

**Foos #5-36**

**Sec. 36-18S-22W**

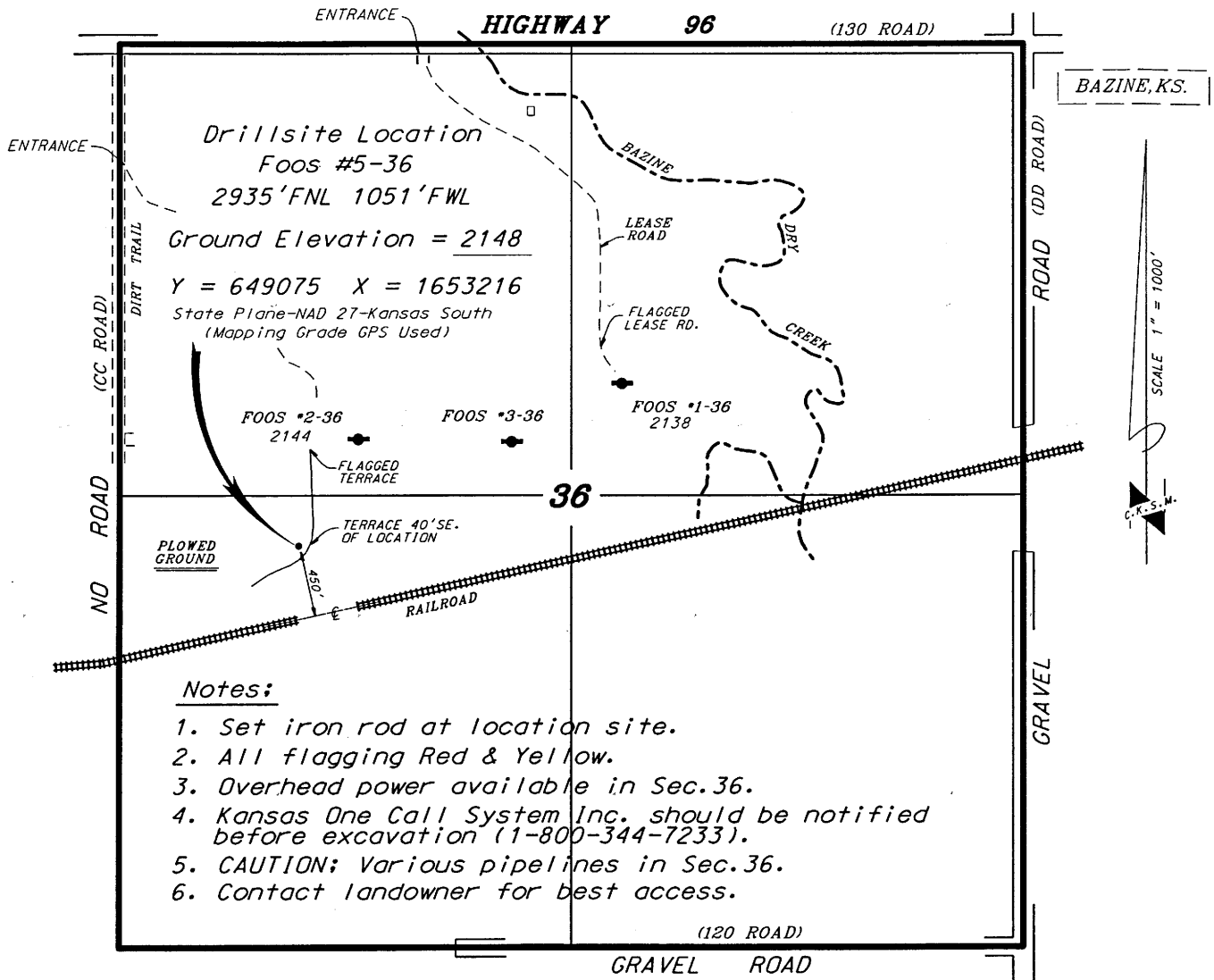
**Ness County, Kansas**

**Surface owner: Mr. Franklin Foos**  
**29464 State Highway 96**  
**Bazine, KS 67516-6525**

**Grand Mesa Operating Company notified the above landowner and mailed a copy of the Intent to Drill to same on May 17, 2010.**

