

| For KCC Use: | |
|-------------------|--|
| Effective Date: _ | |
| District # | |
| 0040 🖂 | |

Kansas Corporation Commission Oil & Gas Conservation Division

Form C-1 October 2007 Form must be Typed

| | ITENT TO DRILL All blanks must be Filled (5) days prior to commencing well | | |
|--|---|--|--|
| | | | |
| Expected Spud Date: month day year | Spot Description: | | |
| • | Sec Twp S. R L L L W | | |
| OPERATOR: License# | feet from N / S Line of Section | | |
| Name: | feet from E / W Line of Section | | |
| Address 1: | Is SECTION: Regular Irregular? | | |
| Address 2: | (Note: Locate well on the Section Plat on reverse side) | | |
| City: | County: | | |
| Contact Person: | Lease Name: Well #: | | |
| Phone: | Field Name: | | |
| CONTRACTOR: License# | Is this a Prorated / Spaced Field? | | |
| Name: | Target Formation(s): | | |
| | Nearest Lease or unit boundary line (in footage): | | |
| Well Drilled For: Well Class: Type Equipment: | | | |
| Oil Enh Rec Infield Mud Rotary | | | |
| Gas Storage Pool Ext. Air Rotary | Water well within one-quarter mile: Yes No | | |
| Disposal Wildcat Cable | Public water supply well within one mile: Yes No | | |
| Seismic ; # of Holes Other | Depth to bottom of fresh water: | | |
| Other: | Depth to bottom of usable water: | | |
| If OWWO: old well information as follows: | Surface Pipe by Alternate: III | | |
| II OWWO. Old well illiormation 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: | | |
| | Water Source for Drilling Operations: | | |
| Directional, Deviated or Horizontal wellbore? Yes No | Well Farm Pond Other: | | |
| If Yes, true vertical depth: | DWR Permit #: | | |
| Bottom Hole Location: | (Note: Apply for Permit with DWR) | | |
| KCC DKT #: | Will Cores be taken? Yes No | | |
| | If Yes, proposed zone: | | |
| The undersigned hereby affirms that the drilling, completion and eventual plus It is agreed that the following minimum requirements will be met: 1. Notify the appropriate district office <i>prior</i> to spudding of well; 2. A copy of the approved notice of intent to drill <i>shall be</i> posted on each 3. The minimum amount of surface pipe as specified below <i>shall be set</i> to through all unconsolidated materials plus a minimum of 20 feet into the 4. If the well is dry hole, an agreement between the operator and the districtions. | drilling rig; by circulating cement to the top; in all cases surface pipe shall be set be underlying formation. | | |
| 5. The appropriate district office will be notified before well is either plugg 6. If an ALTERNATE II COMPLETION, production pipe shall be cemented Or pursuant to Appendix "B" - Eastern Kansas surface casing order #1 must be completed within 30 days of the spud date or the well shall be Submitted Electronically | d from below any usable water to surface within 120 DAYS of spud date. 33,891-C, which applies to the KCC District 3 area, alternate II cementing | | |
| | 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; | | |

| | 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 requiredfeet | File acreage attribution plat according to field proration orders; Notify appropriate district office 48 hours prior to workover or re-entry; |
| 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: (This authorization void if drilling not started within 12 months of approval date.) | If this permit has expired (See: authorized expiration date) please check the box below and return to the address below. |
| (The dather Latter Fold is a similar of the similar | Well Not Drilled - Permit Expired Date: |
| Spud date: Agent: | Signature of Operator or Agent: |
| 7.90.111 | |



IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a prorated or spaced field

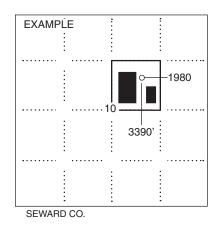
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please 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: | Location of Well: County: |
| Lease: | feet from N / S Line of Section |
| Well Number: | feet from E / W Line of Section |
| Field: | SecTwpS. 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 |

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.)

| | | | 23 | 67 ft. | | | | |
|---------|---------|----------|--------|------------------|------|--------|--------|--|
| | | : | : | : | | : | : | |
| | | · ! | · : | · | | · | · | |
| | | : : | : | : : | •••• | : : | : : | |
| | | | | | | | | |
| 1693 ft | | <u>:</u> | 6 | <u>:</u> 3 | | • | • | |
| | | : | | ; J | | | | |
| | | : | | | | | | |
| | | : | : : | : | •••• | | | |
| | | | | | •••• | | | |
| | | | • | : : : : | | | | |



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 OIL & GAS CONSERVATION DIVISION

