For KCC Use:

Effective D	Date:
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District	#	
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## KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

Form C-1 October 2007 Form must be Typed Form must be Signed All blanks must be Filled

1038930

# NOTICE OF INTENT TO DRILL

Must be approved by KCC five (5) days prior to commencing well

Expected Spud Date:	Spot Description:
month     day     year       OPERATOR:     License#	
Name:	Is SECTION: Regular Irregular?
Address 1: Address 2:	
City: State: Zip: +	(Note: Locate well on the Section Plat on reverse side)
Contact Person: Contact	County:
Phone:	Lease Name: Well #:
	Field Name:
CONTRACTOR: License#	Is this a Prorated / Spaced Field?
Name:	Target Formation(s):
Well Drilled For: Well Class: Type Equipment:	Nearest Lease or unit boundary line (in footage):
Oil Enh Rec Infield Mud Rotary	Ground Surface Elevation:feet MSL
Gas Storage Pool Ext. Air Rotary	Water well within one-quarter mile:
Disposal Wildcat Cable	Public water supply well within one mile:
Seismic ; # of Holes Other	Depth to bottom of fresh water:
Other:	Depth to bottom of usable water:
	Surface Pipe by Alternate:
If OWWO: old well information as follows:	Length of Surface Pipe Planned to be set:
Operator:	Length of Conductor Pipe (if any):
Well Name:	Projected Total Depth:
Original Completion Date: Original Total Depth:	Formation at Total Depth:
Directional, Deviated or Horizontal wellbore?	Water Source for Drilling Operations:         Well         Farm Pond         Other:
If Yes, true vertical depth:	
Bottom Hole Location:	DWR Permit #:
KCC DKT #:	Will Cores be taken?
	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;

- A copy of the approved notice of intent to drill *shall be* posted on each drilling rig;
- 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

	Remember to:
For KCC Use ONLY	- File Drill Pit Application (form CDP-1) with Intent to Drill;
API # 15	- File Completion Form ACO-1 within 120 days of spud date;
Conductor pipe required feet	<ul> <li>File acreage attribution plat according to field proration orders;</li> <li>Notify appropriate district office 48 hours prior to workover or re-entry;</li> </ul>
Minimum surface pipe requiredfeet per ALT. I II	- Submit plugging report (CP-4) after plugging is completed (within 60 days);
Approved by:	- Obtain written approval before disposing or injecting salt water.
This authorization expires:	- If this permit has expired (See: authorized expiration date) please check the box below and return to the address below.
	Well Not Drilled - Permit Expired Date:
Spud date: Agent:	Signature of Operator or Agent:
	<



1038930

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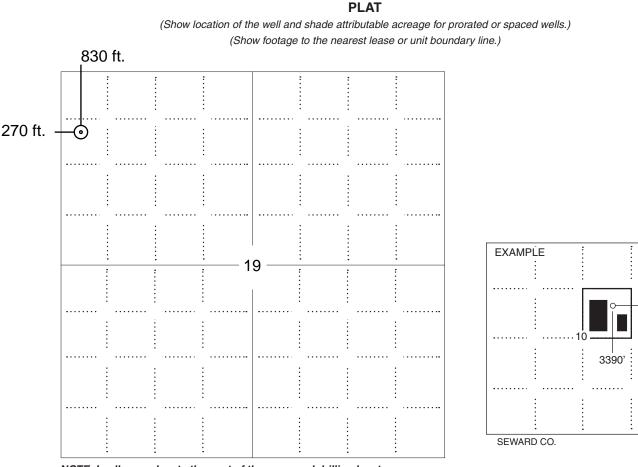
#### IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Side Two

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 gas wells and within 1/2 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 gas wells and within 1/2 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 gas wells and within 1/2 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 gas wells and within 1/2 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 gas wells and within 1/2 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 gas wells and within 1/2 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 gas wells and within 1/2 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 gas wells and within 1/2 mile of the boundaries of the proposed acreage attribution unit for gas wells and wells acreage attribution unit for gas wells and wells acreage attribution unit for gas wells acreage attribution unit for gas wells acre

API No. 15			
Operator:	Location of Well: County:		
Lease:	feet from N / S Line of Section		
Well Number:	feet from E / W Line of Section		
Field:	Sec Twp S. R E 🗌 W		
Number of Acres attributable to well:	Is Section: Regular or Irregular		
	If Section is Irregular, locate well from nearest corner boundary.		
	Section corner used: NE NW SE SW		



