



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

KANSAS CORPORATION COMMISSION 1045592  
 OIL & GAS CONSERVATION DIVISION

Form C-1  
 March 2010  
 Form must be Typed  
 Form must be Signed  
 All blanks must be Filled

**NOTICE OF INTENT TO DRILL**

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

Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act, MUST be submitted with this form.

Expected Spud Date: \_\_\_\_\_  
   month  day  year

OPERATOR: License# \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Address 1: \_\_\_\_\_  
 Address 2: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_\_\_\_\_  
 Contact Person: \_\_\_\_\_  
 Phone: \_\_\_\_\_

CONTRACTOR: License# \_\_\_\_\_  
 Name: \_\_\_\_\_

Well Drilled For:	Well Class:	Type Equipment:
<input type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input type="checkbox"/> Infield
<input type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Pool Ext.
	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat
<input type="checkbox"/> Seismic ; _____ # of Holes	<input type="checkbox"/> Other	<input type="checkbox"/> Mud Rotary
<input type="checkbox"/> Other: _____		<input type="checkbox"/> Air Rotary
		<input type="checkbox"/> Cable
<input type="checkbox"/> If OWWO: old well information as follows:		

Operator: \_\_\_\_\_  
 Well Name: \_\_\_\_\_  
 Original Completion Date: \_\_\_\_\_ Original Total Depth: \_\_\_\_\_

Directional, Deviated or Horizontal wellbore?  Yes  No  
 If Yes, true vertical depth: \_\_\_\_\_  
 Bottom Hole Location: \_\_\_\_\_  
 KCC DKT #: \_\_\_\_\_

Spot Description: \_\_\_\_\_  
 \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ Sec. \_\_\_\_\_ Twp. \_\_\_\_\_ S. R. \_\_\_\_\_  E  W  
 (Q/Q/Q/Q) \_\_\_\_\_ feet from  N /  S Line of Section  
 \_\_\_\_\_ feet from  E /  W Line of Section  
 Is SECTION:  Regular  Irregular?

(Note: Locate well on the Section Plat on reverse side)

County: \_\_\_\_\_  
 Lease Name: \_\_\_\_\_ Well #: \_\_\_\_\_  
 Field Name: \_\_\_\_\_  
 Is this a Prorated / Spaced Field?  Yes  No  
 Target Formation(s): \_\_\_\_\_  
 Nearest Lease or unit boundary line (in footage): \_\_\_\_\_  
 Ground Surface Elevation: \_\_\_\_\_ feet MSL  
 Water well within one-quarter mile:  Yes  No  
 Public water supply well within one mile:  Yes  No  
 Depth to bottom of fresh water: \_\_\_\_\_  
 Depth to bottom of usable water: \_\_\_\_\_  
 Surface Pipe by Alternate:  I  II  
 Length of Surface Pipe Planned to be set: \_\_\_\_\_  
 Length of Conductor Pipe (if any): \_\_\_\_\_  
 Projected Total Depth: \_\_\_\_\_  
 Formation at Total Depth: \_\_\_\_\_  
 Water Source for Drilling Operations:  
 Well  Farm Pond  Other: \_\_\_\_\_  
 DWR Permit #: \_\_\_\_\_  
 (Note: Apply for Permit with DWR  )  
 Will Cores be taken?  Yes  No  
 If Yes, proposed zone: \_\_\_\_\_

**AFFIDAVIT**

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq.

It is agreed that the following minimum requirements will be met:

1. Notify the appropriate district office **prior** to spudding of well;
2. A copy of the approved notice of intent to drill **shall be** posted on each drilling rig;
3. The minimum amount of surface pipe as specified below **shall be set** by circulating cement to the top; in all cases surface pipe **shall be set** through all unconsolidated materials plus a minimum of 20 feet into the underlying formation.
4. If the well is dry hole, an agreement between the operator and the district office on plug length and placement is necessary **prior to plugging**;
5. The appropriate district office will be notified before well is either plugged or production casing is cemented in;
6. If an ALTERNATE II COMPLETION, production pipe shall be cemented from below any usable water to surface within **120 DAYS** of spud date. Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC District 3 area, alternate II cementing must be completed within 30 days of the spud date or the well shall be plugged. **In all cases, NOTIFY district office** prior to any cementing.

**Submitted Electronically**

<p><b>For KCC Use ONLY</b></p> <p>API # 15 - _____</p> <p>Conductor pipe required _____ feet</p> <p>Minimum surface pipe required _____ feet per ALT. <input type="checkbox"/> I <input type="checkbox"/> II</p> <p>Approved by: _____</p> <p><b>This authorization expires:</b> _____          (This authorization void if drilling not started within 12 months of approval date.)</p> <p>Spud date: _____ Agent: _____</p>
---

**Remember to:**

- File Certification of Compliance with the Kansas Surface Owner Notification Act (KSONA-1) with Intent to Drill;
- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spud date;
- File acreage attribution plat according to field proration orders;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CP-4) after plugging is completed (within 60 days);
- Obtain written approval before disposing or injecting salt water.
- If well will not be drilled or permit has expired (See: authorized expiration date) please check the box below and return to the address below.

Well will not be drilled or Permit Expired Date: \_\_\_\_\_  
 Signature of Operator or Agent: \_\_\_\_\_

E  
  
 W



1045592

**For KCC Use ONLY**

API # 15 - \_\_\_\_\_

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

In all cases, please fully complete this side of the form. Include items 1 through 5 at the bottom of this page.