**Thank you.**

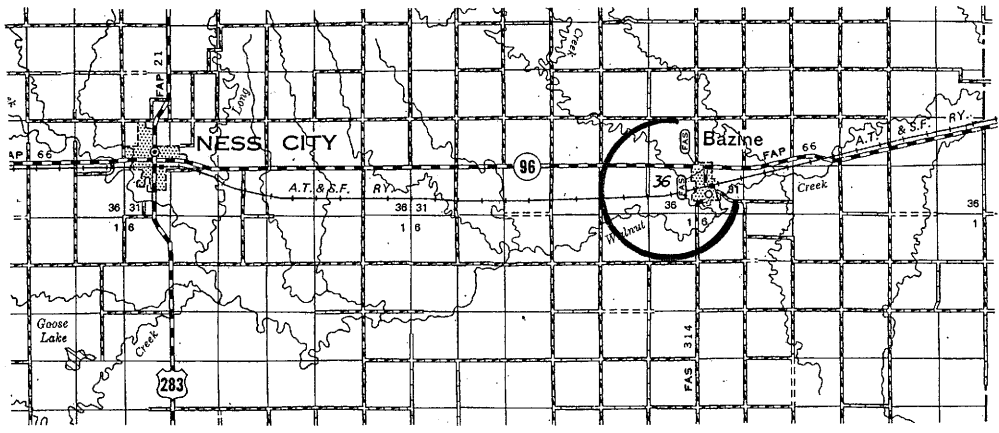
GRAND MESA OPERATING COMPANY  
FOOS LEASE  
SW.1/4. SECTION 36. T18S. R22W  
NESS COUNTY, KANSAS



\*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.