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 1038930 **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:	Pit is:		- 		
Emergency Pit Burn Pit	Proposed	Existing	SecTwpR East West		
Settling Pit Drilling Pit	If Existing, date c	onstructed:	Feet from	North / South Line of Section	
U Workover Pit Haul-Off Pit (If WP Supply API No. or Year Drilled)	Pit capacity:	(bbls)	Feet from East / West Line of Section		
Is the pit located in a Sensitive Ground Water	Area? Yes	(0013)		County	
				ts and Settling Pits only)	
Is the bottom below ground level?	Artificial Liner?	No	How is the pit lined if a plastic	liner is not used?	
Pit dimensions (all but working pits):	Length (fe	eet)	Width (feet)	N/A: Steel Pits	
Depth fr	om ground level to d	eepest point:	(feet)	No Pit	
Distance to nearest water well within one-mile		Source of infor	west fresh water mation: red well owner		
Emergency, Settling and Burn Pits ONLY:			cover and Haul-Off Pits ONLY:		
Producing Formation:		Type of materia	al utilized in drilling/workover:		
Number of producing wells on lease:		Number of wor	r of working pits to be utilized:		
Barrels of fluid produced daily:		Abandonment	andonment procedure:		
Does the slope from the tank battery allow all spilled fluids to			be closed within 365 days of spud date.		
Submitted Electronically					
	ксс	OFFICE USE OI	NLY Steel Pit	RFAC RFAS	
Date Received: Permit Num	ber:	Permi	t Date: Lease	Inspection: Yes No	

# OIL AND GAS LEASE

AGREEMENT, Made and entered into the	17 <sup>th</sup> day of	Dec	ember	2008	
by and between	MARCELLA M. STOS, wid	ow of Bernard V. Stos			
whose mailing address is	225 North 4th PO Box 167, C	tis, Kansas 67565	hereinafter called Lessor (whethe	r one or more)	
and	High Plains Energy Partners,			in one of the roy,	
	1560 Broadway, Suite 2100,	Denver, CO 80202	hereinafter	colled Lessee:	
Lessor, in consideration of <u>Ten</u> acknowledged and of the royalties herein provided and or geophysical and other means, prospecting drilling, minin, air into subsurface strata, laying pipe lines, storing oil, bu and transport said oil, liquid hydrocarbors, gases and th described land, together with any reversionary rights and	t the agreements of the Lessee herein containers g and operating for and producing oil, liquid h uilding tan's, power stations, telephone lines, a ir respective constituent products and other r	h hereby grants, leases and lets exclusive drocarbons, all gases, and their respective and other structures and thisms thereau to	ely unto Lestee for the purpose of investigatin to constituent products, injecting gas, water, o	ig, exploring b other fluids, and	
therein situated in County of	Rush	State of Kan	ISASdescribed as	fellows to-wit:	
SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR PROPERTY DESCRIPTION.					
In Section 24 Township	17 South Range	6 West and containing	160.00 acres, mere	or less, and all	

ubject to the provisions herein contained, this lease shall remain in force for a term of <u>Three (3)</u> years from this date (called "primary term") and as long thereafter as oil, liquid viscoarbons, gas or other respective constituent products, or any of them, is produced from said land or land pooled therewith or this lease is otherwise maintained in effect pursuant to the

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

1st. To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the lessed prea

2nd. To pay Lessor for gas, (including casinghead gas) of whatsoever nature or kind produced and sold, or used of the premises, or used in the manufacture of any products thereform, one-eighth (1/8), at the market price at the well, (but, as to gas sold by Lessee, in no event more than one-eighth (1/8) of the net proceeds received by Lessee from such sales, such net proceeds to be less a proportionate part of the production, severance, or other excise taxes and the cost incurred by Lessee in delivering, treating for the removal of nitrogen, helium or other impurities in the gas, processing, or otherwise making any such gas merchantable) for the gas sold, used off the premises, or in the manufacture of products thereform, said payments to be made monthly.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If at the expiration of the primary term of this lease, oil or gas is not being produced on the lease premises or on acreage pooled or unitized therewith but Lessee is then engaged in drilling, reworking operations thereon, then this lease shall continue in force so long as operations are being days shall elayse between the completion or at andonument of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on the leased premises or on acreage pooled or unitized therewith, the lease the primary term, this lease shall continue in force so long as operations are being days shall elayse between the completion or at andonument of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on the leased premises or on acreage pooled or unitized therewith, the lease that not terminate if Lessee commences additional drilling or reworking operations within one hundred and twenty (120) days from the date of cessation of production or from the date of completion or a acreage pooled or unitized therewith.

