





1046562

**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

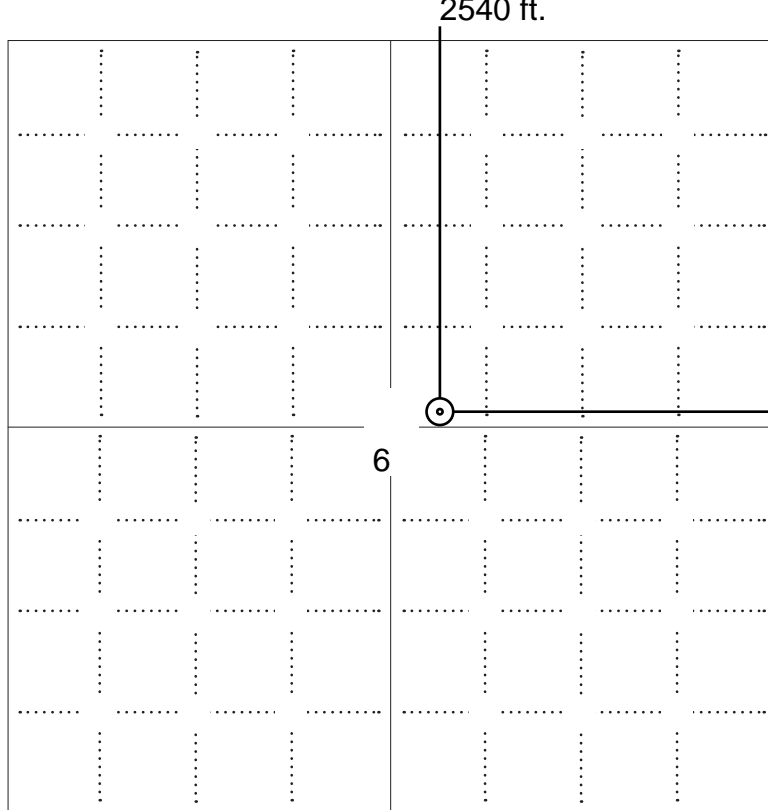
**If Section is Irregular, locate well from nearest corner boundary.**

Section corner used:  NE  NW  SE  SW

**PLAT**

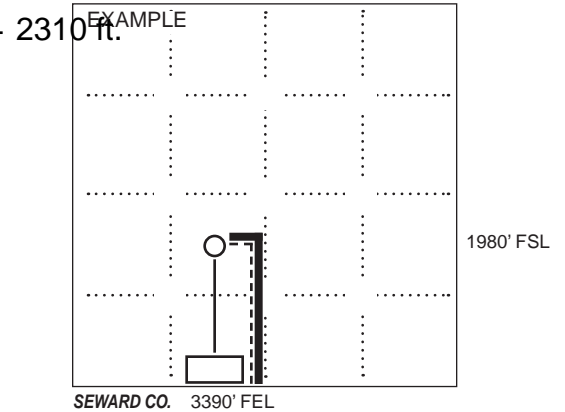
Show location of the well. Show footage to the nearest lease or unit boundary line. Show the predicted locations of lease roads, tank batteries, pipelines and electrical lines, as required by the Kansas Surface Owner Notice Act (House Bill 2032).

You may attach a separate plat if desired.



**LEGEND**

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



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

**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.



KANSAS CORPORATION COMMISSION 1046562  
OIL & GAS CONSERVATION DIVISION

Form CDP-1  
May 2010  
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):<br>____ - ____ - ____ - ____  |  |
| Type of Pit:<br><input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit<br><input type="checkbox"/> Settling Pit <input type="checkbox"/> Drilling Pit<br><input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit<br><i>(If WP Supply API No. or Year Drilled)</i>             |  | Pit is:<br><input type="checkbox"/> Proposed <input type="checkbox"/> Existing<br>If Existing, date constructed:<br>_____<br>Pit capacity:<br>_____ (bbls)   |  |
| Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input type="checkbox"/> No   |  | Chloride concentration: _____ mg/l<br><i>(For Emergency Pits and Settling Pits only)</i>   |  |
| Is the bottom below ground level?<br><input type="checkbox"/> Yes <input type="checkbox"/> No   |  | Artificial Liner?<br><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<br>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:<br>_____ feet    Depth of water well _____ feet  |  | Depth to shallowest fresh water _____ feet.<br>Source of information:<br><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><br>Producing Formation: _____<br>Number of producing wells on lease: _____<br>Barrels of fluid produced daily: _____<br>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><br>Type of material utilized in drilling/workover: _____<br>Number of working pits to be utilized: _____<br>Abandonment procedure: _____<br>_____<br>Drill pits must be closed within 365 days of spud date. |  |
| <p><b>Submitted Electronically</b></p>  |  |  |  |