Operator: \_\_\_\_\_

Lease: \_\_\_\_\_

Well Number: \_\_\_\_\_

Field: \_\_\_\_\_

Number of Acres attributable to well: \_\_\_\_\_

QTR/QTR/QTR/QTR of acreage: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

Location of Well: County: \_\_\_\_\_

\_\_\_\_\_ feet from  N /  S Line of Section

\_\_\_\_\_ feet from  E /  W Line of Section

Sec. \_\_\_\_\_ Twp. \_\_\_\_\_ S. R. \_\_\_\_\_  E  W

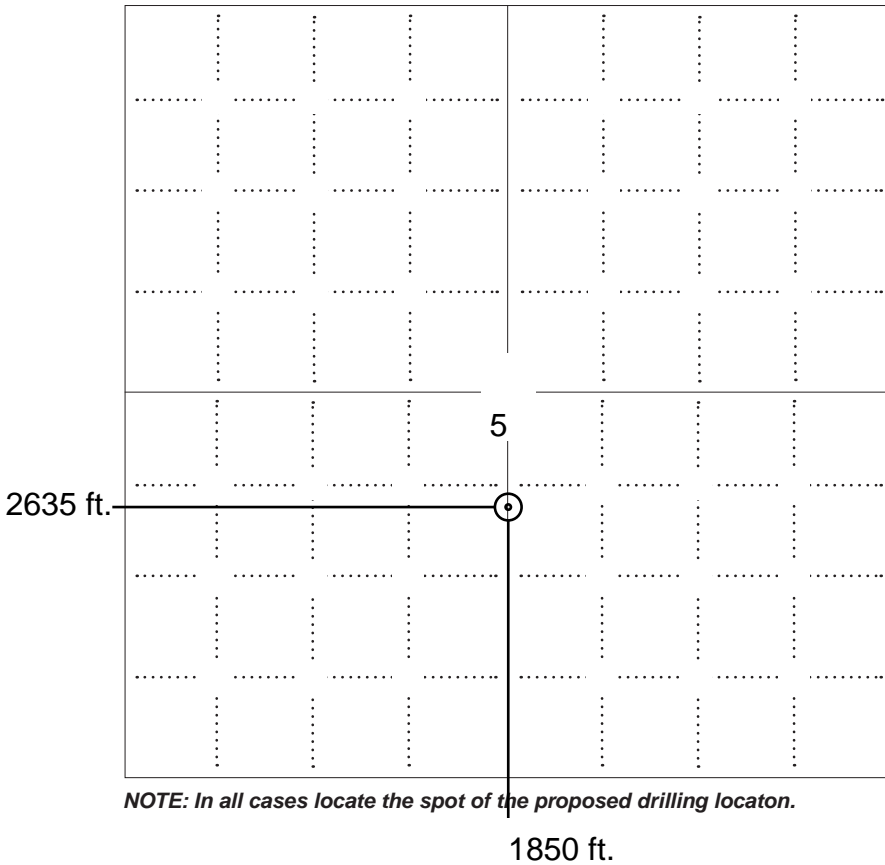
Is Section:  Regular or  Irregular

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

Section corner used:  NE  NW  SE  SW

### PLAT

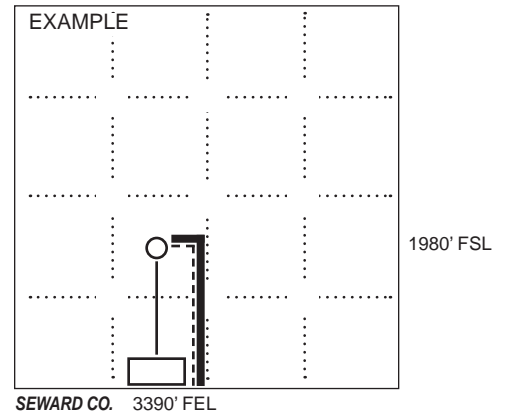
Show location of the well. Show footage to the nearest lease or unit boundary line. Show the predicted locations of lease roads, tank batteries, pipelines and electrical lines, as required by the Kansas Surface Owner Notice Act (House Bill 2032). You may attach a separate plat if desired.



**NOTE: In all cases locate the spot of the proposed drilling locaton.**

**LEGEND**

- Well Location
- Tank Battery Location
- Pipeline Location
- - - - Electric Line Location
- Lease Road Location



#### In plotting the proposed location of the well, you must show:

- 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.
- The distance of the proposed drilling location from the south / north and east / west outside section lines.
- The distance to the nearest lease or unit boundary line (in footage).
- 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).
- The predicted locations of lease roads, tank batteries, pipelines, and electrical lines.



**APPLICATION FOR SURFACE PIT**

*Submit in Duplicate*

Operator Name: _____		License Number: _____	
Operator Address: _____			
Contact Person: _____		Phone Number: _____	
Lease Name & Well No.: _____		Pit Location (QQQQ): _____-_____-_____-_____	
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <i>(If WP Supply API No. or Year Drilled)</i>		Pit is: <input type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: _____ (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: _____ mg/l <i>(For Emergency Pits and Settling Pits only)</i>	
Is the bottom below ground level? <input type="checkbox"/> Yes <input type="checkbox"/> No		Artificial Liner? <input type="checkbox"/> Yes <input type="checkbox"/> No	
How is the pit lined if a plastic liner is not used?			
Pit dimensions (all but working pits): _____ Length (feet)    _____ Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: _____ (feet) <input type="checkbox"/> No Pit			
If the pit is lined give a brief description of the liner material, thickness and installation procedure.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.	
Distance to nearest water well within one-mile of pit: _____ feet    Depth of water well _____ feet		Depth to shallowest fresh water _____ feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input type="checkbox"/> KDWR	
<b>Emergency, Settling and Burn Pits ONLY:</b> Producing Formation: _____ Number of producing wells on lease: _____ Barrels of fluid produced daily: _____ Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> Type of material utilized in drilling/workover: _____ Number of working pits to be utilized: _____ Abandonment procedure: _____ _____ Drill pits must be closed within 365 days of spud date.	
Submitted Electronically			

**KCC OFFICE USE ONLY**

Liner     Steel Pit     RFAC     RFAS

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



# CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

*This form must be submitted with all Forms C-1 (Notice of Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); T-1 (Request for Change of Operator Transfer of Injection or Surface Pit Permit); and CP-1 (Well Plugging Application). Any such form submitted without an accompanying Form KSONA-1 will be returned.*

Select the corresponding form being filed:  C-1 (Intent)  CB-1 (Cathodic Protection Borehole Intent)  T-1 (Transfer)  CP-1 (Plugging Application)

OPERATOR: License # \_\_\_\_\_  
Name: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_\_\_\_\_  
Contact Person: \_\_\_\_\_  
Phone: ( \_\_\_\_\_ ) \_\_\_\_\_ Fax: ( \_\_\_\_\_ ) \_\_\_\_\_  
Email Address: \_\_\_\_\_

Well Location:  
\_\_\_\_ - \_\_\_\_ - \_\_\_\_ - \_\_\_\_ Sec. \_\_\_\_ Twp. \_\_\_\_ S. R. \_\_\_\_  East  West  
County: \_\_\_\_\_  
Lease Name: \_\_\_\_\_ Well #: \_\_\_\_\_

*If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:*

**Surface Owner Information:**

Name: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_\_\_\_\_

*When filing a Form T-1 involving multiple surface owners, attach an additional sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the county, and in the real estate property tax records of the county treasurer.*

*If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary non-binding estimates. The locations may be entered on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.*

**Select one of the following:**

- I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this form; 2) if the form being filed is a Form C-1 or Form CB-1, the plat(s) required by this form; and 3) my operator name, address, phone number, fax, and email address.
- I have not provided this information to the surface owner(s). I acknowledge that, because I have not provided this information, the KCC will be required to send this information to the surface owner(s). To mitigate the additional cost of the KCC performing this task, I acknowledge that I am being charged a \$30.00 handling fee, payable to the KCC, which is enclosed with this form.

*If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.*

Submitted Electronically

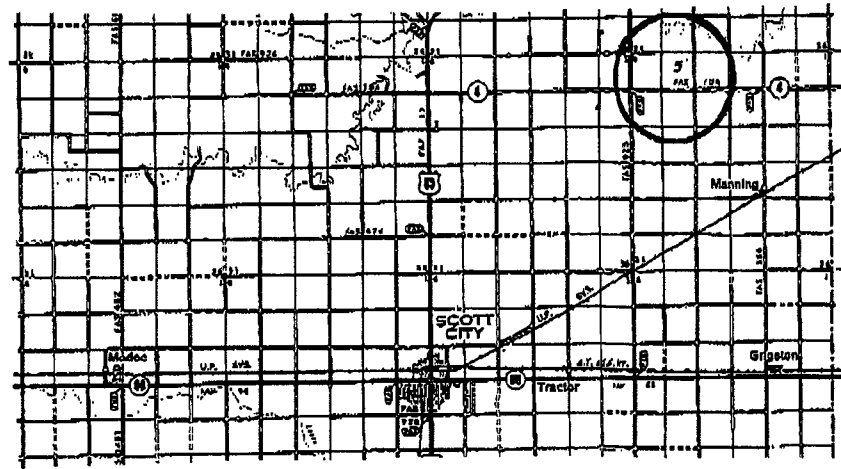
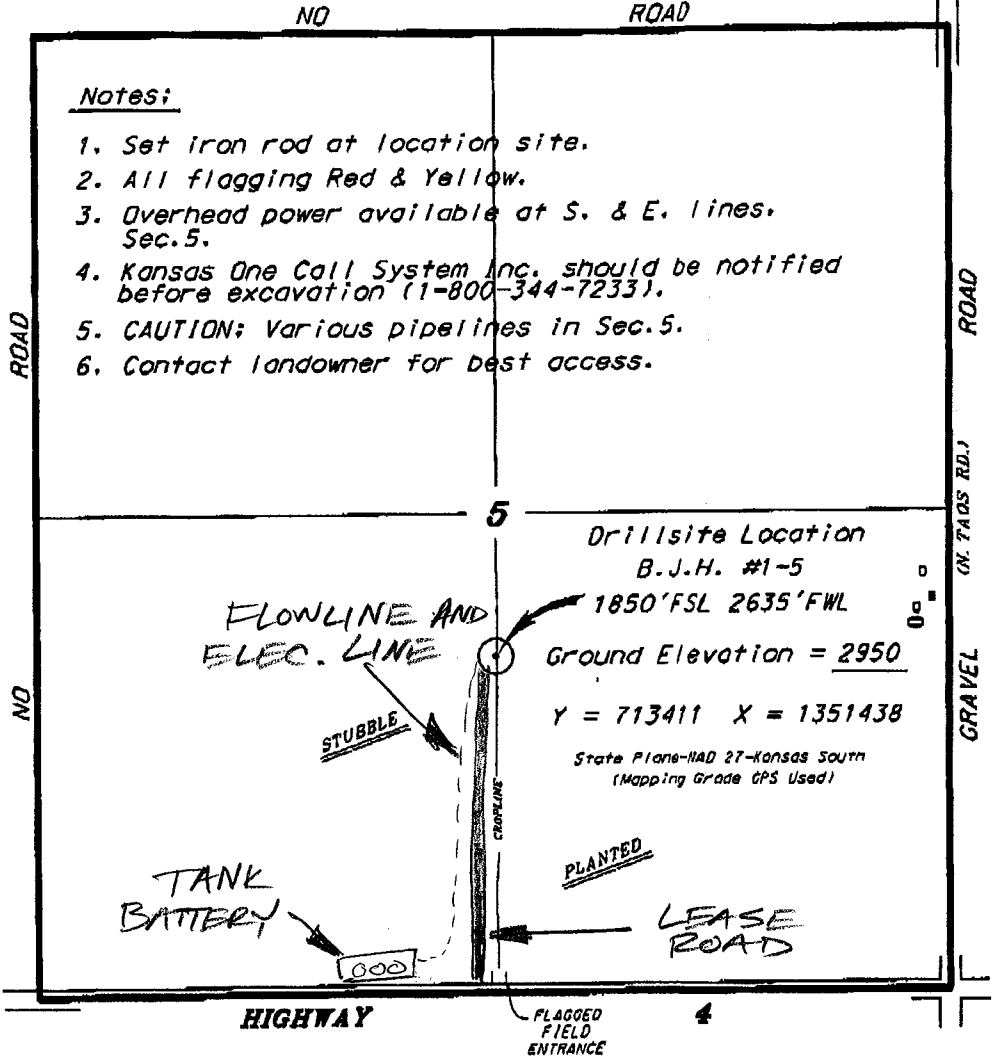
**CREDO PETROLEUM CORPORATION**  
**B.J.H. LEASE**  
 S.1/2, SECTION 5, T17S, R31W  
 SCOTT COUNTY, KANSAS