If after the primary term one or more wells on the lease premises or lands pooled or unitized therewith are capable of producing oil or gas or other substances covered hereby, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deamed to be producing for the purpose of maintaining the lease. If for a period of ninety (90) consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, the Lessee shall pay an aggregate shut-in roy alty of One Dollar (alt). One por acre then covered by this lease, such well or wells are shut in or production therefrom is not being sold by Lessee, the Lessee shall pay an aggregate shut-in roy alty of One Dollar (alt). Of per acre then covered by this lease, such whell or wells are shut in or production therefrom is not being sold by Lessee, the Lesse is in its primary term or otherwise being maintained by operations, or if production is being sold by Lessee, the sevent is primary term or otherwise being maintained by operations, or if production is being sold by Lessee, the sevent is primary term or otherwise being maintained by operations, or if production is being sold by Lessee, the provided that if this lease is in its primary term or otherwise being maintained by operations, or if production is being sold by Lessee from another well on the lessed premises or lands pooled or unitized therewith, no shut-in royalty shall be due until the end of the next following amiversary date of this lease. It is proved to the amount due, but shall not operate to terminate this lease.

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

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

When requested by Lessor, Lessee shall bury Lessee's pipe lines below plow depth.

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

Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

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

If the entate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalities shall be binding on the Lessee until after the Lessee has been furnished with a written transfer or of assignment.

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

All express or implied covenants of the industry state the sources statement.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, which this lease is made, as recited herein.

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 under and that may be produced from said premises, such pooling or unitization to be of racts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an from the pooled or unitized acreage. The entire acreages so pooled or unitized areage, the three averages areaded or unitized into a tract or units hall be treated, for all purposes exceeding 40 acres, each the event of an pooled or unitized acreage. The entire acreages so pooled or unitized areage, it shall be treated as if production is had from this lease. If production is found on the pooled or unitized areage, it shall be treated as if production is had from the lease, whether the vell or wells be located the amount of his acreage placed in the unit or his royality interest therein on an acreage basis bears to the total unreage to give armset to give written poties to lease if during the pooled or the primer term of this lease. If eventuation of the royality stipulated herein as

Lessor agrees to give written notice to Lessee, if, during the primary term of this lease, Lessor receives: a bona fide offer which Lessor is willing to accept from any party offering to purchase from agrees to give written notice to Lessee, if, during the primary term of this lease, Lessor receives: a bona fide offer which Lessor is willing to accept from any party offering to purchase from agrees to give written notice to Lessee, if, during the primary term of this lease, Lessor receives: a bona fide offer which Lessor is willing to accept from any party offering to purchase from agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offer, the price and all other patient terms and conditions of this lease. Lessor hereby period of fifteen days after receipt of the notice, shall have the price and preferred right and option to purchase the lease or part thereof or interest therein, covered by this lease and according to the terms and conditions specified in the offer. All offers made up to and including the last day of the primary term of this lease shall be subject to the terms and conditions of this pragraph. Should Lessee elect to purchase the lease pursuant to the terms, hereto, it shall so notify Lessor in writing by mail or telegram prior to expiration of a last of the terms and conditions of the terms with Lessee's collection that payable to Lessor in payment of the specified amount as consideration for the new lease, such draft being subject only to approval record for payment.

This lease may be signed in any number or numbers of counterparts and shall be effective as to each Lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the Lessors above named who may not have joined in the execution hereof. The word "Lessor" as used in this lease shall mean the party or parties who execute this lease as Lessor, although not named above.

Lessee shall have the exclusive right to explore the land herein described by geological, geophysical or other methods, whether similar to those herein specified or not and whether now known or not, including the drilling of holes, use of torsion balance, seismograph explosions, magnetometer, or other geophysical or geological instruments, tests or procedures, for the purpose of securing geological consent. Lessor and Lessee herein agree that a portion of the consideration paid herein is for advance payment of usual and customary damages associated with seismograph explosions, in the week of the second security shall be the exclusive property of Lessee, and Lessee have discentinate or sell such information without Lessor's wheat, pasture or field, read use, compaction etc.). If any extraordinary damages should occur, at Lessee's discretion, Lessor or its tenant (if Lessor has a tenant) will be compensated accordingly, or Lessee's may elect to repair the damages in lieu of compensation.

