendered.

3. Lessee covenants and agrees to pay royalty to Lessor as follows:

- (a) On oil, to deliver to the credit of Lessor, free of cost on the lease if sold on the Premises or free of cost into the pipeline to which Lessee may connect wells at first point of sale, the equal Twelve and one-half per-cent (12.50%) part of all oil produced and saved from the Premises.
- (b) On gas of whatsoever nature or kind, liquid hydrocarbons and their respective constituent elements, casinghead gas or other gaseous substances, produced from the Premises ("Gas") Lessee shall pay, as royalty, Twelve and one-half per-cent (12.50%) of the net proceeds realized by Lessee from first point of sale.
- (c) On products produced from the Premises Lessee shall pay, as royalty, Twelve and one-half per-cent (12.50%) of the net proceeds realized by Lessee from first point of sale.
- (d) Lessee shall have the right to pay Lessor's proportionate share of any required severance, excise or gross production taxes.

4. Where Gas from a well capable of producing Gas is not sold or used after the expiration of the Primary Term, Lessee shall pay or tender as royalty to Lessor at the address set forth above One Dollar (\$1.00) 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 ninety (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.

5. If Lessor owns a lesser interest in the Premises than the entire and undivided fee simple estate therein, then the royalties, including any shut-in Gas royalty, herein provided for shall be paid Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

6. Lessee shall have the right to use, free of cost, Gas, oil and water produced on the Premises for Lessee's operations thereon, except water from the wells, streams, lakes and ponds of Lessor.

7. When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth. No well shall be drilled nearer than 200 feet to the house or barn now on the Premises without written consent of Lessor. Lessee shall pay for damages caused by Lessee's operations on the Premises. Lessee shall have the right at any time to remove all machinery and fixtures (including casing) Lessee has placed on the Premises.

8. The rights of the Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of the Premises shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this Lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

9. Lessee, at its option, is hereby given the right and power to pool, unitize 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, and a unit or units shall not exceed 80 acres each in the event of an oil well, or 640 acres each in the event of a gas well, plus a tolerance of ten percent (10%) to conform to government surveyed sections. Lessee shall execute in writing and record in the 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 specified, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his net royalty interest therein on an acreage basis bears to the total mineral acreage so pooled in the particular unit involved.

10. 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. Any delay or interruption caused by storm, flood, act of God or other event of force majeure shall not be counted against Lessee. If, due to the above causes or any cause whatsoever beyond the control of Lessee, Lessee is prevented from conducting operations hereunder, such time shall not be counted against Lessee, and this Lease shall be extended for a period of time equal to the time Lessee was so prevented, anything in this Lease to the contrary notwithstanding.

11. 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

State of Kansas) August 20 07, and recorded in Book 374 of  
Rooks County) Records at page 581-584  
Received for record at 2:00 o'clock P. M. on 21 day

Regalene Sprick

Register of Deeds

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, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

12. Should any one or more the parties named as Lessor herein fail to execute this Lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor", as used in this Lease, shall mean any one or more or all of the parties who execute this Lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

See Rider attached hereto and made a part hereof:

IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

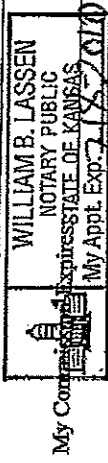
By: Kenneth Schindler  
Kenneth Schindler  
Tax ID # \_\_\_\_\_

By: \_\_\_\_\_  
Tax ID # \_\_\_\_\_

STATE OF Kansas )  
  ) ss.  
COUNTY OF Rock )

INDIVIDUAL ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this 29th day of June, 2007 by Kenneth Schindler, a/k/a Kenneth D. Schindler, Sr., 9 single man.