NO ROAD

Notes:

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

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



\* Controlling data is based upon the best maps and photographs available to us and upon a regular section of land containing 640 acres.  
 \* Approximate section lines were determined using the normal standard of care of oilfield surveyors practicing in the state of Kansas. The section corners, which establish the precise section lines, were not necessarily located, and the exact location of the drillsite location in the section is not guaranteed. Therefore, the operator operating this service and accepting this plat 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 liabilities released from any liability from incidental or consequential damages.  
 \* Elevations derived from National Geodetic Vertical Datum.

Date October 12, 2010

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



CREDO PETROLEUM CORPORATION

October 13, 2010 *sent for Recording*

Scott County  
Register of Deeds  
303 Court Street  
Scott City, KS 67871

Re: Declaration of Pooling & Unitization  
Sec 5-17S-31W  
Scott County, Kansas

Dear Sir or Madam:

Enclosed herewith for recording is one declaration, along with our corporate check in the amount of \$16.00 to cover the prescribed recording fee.

After recordation, please return the declaration to the letterhead address, attention the undersigned, along with a receipt for the monies received.

Your assistance in this matter is appreciated.

Sincerely,

CREDO PETROLEUM CORPORATION

Marie D. Heuser  
Administrative Assistant

/mdh

Enclosures: As stated

## **DECLARATION OF POOLING AND UNITIZATION**

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, Credo Petroleum Corporation is owner of the following oil and gas leases described on Exhibit "A", attached hereto and made a part hereof, insofar and only insofar as said leases cover the following lands in Scott County, Kansas, as described herein to-wit:

Southeast Quarter (SE/4) of Section Five (5), Township Seventeen (17) South, Range Thirty-one (31) West, and the Southwest Quarter (SW/4) of Section Five (5), Township Seventeen (17) South, Range Thirty-one (31) West of the 6<sup>th</sup> P.M., Scott County, Kansas.

WHEREAS, all of the oil and gas leases further described in Exhibit "A", contain the exact same pooling and unitization clause which states as follows:

Lessee, at its option, is hereby given the right and power to voluntarily pool or combine the lands covered by this lease, or any portion thereof, as to the oil and gas, or either of them, with any other land, lease or leases adjacent thereto when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said premises, such pooling to be in units not exceeding eighty (80) acres for an oil well, plus a tolerance of ten percent (10%), and not exceeding six hundred forty (640) acres for a gas well, plus a tolerance of ten percent (10%), except that larger units may be created to conform to any spacing or well unit pattern that may be prescribed by governmental authorities having jurisdiction. Lessee shall execute in writing and record in the County Records an instrument identifying and describing the pooled acreage. The entire acreage so pooled into units shall be treated for all purposes, except the payment of royalties, as if it were included in this lease, and drilling or reworking operations thereon or production of oil or gas therefrom, or the completion thereon of a well as a shut-in gas well, shall be considered for all purposes, except the payment of royalties, as if such operation were on, or such production were from, or such completion was on the land covered by this lease, whether or not the well or wells be located on the premises covered by this lease. In lieu of royalties elsewhere herein specified, including shut-in royalties, Lessor shall receive from a unit so formed only such portion of the royalties stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein bears to the total acreage so pooled.

WHEREAS, the undersigned, Credo Petroleum Corporation, desires to pool and unitize all of the oil and gas leases described in Exhibit "A", insofar and only insofar as the same cover the following described lands, to-wit:

A tract of land described as beginning at a point 660 feet North of the location of the BJH #1-5 well, said well being located 1895 feet from the South line and 2635 feet from the West line of Section Five (5), Township Seventeen (17) South, Range Thirty-one (31) West of the 6<sup>th</sup> P.M., thence 660 feet West of said point; thence 1320 feet South; thence 1320 feet





**EXHIBIT "A"**  
**Scott County, Kansas**

**Lease No. 1:**

Lessor: Barbara J. Hintz, Trustee of the BJH Trust dated June 24, 1994  
Lessee: Credo Petroleum Corporation  
Dated: November 19, 2009  
Recorded: Book 232, Page 51  
Description: Township 17 South, Range 31 West of the 6<sup>th</sup> P.M.  
Section 5: SE1/4

**Lease No. 2:**

Lessor: William A. Huseman, Trustee of the William A. Huseman Trust #1 dated  
1-1-1980  
Lessee: Credo Petroleum Corporation  
Dated: November 18, 2009  
Recorded: Book 232, Page 45  
Description: Township 17 South, Range 31 West of the 6<sup>th</sup> P.M.  
Section 5: SW1/4

REDO PETROLEUM CORPORATION

Date: 10/13/ 10

NO. 110522

In/ No	Date	Description	B/W Amt	Discount	Amount
10/13/10	10/13/2010	recording fee	0.00	0.00	16.00
TOTAL CHECK					16.00

**CREDO PETROLEUM CORPORATION**  
 1801 BROADWAY, SUITE 900  
 DENVER, CO 80202  
 (303) 297-2200

86-3/1039  
 Bank of Oklahoma N.A.  
 Tulsa, Oklahoma

NO. 110522

DATE

10/13/2010

VOID AFTER 180 DAYS

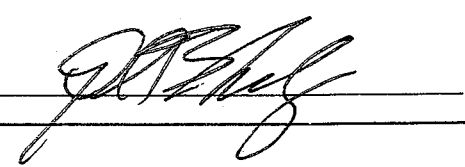
AMOUNT

\$16.00

PAY \*\*\*\*\* Sixteen And 00/100 Dollars

TWO SIGNATURES REQUIRED IF OVER \$15,000.00

TO THE ORDER OF  
 SCOTT COUNTY REGISTER  
 OF DEEDS  
 303 COURT STREET  
 Scott City, KS 67871



⑈ 110522 ⑈ ⑆ 103900036 ⑆ 019900707 ⑈

# OIL AND GAS LEASE KANSAS [PAID UP]

RECORDED  
INDEXED  
dcl  
11/24/99

THIS AGREEMENT, made and entered into this 19<sup>th</sup> day of November, 2009 by  
and between Barbara J. Hintz, Trustee of the BJH Trust dated June 24, 1994