1039311

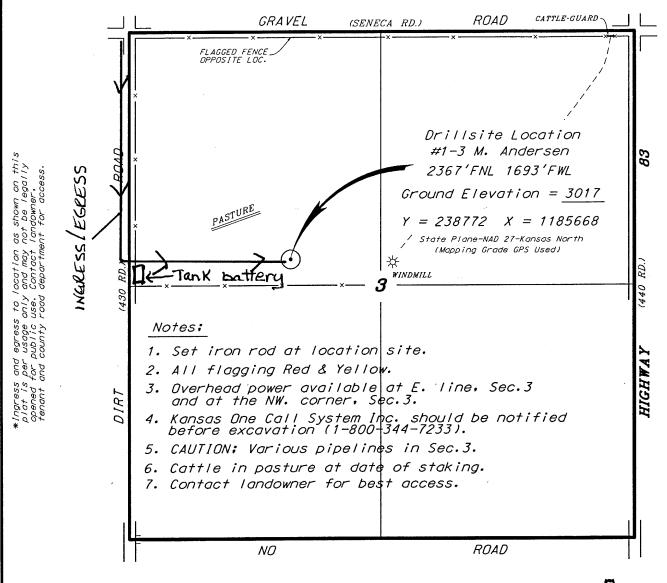
Form CDP-1
April 2004
Form must be Typed

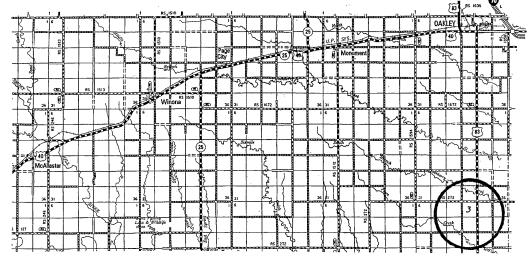
APPLICATION FOR SURFACE PIT

Submit in Duplicate

| Operator Name: | | License Number: | | | |
|---|---|--|---|--|--|
| Operator Address: | | | | | |
| Contact Person: | | | Phone Number: | | |
| Lease Name & Well No.: | | | Pit Location (QQQQ): | | |
| Type of Pit: Emergency Pit Burn Pit Settling Pit Drilling Pit Workover Pit Haul-Off Pit (If WP Supply API No. or Year Drilled) Is the pit located in a Sensitive Ground Water Is the bottom below ground level? Yes No Pit dimensions (all but working pits): | Artificial Liner? Yes No Length (feet) om ground level to deepest point: liner Describe proce | | SecTwpR East West Feet from North / South Line of Section Feet from East / West Line of Section Count Count | | |
| Distance to nearest water well within one-mile | of pit | Depth to shallo | owest fresh waterfeet. | | |
| · | | Source of infor | | | |
| feet Depth of water well | feet | | uredwell owner electric logKDWR | | |
| Emergency, Settling and Burn Pits ONLY: | | • | cover and Haul-Off Pits ONLY: | | |
| Producing Formation: | | | ype of material utilized in drilling/workover: | | |
| Number of producing wells on lease: | | Number of working pits to be utilized: | | | |
| Barrels of fluid produced daily: Does the slope from the tank battery allow all spilled fluids to flow into the pit? Yes No | | | be closed within 365 days of spud date. | | |
| Submitted Electronically | | | | | |
| | ксс | OFFICE USE OF | NLY Steel Pit RFAC RFAS | | |
| Date Received: Permit Num | ber: | Permi | nit Date: Lease Inspection: | | |