By: [Signature]  
Notary Public  
William B. Lassen

STATE OF \_\_\_\_\_ )  
  ) ss.  
COUNTY OF \_\_\_\_\_ )

INDIVIDUAL ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2007 by \_\_\_\_\_

My Commission Expires: \_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_ )  
  ) ss.  
COUNTY OF \_\_\_\_\_ )

CORPORATE ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2007 by \_\_\_\_\_

My Commission Expires: \_\_\_\_\_  
Notary Public

\*\*\*\*\*OIL AND GAS LEASE RECORDING INFORMATION\*\*\*\*\*

STATE OF \_\_\_\_\_  
COUNTY: \_\_\_\_\_

This instrument was filed for record on the \_\_\_\_\_ day of \_\_\_\_\_, 2007, at \_\_\_\_\_ o'clock \_\_\_\_\_ M and duly Recorded in Book \_\_\_\_\_, Page \_\_\_\_\_ of the records of this office.

BY: \_\_\_\_\_  
Clerk and Recorder  
When Recorded Return To: J. Fred Hambright, Inc.  
125 N. Market, Suite 1415  
Wichita, KS 67202

DESCRIPTION RIDER

\*\*Each Tract is a separate lease\*\*

LAS0008-000	Township 8 South, Range 17 West	
0009	Tract #1 Section 11: W $\frac{1}{2}$ SW $\frac{1}{4}$	80
0010	Tract #2 Section 14: W $\frac{1}{2}$ NW $\frac{1}{4}$ ; NW $\frac{1}{4}$ SW $\frac{1}{4}$	120
0011	Tract #3 Section 16: SW $\frac{1}{4}$	160
0012	Tract #4 Section 17: SE $\frac{1}{4}$	160
0013	Tract #5 Section 22: SE $\frac{1}{4}$	160
	Tract #6 Section 27: NE $\frac{1}{4}$	160

*Kennit Schindler*  
 Kennit Schindler



## RIDER

Lessee or assigns agree that in the event of drilling operations to restore the surface of the land to its original contour and condition as nearly as is reasonably practicable and pay for damages caused by their operations. All top soil shall be piled separately and returned to the surface when the pits are filled. Lessee or assigns shall consult with Lessor or Lessor's agent as to routes of ingress and egress and location of equipment on the leased premises.

If at the end of the primary term, this lease is not otherwise continued in force under the provisions hereof, this lease shall expire, unless Lessee on or before the end of the primary term shall pay or tender to Lessor the sum of \$10.00 multiplied by the number of net mineral acres owned by Lessor in all or any part of the lands above described and subject to this lease; and subject to the other provisions of this lease, the primary term shall be extended for an additional term of three(3) years from the end of the primary term hereof of on those tracts designated for the extension, whether all or any part thereof.

Notwithstanding any provisions of this lease, or any wording contained in this lease (such as "the lands", "this lease", "leasehold", or any similar terms) each of the separately designated tracts ("tracts") to this lease shall be treated for all purposes as a separate and distinct lease. All of the provisions contained in this lease form shall be applicable to each separate tract and be construed as if a separate lease agreement had been made and executed covering each separate tract.



Kermit Schirrer

BOOK 375 PG 318

LHS 0019-006

### OIL AND GAS LEASE

This Oil and Gas Lease ("Lease") is made this 29th day of June, 2007, by and between Macilyn Miller and Dwight Miller, her husband and Kenneth Schindler, a/s/a Kermit D. Schindler, Sr., a single man whose address is 423 S. Cypress, Stockton, Kansas 67669 ("Lessor" whether one or more) and J. Fred Hambricht, Inc., whose address is 125 N. Market, Suite 1415, Wichita, KS 67202 ("Lessee").

WITNESSETH, For and in consideration of TEN DOLLARS, the covenants and agreements contained herein, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Lessor does hereby grant, demise, lease and let exclusively unto said Lessee, with the exclusive rights for the purposes of mining, exploring by geophysical and other methods and operating and producing therefrom oil and all gas of whatsoever nature or kind (including coalbed gas), and laying pipelines, telephone and telegraph lines, building tanks, plants, power stations, roadways and structures thereon to produce, save and take care of said products (including dewatering of coalbed gas wells), and the exclusive surface or subsurface rights and privileges related in any manner to any and all such operations, and any and all other rights and privileges necessary, incidental to, or convenient for the operation alone or conjointly with neighboring land, for such purposes, all that certain tract or tracts of land situated in ROCKS County, State of Kansas described as follows, to wit:

\*\*Each Tract is a separate lease\*\*

See Description Rider attached hereto and made a part hereof:

and containing 1,120 acres, more or less (the "Premises").