805 S. Washington Street  
Scott City, KS 67871

hereinafter called Lessor, (whether one or more) and CREDO PETROLEUM CORPORATION  
1801 Broadway, Suite 900, Denver, Colorado 80202

hereinafter called Lessee:

### WITNESSETH:

1. That the Lessor, for and in consideration of the sum of ten and more Dollars (\$ 10.00+ ), and other good and valuable consideration, receipt of which is hereby acknowledged, and the covenants and provisions contained herein to be kept by Lessee, does hereby grant, demise, lease and let unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, operating for, producing, and taking care of all oil, gas and all of the products of oil and gas, with rights of way and easements for laying pipelines, telephone and telegraph lines and the exclusive right of injecting water, brine and other fluids into subsurface strata, and the building of structures, tanks, roadways and any and all other rights and privileges necessary, incident to, or convenient for the economical operation alone-~~or jointly~~-with ~~neighboring~~ land, for the production, saving and taking care of all said products on that certain tract of land situated in the County of Scott State of Kansas, described as follows, to-wit:

TOWNSHIP 17 SOUTH, RANGE 31 WEST OF THE 6<sup>TH</sup> P.M.  
Section 5: SE1/4



STATE OF KANSAS, SCOTT COUNTY, SS  
This instrument was filed for record on the  
19 day of January A.D. 2010  
10 o'clock A.M., and duly recorded in book  
232 page 51  
Daphne Murphy  
Register of Deeds

containing 160.00 acres, more or less.

2. It is agreed that this lease shall remain in full force and effect for a primary term of Two (2) years from this date, and as long thereafter as oil, gas or the products of oil or gas are produced from said leased premises, or drilling operations are continued as hereinafter provided.

3. This is a PAID-UP LEASE. In consideration of the down payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term, or to make any rental payments during the primary term. Lessee may at any time or times during or after the primary term hereof surrender this lease as to all or a portion of the lands covered herein by delivering to Lessor, or by filing for record a release or releases, and thereafter be relieved of all obligations accruing hereunder as to the acreage surrendered. The lease shall continue in force and effect as to all of the acreage not surrendered.

4. All payments required to be made under this lease shall be made or tendered to the Lessor or to the Lessor's credit in the Pay Directly to Lessor Bank (depository bank) at \_\_\_\_\_ or successors, or any bank with which it may be merged, or consolidated, or which succeeds to its business or assets or any part thereof, by purchase or otherwise, which shall continue as the depository regardless of changes in the ownership of said land.

5. Lessee agrees to pay Lessor a royalty on production covered hereby as follows:

1<sup>st</sup>. Lessee shall deliver to the credit of Lessor as royalty, free of cost, in the pipeline to which Lessee may connect its wells, the equal one-eighth part of all oil produced and saved from the leased premises, or at Lessee's option, may pay to the Lessor for such one-eighth royalty the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipeline, or into storage tanks.

2<sup>nd</sup>. Lessee shall pay Lessor as royalty on gas marketed from each well one-eighth of the proceeds if sold at the well, or if marketed by Lessee, off the leased premises, then one-eighth of its market value at the well.

3<sup>rd</sup>. Lessee shall pay Lessor one-eighth of the proceeds received by the Lessee from the sale of casinghead gas produced from any oil well and one-eighth of the value, at the mouth of the well, computed at the prevailing market price, of the casinghead gas produced from any oil well and used by Lessee off the leased premises for any purpose or used on the leased premises by Lessee for purposes other than the development and operation thereof.

4<sup>th</sup>. Lessee shall pay to Lessor one-eighth of the proceeds from the sale of all other products of oil and gas not otherwise referred to hereinabove.

6. Where there is a gas well, or wells on the lands covered by this Lease, or acreage pooled therewith, whether it be before or after the primary term hereof, and such well or wells are shut-in, and there is no other production, drilling operations or other operations being conducted capable of keeping this Lease in force under any of its provisions, Lessee shall pay as royalty to Lessor the sum of One Dollar (\$1.00) per year per net royalty acre, such payment to be made on or before the anniversary date of this Lease next ensuing after the expiration of 90 days from the date such well or wells are shut-in, and thereafter on the anniversary date of this Lease during the period such wells are shut-in, and upon such payment it shall be considered that this Lease is maintained in full force and effect.

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

8. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if Lessee shall commence operations for drilling a well at any time while this lease is in force, this lease shall remain in force and its term shall continue so long as such operations are prosecuted as set out in Paragraph 9 hereof, and if production results therefrom, then so long as production continues.

9. If at the expiration of the primary term of this lease, oil, gas, or the products of oil and gas are not being produced on the leased premises but Lessee has been engaged in drilling or reworking operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises; and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or the abandonment of one well and the beginning of operations for the drilling of a subsequent well. If, after the discovery of oil or gas or the products of oil or gas on said land or acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or reworking operations within ninety (90) days from the date of cessation of production or from date of completion of a dry hole. If oil, gas or the products of oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil, gas, or the products of oil or gas shall be produced from the leased premises.

10. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operations thereon, except water from the wells of the Lessor. When requested by Lessor, Lessee shall bury pipelines below plow depth. No well shall be drilled nearer than 200 feet to any house or barn on said premises as of the date of this lease without written consent of the 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, but shall not have the obligation to do so.

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

12. Lessee, at its option, is hereby given the right and power to voluntarily pool or combine the lands covered by this lease, or any portion thereof, as to the oil and gas, or either of them, with any other land, lease or leases adjacent thereto when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said premises, such pooling to be into units not exceeding eighty (80) acres for an oil well, plus a tolerance of ten percent (10%), and not exceeding six hundred forty (640) acres for a gas well, plus a tolerance of ten percent (10%), except that larger units may be created to conform to any spacing or well unit pattern that may be prescribed by governmental authorities having jurisdiction. Lessee shall execute in writing and record in the County Records as instrument identifying and describing the pooled acreage. The entire acreage so pooled into units shall be treated for all purposes, except the payment of royalties, as if it were included in this lease, and drilling or reworking operations thereon or production of oil or gas therefrom, or the completion thereon of a well as a shut-in gas well, shall be considered for all purposes, except the payment of royalties, as if such operation were on, or such production were from, or such completion was on the land covered by this lease, whether or not the well or wells be located on the premises covered by this lease. In lieu of royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive from a unit so formed only such portion of the royalties stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein bears to the total acreage so pooled.

13. On or before the expiration of the primary term of this lease, the Lessee, its successors or assigns, shall have the option and right to renew this lease as to all or any portion of the acreage described herein and extend the primary term thereto an additional One (1) years commencing on the expiration of the primary term of this lease, by making payment to Lessor's credit in the depository bank hereinabove shown on or before such expiration date in the sum of Ten and No Hundredths DOLLARS (\$ 10.00 ) per net mineral acre for each acre to which the term of this lease is extended, and to release this lease as to those portions of the leased premises to which an extension is not sought.

14. In the absence of production, Lessee may terminate any unitized area by filing in the county records a Notice of Termination of the unit. All express or implied covenants of this lease shall be subject to all Federal and state laws, executed orders, rules or regulations of governmental bodies having jurisdiction, and this lease shall not terminate in whole or in part, nor shall Lessee be held liable in damages for failure to comply therewith, if compliance is prevented by or if such failure is the result of any such law, order, rule, or regulation.

15. 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 land in the event of failure of payment by the Lessor, and be subrogated to the rights of the holder thereof, and in addition Lessee may reimburse itself for such payments out of any royalties or rentals payable to Lessor.

16. All the provisions of this Lease shall be binding on the heirs, successors, assigns, and legal representatives of the Lessor and Lessee.

IN WITNESS WHEREOF this instrument is executed on the day and year first hereinabove set out.