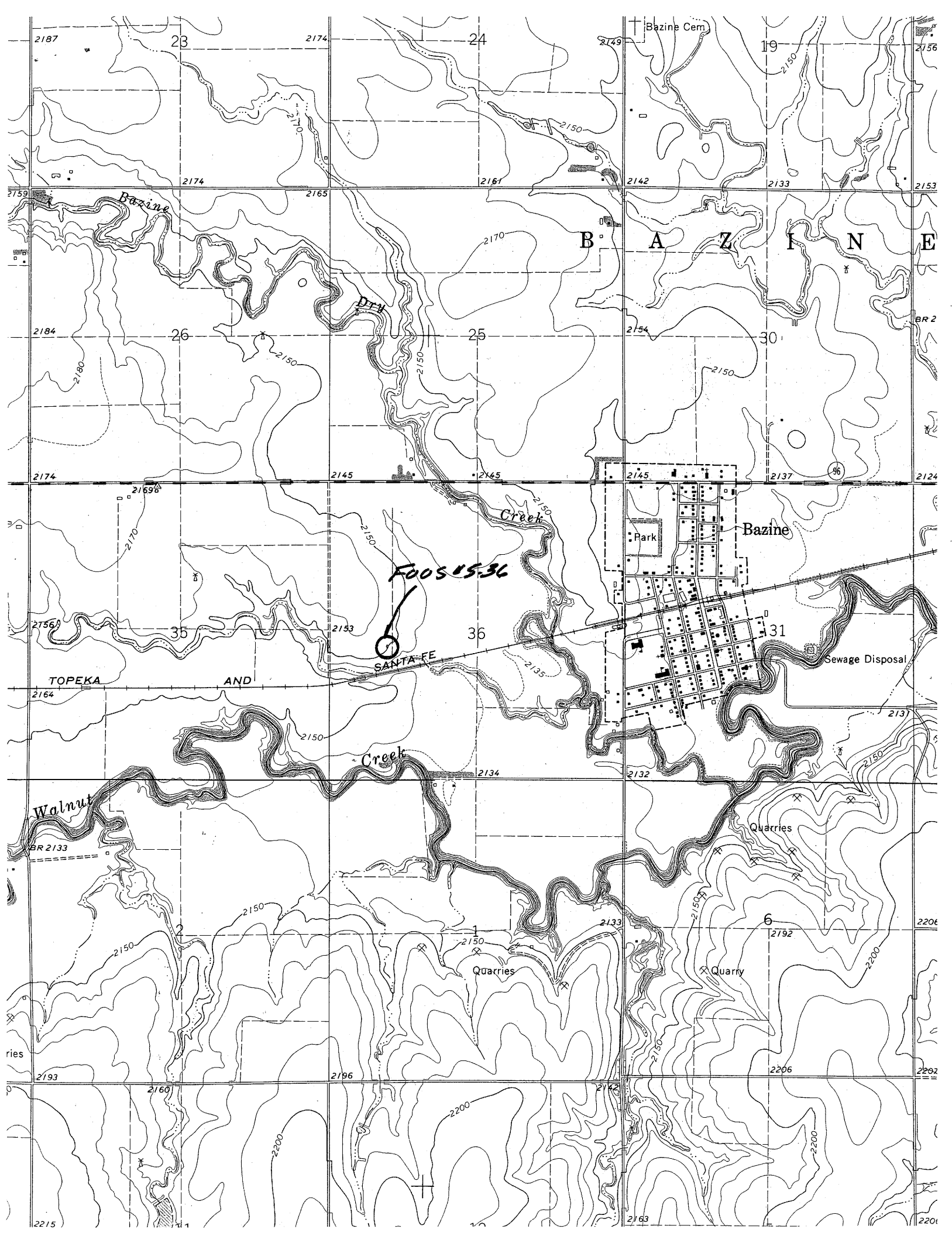
**Notes:**

1. Set iron rod at location site.
2. All flagging Red & Yellow.
3. Overhead power available in Sec.36.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION; Various pipelines in Sec.36.
6. Contact landowner for best access.