1. It is agreed that this Lease shall remain in full force for a term of THREE ( 3 ) years from this date ("Primary Term") and as long thereafter as oil or gas of whatsoever nature or kind is produced from the Premises or on acreage pooled or unitized therewith, or operations are continued as hereinafter provided. If at the expiration of the Primary Term, oil or gas is not being produced from the Premises or on acreage pooled or unitized therewith but Lessee is then engaged in drilling, reworking or dewatering operations thereon, then this Lease shall continue in force so long as such operations are being continuously prosecuted. Operations shall be considered to be continuously prosecuted if not more than one hundred twenty (120) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on the Premises or on acreage pooled or unitized therewith, the production thereof should cease from any cause after the primary term, this Lease shall not terminate if Lessee commences additional drilling, reworking or dewatering operations within one hundred twenty (120) days from date of cessation of production or from date of completion of a dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the Primary Term, this Lease shall continue in force so long as oil or gas is produced from the Premises or on acreage pooled or unitized therewith.
2. This is a PAID-UP LEASE. In consideration of the payment made herewith, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the Primary Term surrender this Lease as to all or any portion of the Premises and as to any strata or stratum, by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligations thereafter accruing as to the acreage surrendered.
3. Lessee covenants and agrees to pay royalty to Lessor as follows:
  - (a) On oil, to deliver to the credit of Lessor, free of cost on the lease if sold on the Premises or free of cost into the pipeline to which Lessee may connect wells at first point of sale, the equal Twelve and one-half per-cent (12.50%) part of all oil produced and saved from the Premises.
  - (b) On gas of whatsoever nature or kind, liquid hydrocarbons and their respective constituent elements, casinghead gas or other gaseous substances, produced from the Premises ("Gas") Lessee shall pay, as royalty, Twelve and one-half per-cent (12.50%) of the net proceeds realized by Lessee from first point of sale.
  - (c) On products produced from the Premises Lessee shall pay, as royalty, Twelve and one-half per-cent (12.50%) of the net proceeds realized by Lessee from first point of sale.
  - (d) Lessee shall have the right to pay Lessor's proportionate share of any required severance, excise or gross production taxes.
4. Where Gas from a well capable of producing Gas is not sold or used after the expiration of the Primary Term, Lessee shall pay or tender as royalty to Lessor at the address set forth above One Dollar (\$1.00) 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 ninety (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.
5. If Lessor owns a lesser interest in the Premises than the entire and undivided fee simple estate therein, then the royalties, including any shut-in Gas royalty, herein provided for shall be paid Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.
6. Lessee shall have the right to use, free of cost, Gas, oil and water produced on the Premises for Lessee's operations thereon, except water from the wells, streams, lakes and ponds of Lessor.
7. When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth. No well shall be drilled nearer than 200 feet to the house or barn now on the Premises without written consent of Lessor. Lessee shall pay for damages caused by Lessee's operations on the Premises. Lessee shall have the right at any time to remove all machinery and fixtures (including casing) Lessee has placed on the Premises.
8. The rights of the Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of the Premises shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this Lease is assigned, no lessorhold owner shall be liable for any act or omission of any other lessorhold owner.
9. Lessee, at its option, is hereby given the right and power to pool, unitize 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, and a unit or units shall not exceed 30 acres each in the event of an oil well, or 640 acres each in the event of a gas well, plus a tolerance of ten percent (10%) to conform to government surveyed sections. Lessee shall execute in writing and record in the 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 specified, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his net royalty interest therein on an acreage basis bears to the total mineral acreage so pooled in the particular unit involved.
10. 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. Any delay or interruption caused by storm, flood, act of God or other event of force majeure shall not be counted against Lessee. If, due to the above causes or any cause whatsoever beyond the control of Lessee, Lessee is prevented from conducting operations hereunder, such time shall not be counted against Lessee, and this Lease shall be extended for a period of time equal to the time Lessee was so prevented, anything in this Lease to the contrary notwithstanding.
11. 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