Lessor (and Lessee) herein agree to less and except from the terms of this Oil and Gas Lease any currently existing oil and/or gas well(s), here hole(s) or other related facilities located on the over described lease premises. Lessor further agrees that Lessee shall not be liable nor shall Lessee have the obligation to plug and shandon any of said existing oil and/or gas wells(s), here hole(s) or

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ADDITIONAL TERMS AND PROVISIONS. EI WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written.

Marcella M. Star

## EXHIBIT "A"

Attached to and made a part of that certain Oil and Gas Lease dated December 17, 2008, by and between, MARCELLA M. STOS, as Lessor, and HIGH PLAINS ENERGY PARTNERS, LLC, as Lessee.

## **PROPERTY DESCRIPTION:**

#### TOWNSHIP 17 SOUTH - RANGE 16 WEST

#### SECTION 24:

That certain tract or parcel of land estimated to contain <u>160.00</u> acres, more or less, being described as the Northeast Quarter (NE/4) of Section 24, Township 17 South, Range 16 West, Rush County, Kansas.

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

#### **ADDITIONAL TERMS AND PROVISIONS:**

- 1. The provisions of this **EXHIBIT** "A" shall control and supersede the terms of the attached oil and gas lease when such terms conflict.
- 2. Lessee shall bury and maintain all pipelines below ordinary plow depth (36").
- 3. Lessee shall pay all damages, caused by Lessee's operations hereunder to crops, including grass, and restore as nearly as practical, said premises to the same conditions and contour as previously existed, upon termination of this lease.
- 4. Lessee is hereby granted the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. This option may be exercised by Lessee, in total, on or before the expiration date of lease by paying and delivering to Lessor at the above address, the sum of \$15.00 per acre covered by the lease. In the event Lessee exercises this option, Lessee must renew all acreage covered by this lease. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a term of five (5) years.

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OIL AND GAS LEAS Pages Recorded: 3

AGREEMENT, Made and entered into the

day of

<u>30</u><sup>th</sup>

Date Recorded: 2/4/2009 10:53:49 AM December

**REGISTER OF DEEDS** 

BARTON COUNTY, KS

2008

KCIA JOHNSON

by and between SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR LESSORS NAMES AND ADDRESSES

whose mailing address	ss is						here	inafter called Lessor (whether one or more),
and			High Plains E	nergy Partne	rs, LLC			matter cancer Lesson (whether one of more),
			1560 Broadwa			0 80202		, hereinafter called Lessee:
geophysical and othe air into subsurface st and transport said oi	a means, prospe trata, laying pipe il, liquid hydroc	trein provided and cting drilling, mir lines, storing oil, arbons, gazes and	i of the agreements of the L ing and operating for and p building tanks, power stati	essee herein conta roducing oil, liqui	ained, hereby grants id hydrocarbons, al	, leases and lets exclu gases, and their responses was and things thereas	sively unto Lessee for ective constituent pro	hand paid, receipt of which is hereby or the purpose of investigating, exploring by oducts, injecting gas, water, other fluids, and ake care of treat, manufacture, process, store wise caring for its employees, the following
therein situated in Co	ounty of		Barton		State of	K	ansas	described as follows to-wit:
ŝ	SEE EXHJI	BIT "A" AT	TACHED HERET	O AND MA	DE A PART	HEREOF FOR	PROPERTY	DESCRIPTION.
In Section	19	Township	17 South	Range	15 West	and containing	80.00	) acres, more or less, and all
Subject to t hydrocarbo provisions I	ons, gas or other	rein contained, th respective consti	is lease shall remain in force tuent products, or any of th	for a term of	Three (3) from said land or	years from this o land pooled therewith	late (called "primary a or this lease is oth	r term") and as long thereafter as oil, liquid erwise maintained in effect pursuant to the
In considera	ation of the prem	ises the said Less	ee covenants and agrees;					
								f all oil produced and saved from the leased
2nd. To par (1/8), at the market p part of the productio otherwise making an	y Lessor for gas, price at the well, on, severance, or y such gan merch	(including casing (but, as to gas sol other excise taxes nantable) for the g	head gas) of whatsoever na d by Lessee, in no event mo and the cost incurred by I as sold, used off the premise	ture or kind produ re than one-eighth essee in deliverin es, or in the manual	uced and sold, or u a (1/8) of the net pr g, treating for the facture of products	ed off the premises, o occeeds received by Le emoval of nitrogen, h therefrom, said payme	or used in the manufa ssee from such sales, elium or other impur nts to be made mont	acture of any products therefrom, one-eighth such net proceeds to be less a proportionate filies in the gas, processing, compressing, or hly.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled or unitized therewith but Lessee is then engaged in drilling, reworking operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted if not more than one hundred and 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 leased premises or on acreage pooled or unitized therewith, the production should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling operations, within one hundred and twenty (120) days from the date of ceasation of production or from the date of completion or abandonment of the state of completion or as a result of such operations, this lease shall be discovered and produced as a result of such operations, this lease of a dry hole. If oil or gas shall be discovered and produced as a result of such operations, this lease of the the area of the area of the leased premises or on acreage pooled or unitized therewith.