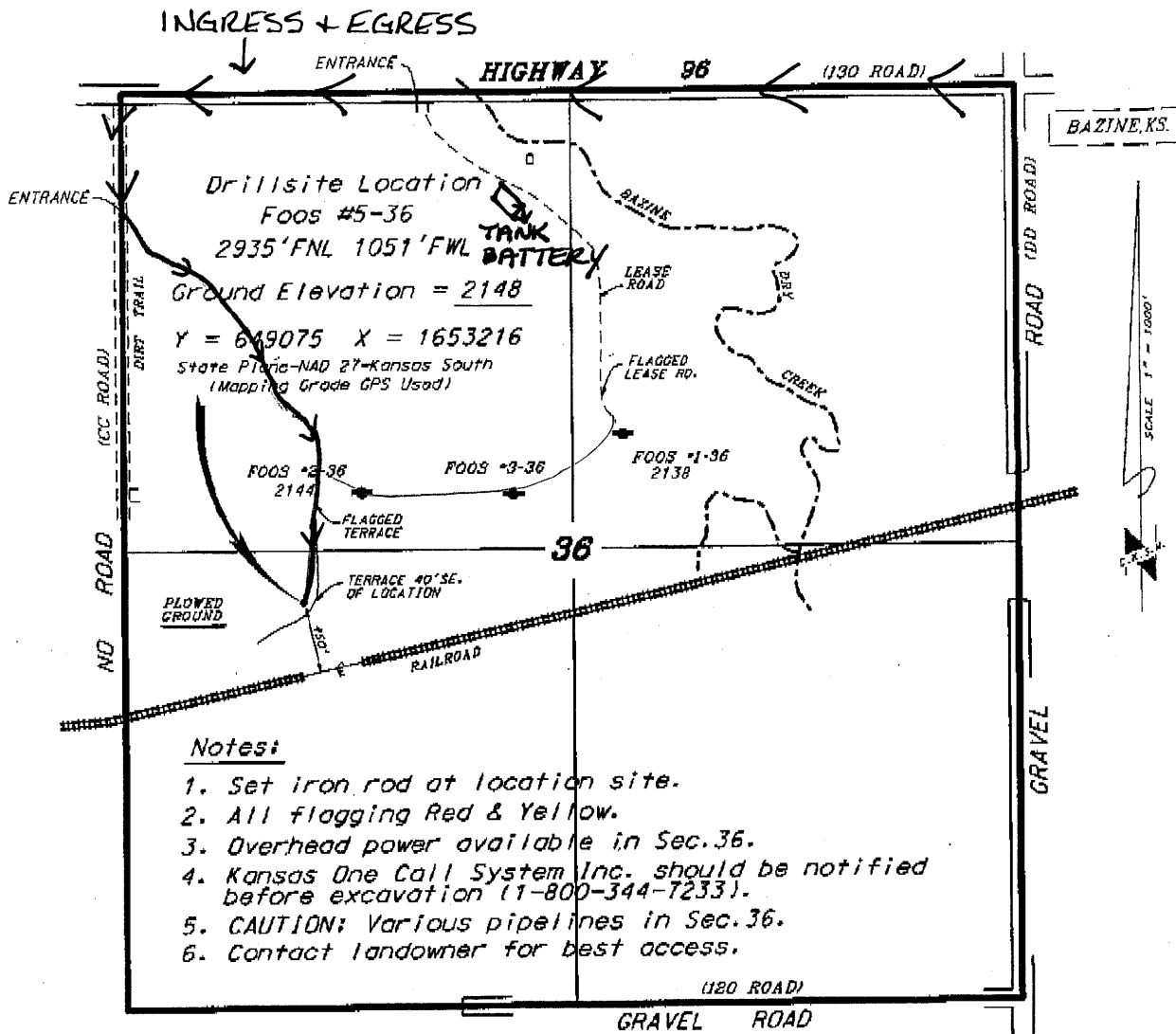


\*Controlling data is based upon the best maps and photographs available to us and upon a regular section of land containing 640 acres.  
\*Approximate section lines were determined using the normal standard of care of oilfield surveyors practicing in the state of Kansas. The section corners, which establish 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 entities released from any liability from incidental or consequential damages.  
\*Elevations derived from National Geodetic Vertical Datum.

Date May 5, 2010



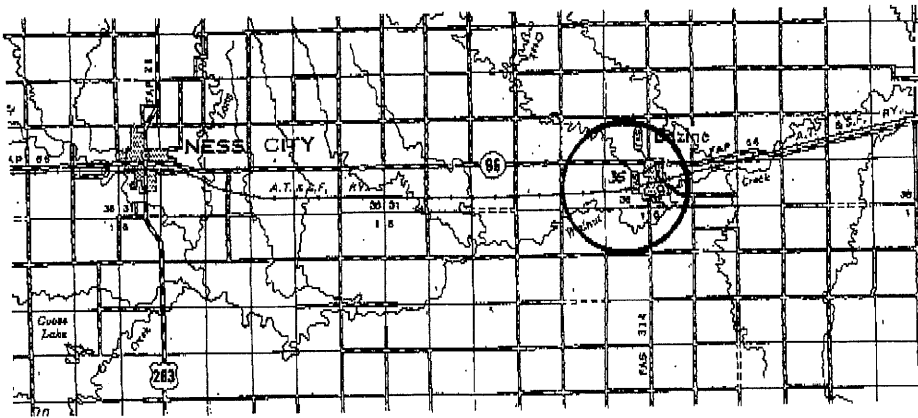
GRAND MESA OPERATING COMPANY  
FOOS LEASE  
SW. 1/4, SECTION 36, T18S, R22W  
NESS COUNTY, KANSAS



\* Ingress and egress to location as shown on this plan is for usage only and may be legally opened for public use. Contact landowner, relevant and county road department for access.

Notes

1. Set iron rod at location site.
2. All flagging Red & Yellow.
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5. CAUTION: Various pipelines in Sec.36.
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\* Elevations derived from National Geodetic Vertical Datum.