GRAND MESA OPERATING COMPANY M. ANDERSEN LEASE NW. 1/4, SECTION 3, T13S, R32W LOGAN COUNTY, KANSAS



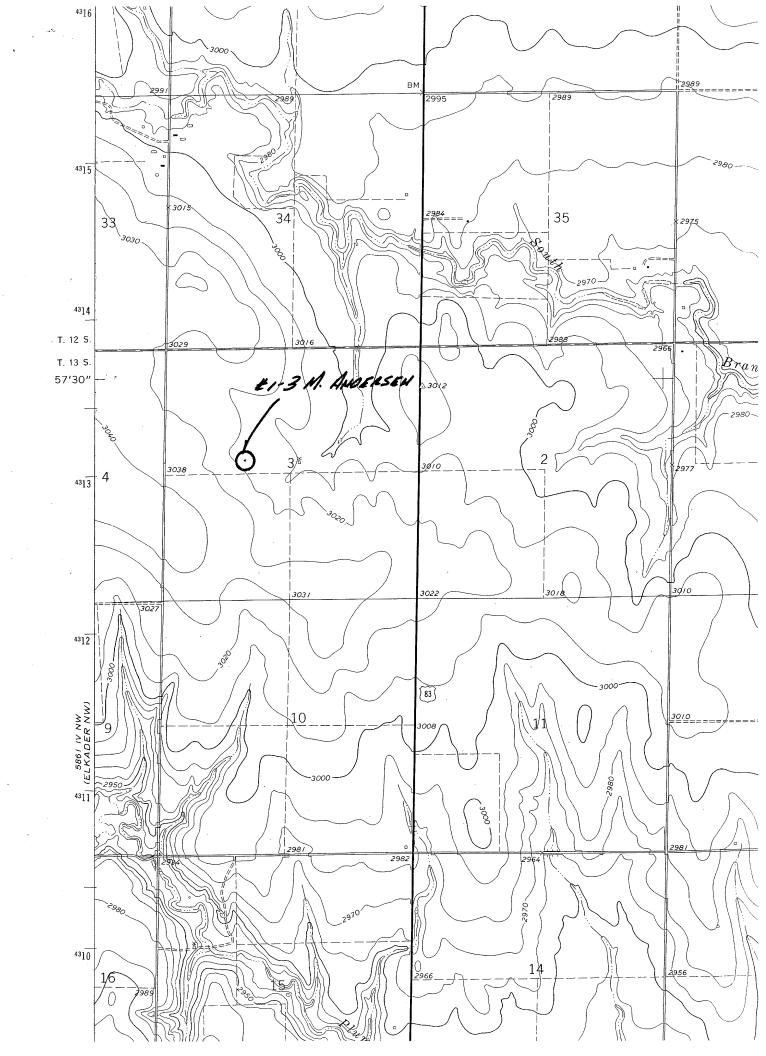


- *Controlling data is based upon the best maps and photographs available to us and upon a regular section of land containing 640 ocres.
- section or land containing and acres.

 **Approximate section lines were determined using the normal standard of care of oilfield surveyors procticing 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 plat and all other parties relying thereno agree to hold Central Kansas Diffield Services. Inc., its officers of applications are provided in the process of the

Elevations derived from National Geodetic Vertical Datum-

May 27, 2010



M. Andersen #1-3

Sec. 3-13S-32W

Logan County, Kansas

Surface owner:

Mads Andersen

1680 County Road S

Oakley, KS 67748

Grand Mesa Operating Company notified the above landowner and mailed a copy of the Intent to Drill to same on June 11, 2010.

Thank you.

OIL AND GAS LEASE

147 750

| | | |
|---|--|---|
| THIS AGREEMENT, Entered into this 24th day of | March | ,.20. 09 |
| between Mads W. Andersen, Trustee of the Andersen F | amily Trust dated June 14 | l. 2000 |
| 1680 County Road S | | -4 |
| Oakley KS 67748 | | hereinafter called lessor, |
| | | |
| 1. That lessor, for and in consideration of the sum of ten (\$10.00) and agreements, hereinafter contained to be performed by the lessee, has this day granted unto the lessee the hereinafter described land, with any reversionary rights therein, and will or any part of the lands covered thereby as hereinafter provided, for the purpose of caldrilling and the drilling, mining, and operating for, producing and saving all of the oil gas, vapors, and all other gases, found thereon, the exclusive right of injecting water, brine, an laying pipe lines, building tanks, storing oil, building power stations, electrical lines and of land alone or conjointly with neighboring lands, to produce, save, take care of, and manufa | f, leased, and let and by these presents does the the right to unifize this lease or any part the rrying on geological, geophysical and other gas condensate, gas distillate, casinghead of dother fluids and substances into the substances her structures thereon necessary or convenicture all of such substances, and the injection | s hereby grant, lease, and let exclusively tereof with other oil and gas leases as to exploratory work thereon, including core gasoline and their respective constituent urface strata, and for constructing roads, ent for the economical operation of said |
| water, brine, and other substances into the subsurface strata, said tract of land being situa | ted in the County of | Logan |
| State of Kansas , and described as follows: | | |
| Township 42 Could Dance 20 Mart | | |
| | | |

<u> 3 South, Range 32 West</u> Section 3: NW/4

| containing | 160 | acres, | more o | r less |
|------------|-----|--------|--------|--------|
| | | | | |

- casinghead gasoline or any of the products covered by this lease is or can be producted by this lease. year (called "primary term") and as long thereafter as oil, gas, casinghead gas, oduced.
- 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 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 severalty 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 640 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 any such unit shall be and constitute a well hereunder. In lieu of the royalty interest therein on an acreage basis bears to the total mineral acreage so pooled in the particular unit involved.