If after the primary term one or more wells: on the lease premises or lands pooled or unitized therewith are capable of producing oil or gas or other substances covered hereby, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing for the purpose of maintaining the lease. If for a period of ninety (90) payment to be made to Lessor on or before the anniversary date of this lease exist ensuing affer the expiration of the said ninety (90) day period and thereafter on or before the anniversary date of this lease, provided that if this lease is in its primary term or otherwise being maintained by operations, or if production is being sold by Lessee, provided that if this lease is in its primary term or otherwise being maintained by operations, or if production is being sold by Lessee is not unitized therewith, no shut-in royalty shall be due unfil the end of the next following anniversary date of this lease that cessation of such operations correction certain to product in the safe that cessation of an other well or wells are shut in or production therefrom is not being sold by Lessee is provided that if this lease is in its primary term or otherwise being maintained by operations, or if production is being sold by Lessee is provided that if this lease is in its primary term or otherwise being anniversary date of this lease that cessation of such operations or production ceurs, as the case may be. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lense.

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

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

When requested by Lessor, Lessee shall bury Lessee's pipe lines below plow depth.

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

Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

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

If the estate of either party hereto is assigned, and the privilege of assignment or royalties shall be binding of the covenants hereof shall extend to their heirs, executors, administrator assignment or a true copy thereof. In case Lessee assigns this lease, in whole or in part, Lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the data and respect to the assigned. administrators,

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

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor and production of wells, and regulation of the price or transportation of oil, gas or other substance covered hereby. When drilling, reworking, production or other operations or obligations under this lease are strike, lockout, or other inducting disturbance, eat of the public covering, way, blockade, public rist, lightening, fire, storm, flood or other act of nature, explosion, governmental action, governmental delay, rescription or inability to obtain a satisfactory market for production, or failure to other wise, which is not reasonably within control of Lessee, this lease shall not terminate because of such prevention or delay, and, at Lessee's option, the period of such or delayed.

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

Which this tease is made, as reduct nerem. 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 under and that may be produced from said premises, such pooling or unitization to be of tracts cortiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of a gas well. Lessee shall excert in writing and record in the conveyance records of the county in which the land herein leased is situated an from the pooled unit, as if it were included in this lease. If production is found on the pooled or unitized acreage, it shall be treated as if production is had from this lease, whether the well or yvells be located the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled or unitized acreage. If any the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled or unitized in the particular unit involved.

Lessor agrees to give written notice to Lessee, if, during the primary term of this lease, Lessor receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offerer d and all other periment terms and conditions of the besce. Lessor hereby period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by this lease and covering all or a doption to purchase the lease of period of fifteen days all other periment terms and conditions of the offero. All offers made up to and including the last day of the primary term of this lease shall be subject to the terms, overred by the offer at data document to be terms and conditions of this paragraph. Should Lessee lease to purchase the lease pursuant to the terms, hereto, it shall so notify Lessor in writing by mail or telegram prior to expiration of said 15-day period. Lessee shall promptly thereafter furnish to Lessor then aw of title according to the terms thereof. Upon receipt thereof, Lessor shall promptly execute said lease and return the same along with the endorsed draft to Lessee's representative or through Lessor's bank of the parameter.