**REFER TO ADDENDUM ATTACHED HERETO**

**BJH Trust dated June 24, 1994**

*Barbara J. Hintz, Trustee*  
 Barbara J. Hintz, Trustee

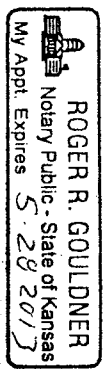
STATE OF KANSAS )  
 ) SS (INDIVIDUAL ACKNOWLEDGMENT)  
 COUNTY OF SCOTT )

Before me the undersigned, a Notary Public, within and for said county and state, on this 19<sup>th</sup> day of November, 2009 personally appeared Barbara J. Hintz, Trustee of the BJH Trust dated June 24, 1994 and to me personally to be the identical person who executed the within and foregoing instrument and acknowledged to me that she executed the same as her free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires 5-28-2013

*Roger R. Gouldner*  
 Notary Public



STATE OF \_\_\_\_\_ )  
 ) SS (CORPORATION ACKNOWLEDGMENT)  
 COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day \_\_\_\_\_ before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared \_\_\_\_\_ to me personally known to be the identical person who signed the name of the maker thereof to the within and foregoing instrument as its \_\_\_\_\_ and acknowledged to me that \_\_\_\_\_ executed the same as \_\_\_\_\_ free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

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

\_\_\_\_\_  
 Notary Public

ADDENDUM to Oil and Gas Lease dated November 19, 2009 between Barbara J. Hintz, Trustee of the BH Trust dated June 24, 1994, hereinafter collectively referred as Lessor, and CREDO PETROLEUM CORPORATION, as Lessee

This Addendum is part of that certain Oil and Gas Lease identified above by date and parties covering the **Southwest Quarter (SE1/4), Section Five (5), Township Sixteen (17) South, Range Thirty-One (31) West, Scott County Kansas**, to the same extent as if the provisions hereof had originally been written in said lease. In the event of conflict between the lease provisions and the provisions provided in the Addendum, the provisions of this Addendum shall be binding.

17. (a) It is agreed by the Lessor and Lessee that in Paragraph No.5 of this lease, where the words "one-eighth (1/8)" appear, it shall read "three-sixteenths (3/16)" in each case.  
(b) Lessee shall not deduct from royalty payments due to Lessor any costs, including but not limited to compression, dehydration and gathering, or such other costs to produce gas or oil, and their constituent products, or costs to place such gas or oil in a marketable condition, whether such costs are incurred on or off the leased premises.
18. No right is granted to the Lessee to erect on any part of the leased premises any plant or facility for gasoline extraction or for the processing of gas or petroliferous substances, except the normal and necessary heater treater and separator customarily used. Lessee specifically agrees to build any meter houses, separators, heater treaters and storage tanks, used for the purpose of producing and saving any oil and gas upon the above described premises adjacent to any county, state or federal road or highway adjoining the above described premises. All storage tanks and tank battery installations shall be installed in any of the four (4) corners of the leased premises to avoid interference with any irrigation circular sprinkler system. Provided, further, no such installation shall be made closer than 1400 feet to the center of the leased premises.
19. Lessor reserves all rights to grant, lease, mine and/or produce any minerals from said lands except interests in gas and oil and their constituent products herein leased to the Lessee
20. Lessor shall have the right to purchase from Lessee gas at the wellhead price from any gas well located on the leased premises, or on any land unitized or pooled therewith, for farming, irrigation, and other agricultural purposes; provided, however, that the amount of gas used by Lessor for such purposes in any given year shall not exceed the amount attributable to the Lessor's royalty interest for that year. Such right to purchase gas shall also be subject to the following terms and conditions:
  - (a). Any gas so purchased by Lessor shall be taken at or near the mouth of the well at a point to be designated by Lessee. All equipment necessary for the taking of gas and the measuring of the same shall be furnished by the Lessor at his own expense.
  - (b). The method of taking gas and the point of connection for taking must be such as not to interfere with the operation of the well and must be submitted to Lessee, or his assigns, and accepted by him before gas is taken.
  - (c). Lessee shall bill Lessor, monthly, quarterly, semi-annually, or annually at Lessee's option, for gas so taken by Lessor.
  - (d). Lessee, or his assigns, shall not be liable to Lessor, Lessor's agents or employees, or any other person with reference to the gas taken, the use thereof, the equipment used, the manner of its use, or anything incident thereto or resulting therefrom. Lessee, or his assigns, shall not be under any obligation to produce gas from any well unless practical or economical to do so.
  - (e). Lessee, or his assigns, shall at all times have dry land access to and from and around any equipment used by Lessor for taking gas and metering same.
21. Lessee shall bury pipe lines and utility lines to a depth of not less than sixty (60) inches below the surface. Lessee shall pay Lessor for reasonable damages to all property, real, personal or mixed, caused by its operations on said land, including but specifically not limited to land, growing crops, grass, buildings, livestock, surface, fences and other improvements and personal property. All slush pits shall be filled and leveled within sixty (60) days after well completion or abandonment unless a longer time therefore granted by Lessor, at his option.

Lessee further agrees to pay to Lessor a reasonable amount, but not less than \$1500.00 per acre for each drill site location on the leased premises. As further consideration hereunder, Lessee agrees to pay Lessor a minimum of \$5.00 per rod, plus any crop damages, for any pipe line installed or constructed on the above land, whether or not connecting to the well on the leased premises.

All damages payable under this Paragraph 21 shall be due and payable on or before three (3) months after such damages occur.

22. Lessor reserves the right to designate all routes of ingress and egress. Prior to the construction of any roads, pipe lines, tank battery installations, or installation of other equipment on the lease premises, Lessee shall consult and agree with the surface owner and/or tenant as to the location and direction of same. There shall be no oil road surfaces, hard surfacing or rock surfaces of any access roads without the written consent of Lessor. Flow lines will follow the lease roads.

23. It is the intention of the parties hereto to cause as little interference with farming operations on said land as possible, including but specifically not limited to the operation of pivotal irrigation sprinkler systems, or any other irrigation method. Any production equipment, including but specifically not limited to pump jacks, hydraulic lifting equipment necessary to produce oil or gas well on the above described land, shall be recessed to such depth as to permit the use by Lessor of circular irrigation sprinkler system.

In the event Lessee shall cause a well to be drilled on this lease during the growing season of whatever crop is planted and should Lessee's or his agent's equipment prohibit the use of any irrigation system on this land during that time the well being drilled, Lessee agrees to pay Lessor the difference in the value of the crop produced on that strip of land that could not be watered. The field average shall be used as the maximum producing capability of the land, and the price per unit shall be the cash price at the local elevator in town nearest to this land as of the first of the normally accepted harvest month.

24. The use of water provided for under this lease is limited to use for drilling operations on the leased premises only. Lessee shall specifically not have any right to use fresh water from the above described premises for the purpose of water flooding or injection in any water flooding program in which the lease premises, for any reason, be pooled or unitized.

25. The installation of any salt water disposal equipment by Lessee in the operation of the lease shall be subject to the written approval of the Lessor. Lessee shall not be permitted to use any well drilled on the leased premises as a salt water disposal well without the written consent of Lessor and without compensating Lessor for the use thereof. Provided, however, the terms of this paragraph do not apply to the disposal of salt water produced from wells located on the leased premises.

26. Subject to Lessee's obligations under Paragraph 21 above, in the event there is no production in paying quantities found by any operations undertaken by Lessee during this primary term of the lease and there is an abandonment of said lease, the Lessee shall fill all pits, ponds, remove all structures and reasonably restore the premises to the conditions existing at the time the lease is executed. Within six (6) months after the expiration of the lease by its terms, Lessee shall have the obligation to restore, as nearly as practicable as possible, the leased premises to the condition as received, natural wear and tear and damages by the elements excepted.

27. Lessee shall have one (1) year, herein called "shut-in period", from the date of completion of a gas well in which to make pipe line connections from production or marketing of gas. The shut in period may be extended for a period not to exceed two (2) additional years, at the option of Lessee. During the shut-in period, Lessee shall pay to the Lessor shut-in royalty at the rate of \$10.00 per acre per year, which royalty shall be due and payable on the anniversary of this lease. During the shut-in period, it shall be considered that gas is being produced from the leased premises in paying quantities so long as Lessee is paying shut-in royalty as herein provided.