State of Kansas

Logan County

\$1200

Filed For Record Upr. 2

ald:30 o'clock A. M. Book 147 Page 750 - 751 Dolleman

Register of Deeds

MICROFILMED -

INDEXED -

OIL AND GAS LEASE

| THIS AGREEMENT, Entered into this 24th d | ay of March | ,20. 09 |
|---|---|--|
| petween Mads W. Andersen, Trustee of the | Andersen Family Trust dated | June 14, 2000 |
| 1680 County Road S | | |
| Oakley, KS 67748 | | hereinafter called lessor, |
| and Grand Mesa Operating Company | | hereinafter called lessee, does witness: |
| 1. That lessor, for and in consideration of the sum of terms and agreements, hereinafter contained to be performed by the lessed unto the lessee the hereinafter described land, with any reversionary all or any part of the lands covered thereby as hereinafter provided, drilling and the drilling, mining, and operating for, producing and savapors, and all other gases, found thereon, the exclusive right of inje aying pipe lines, building tanks, storing oil, building power stations, and alone or conjointly with neighboring lands, to produce, save, tak water, brine, and other substances into the subsurface strata, said trestate of Kansas and describ | , has this day granted, leased, and let and by these rights therein, and with the right to unitize this lease for the purpose of carrying on geological, geophysing all of the oil, gas, gas condensate, gas distillate cting water, brine, and other fluids and substances electrical lines and other structures thereon necesse care of, and manufacture all of such substances, a cort of land being situated in the County of | presents does hereby grant, lease, and let exclusively e or any part thereof with other oil and gas leases as to ical and other exploratory work thereon, including con- c, casinghead gasoline and their respective constituen into the subsurface strata, and for constructing roads early or convenient for the economical operation of said and the injection of |

Township 13 South, Range 32 West Section 3: SW/4

| | 400 | | 4 |
|------------|-----|--------|--------------|
| containing | 160 | acres. | more or less |
| | | | |

- 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 tessee 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 severalty 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 640 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 any 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.



MICROFILMED -

State of Kansas

Logan County

Filed For Record (1912) 20 09 AD at 10:30 clock A. M. Book 141 Page 152 - 153

M. Book 14'1 Page 152 Happ Register of Deeds

DECLARATION OF POOLING

WHEREAS, GRAND MESA OPERATING COMPANY is the owner of record of the following Oil and Gas Leases located in Logan County, Kansas, described as follows:

Lessor:

Mads W. Andersen, Trustee of the

Andersen Family Trust dated

June 14, 2000

Lessee:

Grand Mesa Operating Company

Date:

March 24, 2009

Recorded:

Book 147, Page 750

Description:

Township 13 South, Range 32 West

Section 3: NW/4

Lessor:

Mads W. Andersen, Trustee of the

Andersen Family Trust dated

June 14, 2000

Lessee:

Grand Mesa Operating Company

Date: Recorded:

Description:

March 24, 2009 Book 147, Page 752 Township 13 South, Range 32 West

Section 3: SW/4

WHEREAS, the above-captioned leases grant the right, power and privilege to the Lessee or its assigns to pool or combine the acreage set out in said Leases so as to form an oil production unit which in Lessee's judgment is necessary or advisable in order to properly develop and operate the premises; and

WHEREAS, the undersigned desires to pool the Oil and Gas Leases described above so as to form a separate operating unit for the production of oil.

NOW, THEREFORE, in consideration of the mutual benefits to be derived herefrom, the undersigned hereby exercises the privileges and options granted in the Oil and Gas Leases and does hereby pool such Oil and Gas Leases so as to form a separate operating unit for the production of oil as follows:

Township 13 South, Range 32 West

Section 3:

Beginning at a point described as 2367 feet from the north line and 1693 feet from the west line of Section 3, Township 13 South, Range 32 West, thence North 495 feet to the Point of Beginning; thence West 495 feet, thence South 990 feet, thence East 990 feet, thence North 990 feet, thence West 495 feet to the Point of Beginning,

containing twenty-two and one-half (22.5) acres, more or less, and the undersigned does hereby give public notice of such pooling.

IN WITNESS WHEREOF, the undersigned have set their hands and seal this 14th day of June, 2010.

GRAND MESA OPERATING COMPANY

By: Ronald N. Sinclair

President

STATE OF KANSAS) . SS COUNTY OF SEDGWICK)

The foregoing instrument was acknowledged before me this 14th day of June, 2010, by, Ronald N. Sinclair, President of Grand Mesa Operating Company, for the corporation.

My Commission Expires:

September 16, 2013

MARY F. COMBS

Notary Public - State of Kansas

My Appt. Expires 9/16/20/3

Mary F. Combs, Notary Public 8515 S. West Street 358 Haysville, KS 67060