Received for record at 11:45 o'clock A. M. on 4 day  
State of Kansas) September 20 07, and recorded in Book 375 of  
Rooks County) Records at page 318  
Registrar of Deeds J. Fred Hambricht, Inc.



DESCRIPTION RIDER

\*\*Each Tract is a separate lease\*\*

- Township 8 South, Range 17 West
- Tract #1 Section 8: E $\frac{1}{2}$ SW $\frac{1}{4}$ ; W $\frac{1}{2}$ SE $\frac{1}{4}$
- Tract #2 Section 16: NE $\frac{1}{4}$
- Tract #3 Section 16: SE $\frac{1}{4}$
- Tract #4 Section 17: NE $\frac{1}{4}$
- Tract #5 Section 17: NW $\frac{1}{4}$
- Tract #6 Section 18: SE $\frac{1}{4}$
- Tract #7 Section 27: NE $\frac{1}{4}$

*Kenneth Schindler*

Kenneth D. Schindler, Sr

*Marilyn Miller*

Marilyn Miller

*Dwight Miller*

Dwight Miller



RIDER

Lessee or assigns agree that in the event of drilling operations to restore the surface of the land to its original contour and condition as nearly as is reasonably practicable and pay for damages caused by their operations. All top soil shall be piled separately and returned to the surface when the pits are filled. Lessee or assigns shall consult with Lessor or Lessor's agent as to routes of ingress and egress and location of equipment on the leased premises.

If at the end of the primary term, this lease is not otherwise continued in force under the provisions hereof, this lease shall expire, unless Lessee on or before the end of the primary term shall pay or tender to Lessor the sum of \$10.00 multiplied by the number of net mineral acres owned by Lessor in all or any part of the lands above described and subject to this lease; and subject to the other provisions of this lease, the primary term shall be extended for an additional term of three(3) years from the end of the primary term hereof or on those tracts designated for the extension, whether all or any part thereof.

Notwithstanding any provisions of this lease, or any wording contained in this lease (such as "the lands", "this lease", "leased", or any similar terms) each of the separately designated tracts ("tracts") to this lease shall be treated for all purposes as a separate and distinct lease. All of the provisions contained in this lease form shall be applicable to each separate tract and be construed as if a separate lease agreement had been made and executed covering each separate tract.

These leases are made subject to any salt water disposal wells on the leased premises.

All Bonus and Delay Rentals due or to become due under the terms of this agreement are to be paid to Marilyn Miller, as Agent.

*Kenneth Schindler*  
 Kenneth D. Schindler, Sr.

*Marilyn Miller*  
 Marilyn Miller

*Dwight Miller*  
 Dwight Miller

# OIL AND GAS LEASE

This Oil and Gas Lease ("Lease") is made this 12th day of July, 2007, by and between Hester D. Stanger, a widow; Larry D. and Linda G. Stanger, his wife and J. Fred Hambricht, Inc., whose address is 2120 R. Road, Blairville, Kansas 67663 and Stanger ("Lessor" whether one or more) and J. Fred Hambricht, Inc., whose address is 125 N. Market, Suite 1415, Wichita, KS 67202 ("Lessee").