28. Lessee agrees that at no time during the life of this lease shall the royalty paid to the Lessor for a yearly period commencing with the first production from the well, including the value of gas, used as provided in Paragraph 20 above, computed at the price being paid to Lessor for such gas, be less than \$10.00 per acre. Such deficiency, if any, shall be paid to Lessor by Lessee within thirty (30) days after notice and written demand thereof is made by Lessor.

29. (a) Lessee agrees that it will comply with all regulations and statutes of all governmental entities having jurisdiction over compliance with environmental legislation. Lessee further agrees to accept the leased premises in its "as is" condition. It is acknowledged that Lessee has been advised to inspect the

property to determine that it is suitable for the purpose intended and to ascertain that no environmental hazards or toxins are now present.

(b) Lessee shall indemnify and hold Lessor harmless from any claims, damages, actions or causes of action from any environmental damage or contamination caused or contributed to by Lessee subsequent to the commencement of this lease.

30. Notwithstanding any of the other provisions herein, not less than all of the lands covered by this lease shall be included in any one unit for the production of gas.

31. (a) It is expressly agreed, notwithstanding anything to the contrary herein, if this lease be in force and effect at the expiration of the primary term, this lease shall thereupon terminate as to all formations not penetrated by the drilling of a test well or wells on the leased premises or land pooled or consolidated therewith, except if drilling is in progress at the end of the extended primary term.

(b) Seven (7) years after the expiration of the primary term of this lease, formations on the leased premises not included in any unit and not producing oil or gas in paying quantities shall revert to Lessor. Lessee shall be obligated, subject to the other terms of this paragraph, to file of record in the courthouse a release of the lease covering such nonproducing zones or formations within sixty (60) days following written demand therefore. If such release is not filed within said sixty (60) day period, then Lessee shall be subject to damages and for any attorney's fees incurred by Lessor in obtaining such release.

(c) There is a One (1) year option for renewal for an additional One (1) year at \$10.00 per acre at the expiration of the primary term lease.

32. Lessee agrees to maintain any well site, storage tank location, or any other areas used in its lease operations reasonably free of weeds, but without the use of salt or chemical substances in such weed control. Lessee will use reasonable diligence in its operations to cause minimal interference with any cattle operations on said lands.

33. Any abstracting charges for drilling operations by Lessee under the terms of this lease shall be paid by Lessee.

34. Whenever necessary in this lease and addendum and where the context requires, the singular term and the related pronoun shall include the plural, the masculine and the feminine.

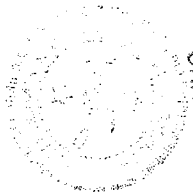
35. In the event that the Lessee employs geophysical methods and/or surveys (hereinafter referred to as "Geophysical Operations") on the leased premises, Lessee shall notify and meet with Lessor (surface owner and/or tenant) prior to entering on to the leased premises to conduct such Geophysical Operations. Lessor and Lessee (surface owner and/or tenant) shall consult with each other and mutually agree, prior to the commencement of Lessee's Geophysical Operations on said leased premises, as to the minimum estimated damage normally associated with and occasioned by Lessee's planned operations including access to leased premises shall be subject to the surface witness conditions. Lessee shall pay Lessor (surface owner and/or tenant) the then agreed upon estimated damage prior to the commencement of its Geophysical Operations. Further, upon the completion of Lessee's Geophysical Operations on the leased premises, Lessee agrees to consult with Lessor (surface owner and/or tenant) to determine if any additional, measurable damage is due and payable to Lessor (surface owner and/or tenant) caused by such Geophysical Operations.

This lease and Addendum, and all its terms, conditions and stipulations shall extend to and be binding on all heirs, administrators, executors, trustees, successors and assigns of Lessor and Lessee.

SIGNED FOR IDENTIFICATION

BJH TRUST dated September 6, 2001

  
Barbara J. Hintz, Trustee



ORIGINAL COMPARED WITH RECORD



OIL AND GAS LEASE  
KANSAS [PAID UP]

COMPUTER  
NUMERICAL *2009*

THIS AGREEMENT, made and entered into this 18<sup>th</sup> day of November, 2009 by  
and between William A. Huseman, Trustee of the William A. Huseman Trust # 1 dated 1-1-1980

6375 S. Hwy. 39

Eldorado Springs, MO 64744

hereinafter called Lessor, (whether one or more) and CREDO PETROLEUM CORPORATION

1801 Broadway, Suite 900, Denver, Colorado 80202

hereinafter called Lessee:

WITNESSETH:

1. That the Lessor, for and in consideration of the sum of ten and more Dollars (\$ 10.00+ ), and other good and valuable consideration, receipt of which is hereby acknowledged, and the covenants and provisions contained herein to be kept by Lessee, does hereby grant, demise, lease and let unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, operating for, producing, and taking care of all oil, gas and all of the products of oil and gas, with rights of way and easements for laying pipelines, telephone and telegraph lines and the exclusive right of injecting water, brine and other fluids into subsurface strata, and the building of structures, tanks, roadways and any and all other rights and privileges necessary, incident to, or convenient for the economical operation alone, or ~~jointly~~ ~~with~~ ~~neighboring~~ land, for the production, saving and taking care of all said products on that certain tract of land situated in the County of Scott State of Kansas, described as follows, to-wit:

TOWNSHIP 17 SOUTH, RANGE 31 WEST OF THE 6<sup>TH</sup> P.M.  
Section 5: SW 1/4



STATE OF KANSAS, SCOTT COUNTY, SS  
This instrument was filed for record on the  
18 day of January A.D. 2010  
10 o'clock A.M., and duly recorded in book  
232 page 45  
Jennifer A.D.  
Register of Deeds

containing 160.00 acres, more or less.

2. It is agreed that this lease shall remain in full force and effect for a primary term of TWO (2) years from this date, and as long thereafter as oil, gas or the products of oil or gas are produced from said leased premises, or drilling operations are continued as hereinafter provided.

3. This is a PAID-UP LEASE. In consideration of the down payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term, or to make any rental payments during the primary term. Lessee may at any time or times during or after the primary term hereof surrender this lease as to all or a portion of the lands covered herein by delivering to Lessor, or by filing for record a release or releases, and thereafter be relieved of all obligations accruing hereunder as to the acreage surrendered. The lease shall continue in force and effect as to all of the acreage not surrendered.

4. All payments required to be made under this lease shall be made or tendered to the Lessor or to the Lessor's credit in the Pay Directly to Lessor Bank (depository bank) at \_\_\_\_\_ or successors, or any bank with which it may be merged, or consolidated, or which succeeds to its business or assets or any part thereof, by purchase or otherwise, which shall continue as the depository regardless of changes in the ownership of said land.

5. Lessee agrees to pay Lessor a royalty on production covered hereby as follows:

1<sup>st</sup>. Lessee shall deliver to the credit of Lessor as royalty, free of cost, in the pipeline to which Lessee may connect its wells, the equal one-eighth part of all oil produced and saved from the leased premises, or at Lessee's option, may pay to the Lessor for such one-eighth royalty the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipeline, or into storage tanks.

2<sup>nd</sup>. Lessee shall pay Lessor as royalty on gas marketed from each well one-eighth of the proceeds if sold at the well, or if marketed by Lessee, off the leased premises, then one-eighth of its market value at the well.

3<sup>rd</sup>. Lessee shall pay Lessor one-eighth of the proceeds received by the Lessee from the sale of casinghead gas produced from any oil well and one-eighth of the value, at the mouth of the well, computed at the prevailing market price, of the casinghead gas produced from any oil well and used by Lessee off the leased premises for any purpose or used on the leased premises by Lessee for purposes other than the development and operation thereof.

4<sup>th</sup>. Lessee shall pay to Lessor one-eighth of the proceeds from the sale of all other products of oil and gas not otherwise referred to hereinabove.

6. Where there is a gas well, or wells on the lands covered by this Lease, or acreage pooled therewith, whether it be before or after the primary term hereof, and such well or wells are shut-in, and there is no other production, drilling operations or other operations being conducted capable of keeping this Lease in force under any of its provisions, Lessee shall pay as royalty to Lessor the sum of One Dollar (\$1.00) per year per net royalty acre, such payment to be made on or before the anniversary date of this Lease next ensuing after the expiration of 90 days from the date such well or wells are shut-in, and thereafter on the anniversary date of this Lease during the period such wells are shut-in, and upon such payment it shall be considered that this Lease is maintained in full force and effect.