This lease may be signed in any number or numbers of counterparts and shall be effective as to each Lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the Lessors above named who may not have joined in the execution hereof. The word "Lessor" as used in this lease shall mean the party or parties who execute this lease as Lessor,

Leasee shall have the evolusive right to explore the land herein described by geological, geophysical or other methods, whether similar to those herein specified or not and whether new known not, including the drilling of holes, use of torsion balance, seismograph explosions, magnetometer, or other geophysical or geological instruments, tests or procedures, for the purpose of securing geological geophysical information. All information obtained by Lessee as a result of such activity shall be the exclusive property of Lessee, and Lessee have disseminate or sell such information without Lesse compaction etc.). If any extraordinary damages should occur, at Lessor's discretion, Lessor or its tenant (if Lessor has a tenant) will be compensated accordingly, or Lessor and y elect to repair the damages in here of compensation.

Lessor (and Lessee) herein agree to less and except from the terms of this Oil and Gas Lease any currently existing oil and/or gas well(s), bore hole(s) or other related facilities located on the over described lease premises. Lessor further agrees that Lessee shall not be liable nor shall Lessee have the obligation to plug and abandon any of said existing oil and/or gas well(s), bore hole(s) or hereinabove des related facilities.

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ADDITIONAL TERMS AND PROVISIONS.

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written. index

Numerical d Cross DC Book\_\_\_\_\_ Plat Book\_ Military Sonk Art of Inc Book\_\_\_\_ Scanned

Helen M Stors HELENM STOS RANDY L STOS J LTEZ

#### EXHIBIT "A"

ok: 615 Page: Page #3

1414

Attached to and made a part of that certain Oil and Gas Lease dated December 30, 2008, by and between HELEN M. STOS LIFE ESTATE, ET AL, as Lessor, and HIGH PLAINS ENERGY PARTNERS, LLC, as Lessee.

#### LESSOR NAMES AND ADDRESSES:

Helen M. Stos, Life Estate, whose address is declared to be 20 Garfield Street, Olmitz, Kansas 67564;

Randy L. Stos, husband of Heather Stos, dealing herein with his separate property, whose address is declared to be 519 E. 4<sup>th</sup>, Hoisington, Kansas 67544.

#### **PROPERTY DESCRIPTION:**

# SECTION 19:

#### TOWNSHIP 17 SOUTH - RANGE 15 WEST

That certain tract or parcel of land estimated to contain  $\underline{80.00}$  acres, more or less, and being described as the West Half of the Northwest Quarter (W/2 of the NW/4) of Section 19, Township 17 South, Range 15 West, Barton County, Kansas.

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

#### ADDITIONAL TERMS AND PROVISIONS:

- 1. The provisions of this **EXHIBIT** "A" shall control and supersede the terms of the attached oil and gas lease when such terms conflict.
- 2. Lessee shall bury and maintain all pipelines below ordinary plow depth (36").
- 3. Lessee shall pay all damages, caused by Lessee's operations hereunder to crops, including grass, and restore as nearly as practical, said premises to the same conditions and contour as previously existed, upon termination of this lease.
- 4. Lessee is hereby granted the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. This option may be exercised by Lessee, in total, on or before the expiration date of lease by paying and delivering to Lessor at the above address, the sum of \$15.00 per acre covered by the lease. In the event Lessee exercises this option, Lessee must renew all acreage covered by this lease. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a term of five (5) years.
- 5. It is understood and agreed that in the event oil or gas is discovered and produced from this land, roads, equipment and other facilities for producing said product shall be fenced and cattle guards installed to protect the livestock in the Lessor's ranching operations on said land.
- 6. Lessor, Randy L. Stos, directs all Royalty and Rental payments accruing under the terms of this lease to Helen M. Stos, and said payments to Helen M. Stos shall maintain this Oil, Gas and Mineral Lease in full force and effect, as though payments had been made to each individual Lessor.



June 08, 2010

Clayton Camozzi Samuel Gary Jr. & Associates, Inc. 1515 WYNKOOP, STE 700 DENVER, CO 80202

Re: Drilling Pit Application STOS & STOS 1-19 NW/4 Sec.19-17S-15W Barton County, Kansas

Dear Clayton Camozzi:

District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as practical after drilling operations have ceased. Keep pits away from draw/drainage.

# If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

The fluids should be taken to an authorized disposal well. Please call the District Office at (785) 625-0550 when the fluids have been removed. Please file form CDP-5 (August 2008), Exploration and Production Waste Transfer, through SOLAR within 30 days of fluid removal.

A copy of this letter should be posted in the doghouse along with the approved Intent to Drill. If you have any questions or concerns please feel free to contact the District Office at (785) 625-0550.