WITNESSETH, For and in consideration of TEN DOLLARS, the covenants and agreements contained herein, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Lessor does hereby grant, demise, lease and let exclusively unto said Lessee, with the exclusive rights for the purposes of mining, exploring by geophysical and other methods and operating for and producing therefrom oil and all gas of whatsoever nature or kind (including coalbed gas), and laying pipelines, telephone and telegraph lines, building tanks, plants, power stations, roadways and structures thereon to produce, save and take care of said products (including dewatering of coalbed gas wells), and the exclusive surface or subsurface rights and privileges related in any manner to any and all such operations, and any and all other rights and privileges necessary, incident to, or convenient for the operation alone or conjointly with neighboring land for such purposes, all that certain tract or tracts of land situated in Rooks County, State of Kansas described as follows, to wit:

- \*Each Tract Is A Separate Lease\*
- Township 8 South, Range 17 West
- Tract #1 Section 22: SW $\frac{1}{4}$
- Tract #2 Section 27: NW $\frac{1}{4}$

and containing .320 acres, more or less (the "Premises").

1. It is agreed that this Lease shall remain in full force for a term of Three ( 3 ) years from this date ("Primary Term"), and as long thereafter as oil or gas of whatsoever nature or kind is produced from the Premises or an acreage pooled or unitized therewith, or operations are continued as hereinafter provided. If at the expiration of the Primary Term, oil or gas is not being produced from the Premises or unitized therewith but Lessee is then engaged in drilling, reworking or dewatering operations thereon, then this Lease shall continue in force so long as such operations are being continuously prosecuted. Operations shall be considered to be continuously prosecuted if not more than one hundred twenty (120) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on the Premises or on acreage pooled or unitized therewith, the production thereof should cease from any cause after the primary term, this Lease shall not terminate if Lessee commences additional drilling, reworking or dewatering operations within one hundred twenty (120) days from date of cessation of production or from date of completion of a dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the Primary Term, this Lease shall continue in force so long as oil or gas is produced from the Premises or on acreage pooled or unitized therewith.

2. This is a PAID-UP LEASE. In consideration of the payment made herewith, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the Primary Term, surrender this Lease, as to all or any portion of the Premises and as to any strata or stratum, by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligations thereafter accruing as to the acreage surrendered.

3. Lessee covenants and agrees to pay royalty to Lessor as follows:

- (a) On oil, to deliver to the credit of Lessor, free of cost on the lease if sold on the Premises or free of cost into the pipeline to which Lessee may connect wells at first point of sale, the equal Twelve and one-half per-cent (12.50%) part of all oil produced and saved from the Premises.
- (b) On gas of whatsoever nature or kind, liquid hydrocarbons and their respective constituent elements, casinghead gas or other gaseous substances, produced from the Premises ("Gas") Lessee shall pay, as royalty, Twelve and one-half per-cent (12.50%) of the net proceeds realized by Lessee from first point of sale.
- (c) On products produced from the Premises Lessee shall pay, as royalty, Twelve and one-half per-cent (12.50%) of the net proceeds realized by Lessee from first point of sale.
- (d) Lessee shall have the right to pay Lessor's proportionate share of any required severance, excise or gross production taxes.

4. Where Gas from a well capable of producing Gas is not sold or used after the expiration of the Primary Term, Lessee shall pay or tender as royalty to Lessor at the address set forth above One Dollar (\$1.00) 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 ninety (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.

5. If Lessor owns a lesser interest in the Premises than the entire and undivided fee simple estate herein, then the royalties, including any shut-in Gas royalty, herein provided for shall be paid Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

6. Lessee shall have the right to use, free of cost, Gas, oil and water produced on the Premises for Lessee's operations thereon, except water from the wells, streams, lakes and ponds of Lessor.

7. When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth. No well shall be drilled nearer than 200 feet to the houses or barn now on the Premises without written consent of Lessor. Lessee shall pay for damages caused by Lessee's operations on the Premises. Lessee shall have the right at any time to remove all machinery and fixtures (including casing) Lessee has placed on the Premises.

8. The rights of the Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of the Premises shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this Lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

9. Lessee, at its option, is hereby given the right and power to pool, unitize 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, and a unit or units shall not exceed 80 acres each in the event of an oil well, or 640 acres each in the event of a gas well, plus a tolerance of ten percent (10%) to conform to government surveyed sections. Lessee shall execute in writing and record in the 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 specified, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his net royalty interest therein on an acreage basis bears to the total mineral acreage so pooled in the particular unit involved.