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

8. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if Lessee shall commence operations for drilling a well at any time while this lease is in force, this lease shall remain in force and its term shall continue so long as such operations are prosecuted as set out in Paragraph 9 hereof, and if production results therefrom, then so long as production continues.

9. If at the expiration of the primary term of this lease, oil, gas, or the products of oil and gas are not being produced on the leased premises but Lessee has been engaged in drilling or reworking operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises, and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or the abandonment of one well and the beginning of operations for the drilling of a subsequent well. If, after the discovery of oil or gas or the products of oil or gas on said land or acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or reworking operations within ninety (90) days from the date of cessation of production or from date of completion of a dry hole. If oil, gas or the products of oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil, gas, or the products of oil or gas shall be produced from the leased premises.

10. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operations thereon, except water from the wells of the Lessor. When requested by Lessor, Lessee shall bury pipelines below plow depth. No well shall be drilled nearer than 200 feet to any house or barn on said premises as of the date of this lease without written consent of the 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, but shall not have the obligation to do so.

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

12. Lessee, at its option, is hereby given the right and power to voluntarily pool or combine the lands covered by this lease, or any portion thereof, as to the oil and gas, or either of them, with any other land, lease or leases adjacent thereto when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said premises, such pooling to be into units not exceeding eighty (80) acres for an oil well, plus a tolerance of ten percent (10%), and not exceeding six hundred forty (640) acres for a gas well, plus a tolerance of ten percent (10%), except that larger units may be created to conform to any spacing or well unit pattern that may be prescribed by governmental authorities having jurisdiction. Lessee shall execute in writing and record in the County Records an instrument identifying and describing the pooled acreage. The entire acreage so pooled into units shall be treated for all purposes, except the payment of royalties, as if it were included in this lease, and drilling or reworking operations thereon or production of oil or gas therefrom, or the completion thereon of a well as a shut-in gas well, shall be considered for all purposes, except the payment of royalties, as if such operations were on, or such production were from, or such completion was on the land covered by this lease, whether or not the well or wells be located on the premises covered by this lease. In lieu of royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive from a unit so formed only such portion of the royalties stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein bears to the total acreage so pooled.

13. On or before the expiration of the primary term of this lease, the Lessee, its successors or assigns, shall have the option and right to renew this lease as to all or any portion of the acreage described herein and extend the primary term thereto an additional One (1) years commencing on the expiration of the primary term of this lease, by making payment to Lessor's credit in the depository bank hereinabove shown on or before such expiration date in the sum of Ten and No Hundredths DOLLARS (\$ 10.00) per net mineral acre for each acre to which the term of this lease is extended, and to release this lease as to those portions of the leased premises to which an extension is not sought.

14. In the absence of production, Lessee may terminate any unitized area by filing in the county records a Notice of Termination of the unit. All express or implied covenants of this lease shall be subject to all Federal and state laws, executed orders, rules or regulations of governmental bodies having jurisdiction, and this lease shall not terminate in whole or in part, nor shall Lessee be held liable in damages for failure to comply therewith, if compliance is prevented by or if such failure is the result of any such law, order, rule, or regulation.

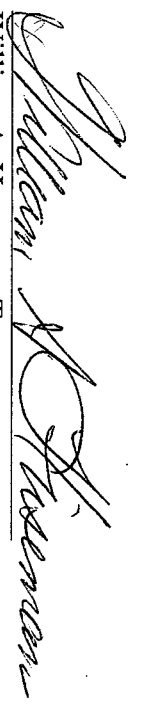
15. Lessor hereby warrants and agrees to defend the title to the lands herein described and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described land in the event of failure of payment by the Lessor, and be subrogated to the rights of the holder thereof, and in addition Lessee may reimburse itself for such payments out of any royalties or rentals payable to Lessor.

16. All the provisions of this Lease shall be binding on the heirs, successors, assigns, and legal representatives of the Lessor and Lessee.

IN WITNESS WHEREOF this instrument is executed on the day and year first hereinabove set out.

**REFER TO ADDENDUM ATTACHED HERETO**

**WILLIAM A. HUSEMAN TRUST**

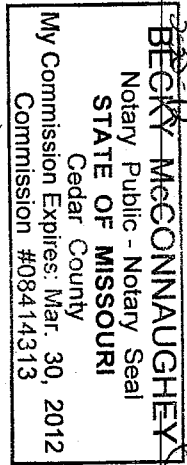
  
William A. Huseman, Trustee

STATE OF Missouri )  
COUNTY OF Cedar ) SS (INDIVIDUAL ACKNOWLEDGMENT)

Before me the undersigned, a Notary Public, within and for said county and state, on this 23<sup>rd</sup> day of November, 2009, personally appeared William A. Huseman, Trustee of the William A. Huseman Trust #1 dated 1-1-1980 and to me personally to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires X 3 BEGGY MCCONNAUGHEY Beggy McConnaughey  
Notary Public



STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) SS (CORPORATION ACKNOWLEDGMENT)

On this \_\_\_\_\_ day \_\_\_\_\_ before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared \_\_\_\_\_ to me personally known to be the identical person who signed the name of the maker thereof to the within and foregoing instrument as its \_\_\_\_\_ and acknowledged to me that \_\_\_\_\_ executed the same as \_\_\_\_\_ free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

My commission expires \_\_\_\_\_ Notary Public

ADDENDUM to Oil and Gas Lease dated November 18, 2009 between William A. Huseman, Trustee of the William A. Huseman Trust #1, dated January 1, 1980, hereinafter collectively referred to as Lessor, and CREDO PETROLEUM CORPORATION, as Lessee

This Addendum is part of that certain Oil and Gas Lease identified above by date and parties covering the Southwest Quarter (SW1/4), Section Five (5), Township Seventeen (17) South, Range Thirty-One (31) West, Scott County Kansas, to the same extent as if the provisions hereof had originally been written in said lease. In the event of conflict between the lease provisions and the provisions provided in the Addendum, the provisions of this Addendum shall be binding.

17. (a) It is agreed by the Lessor and Lessee that in Paragraph No. 5 of this lease, where the words "one-eighth (1/8)" appear, it shall read "three-sixteenths (3/16)" in each case.  
(b) Lessee shall not deduct from royalty payments due to Lessor any costs, including but not limited to compression, dehydration and gathering, or such other costs to produce gas or oil, and their constituent products, or costs to place such gas or oil in a marketable condition, whether such costs are incurred on or off the leased premises.
18. No right is granted to the Lessee to erect on any part of the leased premises any plant or facility for gasoline extraction or for the processing of gas or petroliferous substances, except the normal and necessary heater treater and separator customarily used. Lessee specifically agrees to build any meter houses, separators, heater treaters and storage tanks, used for the purpose of producing and saving any oil and gas upon the above described premises adjacent to any county, state or federal road or highway adjoining the above described premises. All storage tanks and tank battery installations shall be installed in any of the four (4) corners of the leased premises to avoid interference with any irrigation circular sprinkler system. Provided, further, no such installation shall be made closer than 1400 feet to the center of the leased premises.
19. Lessor reserves all rights to grant, lease, mine and/or produce any minerals from said lands except interests in gas and oil and their constituent products herein leased to the Lessee
20. Lessor shall have the right to purchase from Lessee gas at the wellhead price from any gas well located on the leased premises, or on any land unitized or pooled therewith, for farming, irrigation, and other agricultural purposes; provided, however, that the amount of gas used by Lessor for such purposes in any given year shall not exceed the amount attributable to the Lessor's royalty interest for that year. Such right to purchase gas shall also be subject to the following terms and conditions:
  - (a) Any gas so purchased by Lessor shall be taken at or near the mouth of the well at a point to be designated by Lessee. All equipment necessary for the taking of gas and the measuring of the same shall be furnished by the Lessor at his own expense.
  - (b) The method of taking gas and the point of connection for taking must be such as not to interfere with the operation of the well and must be submitted to Lessee, or his assigns, and accepted by him before gas is taken.
  - (c) Lessee shall bill Lessor, monthly, quarterly, semi-annually, or annually at Lessee's option, for gas so taken by Lessor.
  - (d) Lessee, or his assigns, shall not be liable to Lessor, Lessor's agents or employees, or any other person with reference to the gas taken, the use thereof, the equipment used, the manner of its use, or anything incident thereto or resulting therefrom. Lessee, or his assigns, shall not be under any obligation to produce gas from any well unless practical or economical to do so.
  - (e) Lessee, or his assigns, shall at all times have dry land access to and from and around any equipment used by Lessor for taking gas and metering same.
21. Lessee shall bury pipe lines and utility lines to a depth of not less than sixty (60) inches below the surface. Lessee shall pay Lessor for reasonable damages to all property, real, personal or mixed, caused by its operations on said land, including but specifically not limited to land, growing crops, grass, buildings, livestock, surface, fences and other improvements and personal property. All slush pits shall be filled and leveled within sixty (60) days after well completion or abandonment unless a longer time therefore granted by Lessor, at his option.