Date May 5, 2010

CENTRAL KANSAS OILFIELD SERVICES, INC. (620)792-1977

# OIL AND GAS LEASE

THIS AGREEMENT, Entered into this 22nd day of March, 2006

between Franklin G. Foons and Jeanette M. Foons, husband and wife  
R.R. 1, Box 30  
Bazine, KS 67516 hereinafter called lessor,

and Thomas Energy, Inc., 209 E. William, Ste. 908, Wichita, Ks 67202 hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of \$1.00 and more Dollars in hand paid and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted, leased, and let and by these presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land, with any reversionary rights therein, and with the right to utilize this lease or any part thereof with other oil and gas leases as to all or any part of the lands covered thereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work thereon, including core drilling and the drilling, mining, and operating for, producing and saving all of the oil, gas, gas condensate, gas distillate, casinghead gasoline and their respective constituent vapors, and all other gases, found thereon, the exclusive right of injecting water, brine, and other fluids and substances into the subsurface strata, and for constructing roads, laying pipe lines, building tanks, storing oil, building power stations, electrical lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and the injection of

water, brine, and other substances into the subsurface strata, said tract of land being situated in the County of Ness

State of Kansas, and described as follows:

See Exhibit "A" attached hereto and made a part hereof



containing 340 acres, more or less.

2. This lease shall remain in force for a term of Three (3) years (called "primary term") and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of the products covered by this lease is or can be produced.

3. The lessee shall deliver to lessor as royalty, free of cost, on the lease, or into the pipe line to which lessee may connect its wells the equal one-eighth (1/8th) part of all oil produced and saved from the leased premises, or at the lessee's option may pay to the lessor for such one-eighth (1/8th) royalty the market price at the wellhead for oil of like grade and gravity prevailing on the day such oil is run into the pipe line or into storage tanks.

4. The lessee shall pay to the lessor, as a royalty, one-eighth (1/8th) of the proceeds received by the lessee from the sale of gas, gas condensate, gas distillate, casinghead gas, gas used for the manufacture of gasoline or any other product, and all other gases, including their constituent parts, produced from the land herein leased. If such gas is not sold by the lessee, lessee may pay or tender annually at or before the end of each yearly period during which such gas is not sold, as a shut-in royalty, whether one or more wells, an amount equal to one dollar per net mineral acre, and while said shut in royalty is so paid or tendered, it will be considered under all provisions of this lease that gas is being produced in paying quantities. The first yearly period during which such gas is not sold shall begin on the date the first well is completed for production of gas.

5. This lease is a paid-up lease and may be maintained during the primary term without further payments or drilling operations.

6. In the event said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein then the royalties herein provided for shall be paid to said lessor only in the proportion which his interest bears to the whole and undivided fee, however, in the event the title to any interest in said land should revert to lessor, or his heirs, or his or their grantee, this lease shall cover such reversion.

7. The lessee shall have the right to use free of cost, gas, oil and water found on said land for its operations thereon, except water from existing wells of the lessor. When required by lessor, the lessee shall bury its pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during, or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.

8. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee, and no change of ownership in the land or in the royalties or any sum due under this lease shall be binding on the lessee until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof, or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing the appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to lessor of the full interest claimed, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, or administrator, executor, or heir of lessor.

9. If the leased premises are now or shall hereafter be owned in severally or in separate tracts, the premises may nonetheless be developed and operated as one lease, and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. 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 may now or hereafter be divided by sale, devisee, descent or otherwise, or to furnish separate measuring or receiving tanks.

10. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge in whole or in part any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in the event it exercises such options it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty accruing hereunder.

11. If after the expiration of the primary term, production of oil or gas should cease from any cause, this lease shall not terminate if lessee commences additional drilling or reworking operations within one hundred-twenty (120) days thereafter, or if at the expiration of the primary term, oil or gas is not being produced on said land, but lessee is then engaged in drilling or reworking operations thereon, then in either event, this lease shall remain in force so long as operations are prosecuted either on the same well or any other well thereafter commenced, with no cessation of more than one hundred twenty (120) consecutive days, and if they result in production of oil or gas, this lease shall remain in effect so long thereafter as there is production of oil or gas under any provisions of this lease.