10. 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. Any delay or interruption caused by storm, flood, act of God or other event of force majeure shall not be counted against Lessee. If, due to the above causes or any cause whatsoever beyond the control of Lessee, Lessee is prevented from conducting operations hereunder, such time shall not be counted against Lessee, and this Lease shall be extended for a period of time equal to the time Lessor was so prevented, anything in this Lease to the contrary notwithstanding.

11. 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 unperfected, 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

Received for record at 8:00 o'clock A. M. on 21 day  
 State of Kansas) August 2007, and recorded in Book 374 of  
 Rooks County ) Records at page 599-601  
 Register of Deeds Annolan, Annick

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, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

12. Should any one or more the parties named as Lessor herein fail to execute this Lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor", as used in this Lease, shall mean any one or more or all of the parties who execute this Lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

See Rider attached hereto and made a part hereof:

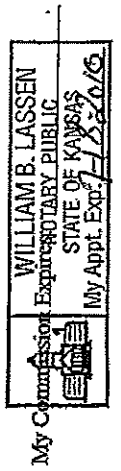
IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

*Linda G. Stauper*  
By: Hester G. Stauper  
Tax ID # \_\_\_\_\_

*Larry D. Stauper*  
By: Larry D. Stauper  
Tax ID # \_\_\_\_\_

STATE OF Kansas )  
COUNTY OF Rooks ) ss: Linda G. Stauper  
INDIVIDUAL ACKNOWLEDGMENT  
Linda G. Stauper

The foregoing instrument was acknowledged before me this 12th day of July, 2007 by Hester G. Stauper, a widow and Larry D. Stauper and Linda G. Stauper, his wife



*William B. Lassen*  
Notary Public  
William B. Lassen

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss: \_\_\_\_\_  
INDIVIDUAL ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2007 by \_\_\_\_\_

My Commission Expires: \_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss: \_\_\_\_\_  
CORPORATE ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2007 by \_\_\_\_\_

My Commission Expires: \_\_\_\_\_  
Notary Public

\*\*\*\*\*OIL AND GAS LEASE RECORDING INFORMATION\*\*\*\*\*

STATE OF \_\_\_\_\_  
COUNTY: \_\_\_\_\_

This instrument was filed for record on the \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M and duly

Recorded in Book \_\_\_\_\_, Page \_\_\_\_\_ of the records of this office.

BY: \_\_\_\_\_  
Clerk and Recorder  
When Recorded Return To: J. Fred Hambright, Inc.  
125 N. Market, Suite 1415  
Wichita, KS 67202

RIDER

Lessee or assigns agree that in the event of drilling operations to restore the surface of the land to its original contour and condition as nearly as is reasonably practicable and pay for damages caused by their operations. All top soil shall be piled separately and returned to the surface when the pits are filled. Lessee or assigns shall consult with Lessor or Lessor's agent as to routes of ingress and egress and location of equipment on the leased premises.

If at the end of the primary term, this lease is not otherwise continued in force under the provisions hereof, this lease shall expire, unless Lessee on or before the end of the primary term shall pay or tender to Lessor the sum of \$10.00 multiplied by the number of net mineral acres owned by Lessor in all or any part of the lands above described and subject to this lease; and subject to the other provisions of this lease, the primary term shall be extended for an additional term of three(3) years from the end of the primary term hereof on those tracts designated for the extension, whether all or any part thereof.

Notwithstanding any provisions of this lease, or any wording contained in this lease (such as "the lands", "this lease", "leasehold", or any similar terms) each of the separately designated tracts ("Tracts") to this lease shall be treated for all purposes as a separate and distinct lease. All of the provisions contained in this lease form shall be applicable to each separate tract and be construed as if a separate lease agreement had been made a executed covering each separate tract.

*Hester G. Stamper*  
Hester G. Stamper

*Larry D. Stamper*  
Larry D. Stamper

*Linda G. Stamper*  
Linda G. Stamper