Lessee further agrees to pay to Lessor a reasonable amount, but not less than \$1500.00 per acre for each drill site location on the leased premises. As further consideration hereunder, Lessee agrees to pay Lessor a minimum of \$5.00 per rod, plus any crop damages, for any pipe line installed or constructed on the above land, whether or not connecting to the well on the leased premises.

All damages payable under this Paragraph 21 shall be due and payable on or before three (3) months after such damages occur.

22. Lessor reserves the right to designate all routes of ingress and egress. Prior to the construction of any roads, pipe lines, tank battery installations, or installation of other equipment on the lease premises, Lessee shall consult and agree with the surface owner and/or tenant as to the location and direction of same. There shall be no oil road surfaces, hard surfacing or rock surfaces of any access roads without the written consent of Lessor. Flow lines will follow the lease roads.

23. It is the intention of the parties hereto to cause as little interference with farming operations on said land as possible, including but specifically not limited to the operation of pivotal irrigation sprinkler systems, or any other irrigation method. Any production equipment, including but specifically not limited to pump jacks, hydraulic lifting equipment necessary to produce oil or gas well on the above described land, shall be recessed to such depth as to permit the use by Lessor of circular irrigation sprinkler system.

In the event Lessee shall cause a well to be drilled on this lease during the growing season of whatever crop is planted and should Lessee's or his agent's equipment prohibit the use of any irrigation system on this land during that time the well being drilled, Lessee agrees to pay Lessor the difference in the value of the crop produced on that strip of land that could not be watered. The field average shall be used as the maximum producing capability of the land, and the price per unit shall be the cash price at the local elevator in town nearest to this land as of the first of the normally accepted harvest month.

24. The use of water provided for under this lease is limited to use for drilling operations on the leased premises only. Lessee shall specifically not have any right to use fresh water from the above described premises for the purpose of water flooding or injection in any water flooding program in which the lease premises, for any reason, be pooled or unitized.

25. The installation of any salt water disposal equipment by Lessee in the operation of the lease shall be subject to the written approval of the Lessor. Lessee shall not be permitted to use any well drilled on the leased premises as a salt water disposal well without the written consent of Lessor and without compensating Lessor for the use thereof. Provided, however, the terms of this paragraph do not apply to the disposal of salt water produced from wells located on the leased premises.

26. Subject to Lessee's obligations under Paragraph 21 above, in the event there is no production in paying quantities found by any operations undertaken by Lessee during this primary term of the lease and there is an abandonment of said lease, the Lessee shall fill all pits, ponds, remove all structures and reasonably restore the premises to the conditions existing at the time the lease is executed. Within six (6) months after the expiration of the lease by its terms, Lessee shall have the obligation to restore, as nearly as practicable as possible, the leased premises to the condition as received, natural wear and tear and damages by the elements excepted.

27. Lessee shall have one (1) year, herein called "shut-in period", from the date of completion of a gas well in which to make pipe line connections from production or marketing of gas. The shut in period may be extended for a period not to exceed two (2) additional years, at the option of Lessee. During the shut-in period, Lessee shall pay to the Lessor shut-in royalty at the rate of \$10.00 per acre per year, which royalty shall be due and payable on the anniversary of this lease. During the shut-in period, it shall be considered that gas is being produced from the leased premises in paying quantities so long as Lessee is paying shut-in royalty as herein provided.

28. Lessee agrees that at no time during the life of this lease shall the royalty paid to the Lessor for a yearly period commencing with the first production from the well, including the value of gas, used as provided in Paragraph 20 above, computed at the price being paid to Lessor for such gas, be less than \$10.00 per acre. Such deficiency, if any, shall be paid to Lessor by Lessee within thirty (30) days after notice and written demand thereof is made by Lessor.

29. (a) Lessee agrees that it will comply with all regulations and statutes of all governmental entities having jurisdiction over compliance with environmental legislation. Lessee further agrees to accept the leased premises in its "as is" condition. It is acknowledged that Lessee has been advised to inspect the

property to determine that it is suitable for the purpose intended and to ascertain that no environmental hazards or toxins are now present.

(b) Lessee shall indemnify and hold Lessor harmless from any claims, damages, actions or causes of action from any environmental damage or contamination caused or contributed to by Lessee subsequent to the commencement of this lease.

30. Notwithstanding any of the other provisions herein, not less than all of the lands covered by this lease shall be included in any one unit for the production of gas.

31. (a) It is expressly agreed, notwithstanding anything to the contrary herein, if this lease be in force and effect at the expiration of the primary term, this lease shall thereupon terminate as to all formations not penetrated by the drilling of a test well or wells on the leased premises or land pooled or consolidated therewith, except if drilling is in progress at the end of the extended primary term.

(b) Seven (7) years after the expiration of the primary term of this lease, formations on the leased premises not included in any unit and not producing oil or gas in paying quantities shall revert to Lessor. Lessee shall be obligated, subject to the other terms of this paragraph, to file of record in the courthouse a release of the lease covering such nonproducing zones or formations within sixty (60) days following written demand therefore. If such release is not filed within said sixty (60) day period, then Lessee shall be subject to damages and for any attorney's fees incurred by Lessor in obtaining such release.

(c) There is a One (1) year option for renewal for an additional One (1) year at \$10.00 per acre at the expiration of the primary term lease.

32. Lessee agrees to maintain any well site, storage tank location, or any other areas used in its lease operations reasonably free of weeds, but without the use of salt or chemical substances in such weed control. Lessee will use reasonable diligence in its operations to cause minimal interference with any cattle operations on said lands.

33. Any abstracting charges for drilling operations by Lessee under the terms of this lease shall be paid by Lessee.


34. Whenever necessary in this lease and addendum and where the context requires, the singular term and the related pronoun shall include the plural, the masculine and the feminine.

35. In the event that the Lessee employs geophysical methods and/or surveys (hereinafter referred to as "Geophysical Operations") on the leased premises, Lessee shall notify and meet with Lessor (surface owner and/or tenant) prior to entering on to the leased premises to conduct such Geophysical Operations. Lessor and Lessee (surface owner and/or tenant) shall consult with each other and mutually agree, prior to the commencement of Lessee's Geophysical Operations on said leased premises, as to the minimum estimated damage normally associated with and occasioned by Lessee's planned operations including access to leased premises shall be subject to the surface witness conditions. Lessee shall pay Lessor (surface owner and/or tenant) the then agreed upon estimated damage prior to the commencement of its Geophysical Operations. Further, upon the completion of Lessee's Geophysical Operations on the leased premises, Lessee agrees to consult with Lessor (surface owner and/or tenant) to determine if any additional, measurable damage is due and payable to Lessor (surface owner and/or tenant) caused by such Geophysical Operations.

This lease and Addendum, and all its terms, conditions and stipulations shall extend to and be binding on all heirs, administrators, executors, trustees, successors and assigns of Lessor and Lessee.

SIGNED FOR IDENTIFICATION

WILLIAM A.HUSEMAN TRUST

  
William A. Huseman, Trustee

ORIGINAL COMPARED WITH RECORD