12. Lessee may at any time surrender or cancel this lease in whole or in part by delivering or mailing such release to the lessor, or by placing same of record in the proper county. In case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion canceled shall cease and determine, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes.

13. All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules, or regulations (and interpretations thereof) of all governmental agencies administering the same, and this lease shall not be in any way terminated wholly or partially nor shall the 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 (or interpretations thereof). If lessee should be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction thereover, the primary term of this lease shall continue until six months after said order is suspended.

14. Lessee, at its option, is hereby given the right and power to pool or combine into one or more units the land covered by this lease, or any portion thereof, with other land covered by another lease, or leases 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 such minerals in and under said land, such pooling to be in a unit or units not exceeding 80 acres each in the event of an oil well, or into a unit or units not exceeding 540 acres each in the event of a gas and/or condensate or distillate well, plus a tolerance of ten percent (10%) to conform to Governmental Survey quarter sections. Lessee shall execute in writing and file for record in the county in which the land is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a unit or units 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 any part of the pooled acreage it shall be treated as if production is had from this lease whether any well is located on the land covered by this lease or not. Any well drilled on such unit shall be and constitute a well hereunder. In lieu of the royalties elsewhere herein specified lessor shall receive on production from the 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.

15. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor and lessee.

Lessee and Lessor shall mutually agree on all routes of ingress and egress.  
It is agreed and understood that all power lines shall be buried below plow depth.

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

Franklin G. Foons  
Franklin G. Foons

Jeanette M. Foons  
Jeanette M. Foons

State of Kansas Ness County  
Book: 300 Page: 597  
Receipt #: 956 Recording Fee: \$16.00  
Pages Recorded: 3  
Cashier Initials: MH  
Date Recorded: 4/12/2006 10:00:00 AM

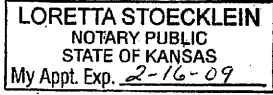
STATE OF Kansas )  
 )ss.  
COUNTY OF Ness )

ACKNOWLEDGMENT FOR INDIVIDUAL

This instrument was acknowledged to me this 22nd day of March 2006, by  
Franklin G. Foos and Jeanette M. Foos, husband and wife

My commission expires: 2/16/2009

*Loretta Stoecklein*  
Loretta Stoecklein Notary Public



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

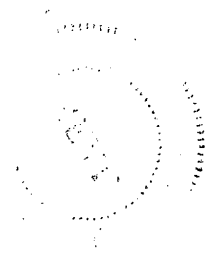
ACKNOWLEDGMENT FOR INDIVIDUAL

This instrument was acknowledged to me this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_, by

My commission expires: \_\_\_\_\_

Notary Public

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**Exhibit "A"**

Attached to and made a part hereof to the Oil and Gas Lease from Franklin G. Foes And Jeanette M. Foes, husband and wife as Lessors to Thomas Energy, Inc., dated March 22, 2006.

**Legal Description**

All of Section Thirty-six (36), Township Eighteen (18) South, Range Twenty-two (22) West of the 6<sup>th</sup> P.M., lying North of the AT&SF Railroad, except the following described tract:

Beginning at the NE corner of the Northeast Quarter (NE/4) of Section Thirty-six (36); thence 390 feet West; thence 1720 feet South; thence 390 feet East; thence 1720 feet North to the point of beginning; and except the following described tract:

Beginning at the NE corner of the Northeast Quarter (NE/4) of Section Thirty-six (36), thence South 1713.0 feet on the East line of said Northeast Quarter (NE/4); thence West 30.00 feet at right angles to the point of beginning; thence South 360.00 feet to a point; thence Southwest along a stone post fence 368.00 feet to a point; thence North 434.00 feet to a point which is the SW corner of Foes Addition No. 1 to the City of Bazine; thence East at a right angle along the South side of Avenue "A", which is the South line of said Foes Addition No. 1, 360.21 feet to the point of beginning, said last tract containing 3.28 acres, more or less