**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.*

I Submitted Electronically

PARCEL 263-06-0-00-00-001.00-0-0:  
NUMBER OF SUBSIDIARY RECORDS 01

CITY/TOWNSHIP CODE EU EUREKA TOWNSHIP TAX UNIT 092  
ORIGINAL TAX UNIT/DIST

SUBDIVISION CODE EUT CENSUS TRACT 000000 SCHOOL DIST 389  
OLD ACCOUNT NUMBER 1: EU4063 2: 3:  
OWNER'S NAME GULICK, TIM  
NAME (CONTINUED) GULICK, LORETTA  
MAILING ADDRESS 701 E RIVER  
CITY/TOWN EUREKA STATE KS ZIP+4 67045  
CARE/OF TAXPAYER

LOT(S) BLOCK SUBDIVISION EUREKA TOWNSHIP  
SUBDIVISION PLAT : BOOK PAGE SECTION 06 TOWNSHIP 26 RANGE 10E  
TRCT DESC 1: E/2 LESS R/W 2:  
3: 4:

| LOT SIZE       | WIDTH       | DEPTH         | IRREG       | RET                  | DEED        | CALC          | USED        |               |
|----------------|-------------|---------------|-------------|----------------------|-------------|---------------|-------------|---------------|
|                | <u>0000</u> | <u>X 0000</u> |             | ACREAGE: <u>3192</u> | <u>0000</u> | <u>3240</u>   | <u>0000</u> |               |
| DEED BOOK/PAGE | <u>0223</u> | <u>/ 0626</u> | <u>0M95</u> | <u>/ 0437</u>        | <u>0213</u> | <u>/ 0445</u> | <u>0153</u> | <u>/ 0233</u> |

PRESS CMD KEY 7 TO EXIT PARCEL

NEXT FIELD 961

C & G DRILLING CO INC  
701 E RIVER ST  
EUREKA KS 67045

Received 03/31/2010  
Printed with InfiniTec/Manatron software

Operator ID

Lease 002387

County ID

Property: BRANSON-HELLMAN

KDOR ID#

Well API #

| Section I - Location of Property (required) |  | Section VII - Abstract Value (for appraiser's use only) |     |           |          |         |       |
|---|--|---|-----|-----------|----------|---------|-------|
| Descr.                                      |  | Rate  | Pen | Appraised | Assessed | Penalty | Total |
| OPERATOR: C & G DRILLING CO INC             |  |   |     |           |          |         |       |
| E2 Section 06 Twp 26 Rng 10                 |  | Working Interest %                                      |     |           |          |         |       |
| Sec 6 Twp 26 Rng 10                         |  | Prescribed Equipment 25 27915 6979 6979                 |     |           |          |         |       |
| Twp/City EUREKA TWP                         |  | Itemized Equipment 30 %                                 |     |           |          |         |       |
| Tax Unit 092 School Dist 389                |  | Royalty & ORRI Int 30 33536 10061 10061                 |     |           |          |         |       |
|   |  | Total 61451 17040 17040                                 |     |           |          |         |       |

**Section II - Lease data (required)** WI: .81250000 RI: .18750000

Producing wells: Oil: 7 Sub: Gas: Non-Prod: Shut In: SWD: 2 TA: Inj: WS: Total: 9  
 Secondary Recovery: N KCC Permit: Water Disp: Tank Batteries: 1  
 SPUD Date: 01/01/1875 Depth: 2200 Formation: MISSISSIPPI  
 Comp Date: SWD: 2200 Oil Purchaser: MACLASKEY OILFIELD SERV INC  
 Oil Gravity: 34.00 Water Production (%): 95 BPD: PO BOX 222 EL DORADO KS 67042

**Section IV - Production data (required)** Notation

| Month                     | 2009 Oil | Gas              | 2008 Oil |  |
|---------------------------|----------|------------------|----------|--|
| January                   |          |                  |          |  |
| February                  |          |                  |          |  |
| March                     |          |                  | 2005     |  |
| April                     |          |                  | 280      |  |
| May                       |          |                  |          |  |
| June                      |          |                  | 2006     |  |
| July                      | 136      |                  | 240      |  |
| August                    | 162      |                  |          |  |
| September                 | 153      |                  | 2007     |  |
| October                   | 124      |                  | 215      |  |
| November                  | 178      |                  |          |  |
| December                  |          |                  | 2008     |  |
| Annual Production         | 753      |                  | 293      |  |
| Casinghead Gas (Cvt Bbls) |          | 2.063 BOPD/Lease |          |  |
| Total Annual Production   | 753      | .294 BOPD/Well   |          |  |
| Annual Decline            |          | %                |          |  |

Lease receives eastern KS posted price NO (Yes/No)  
 Severence Exempt # Prop Tax Exempt # 92-6920-TX  
 Casinghead Gas Production  
 X = / 65.870 =  
 Production MCF Price Income \$ Bbl Oil Bbl Oil  
 Gatherer

**Section V - Gross Reserve Calculations**

|                                   | A. Schedule | B. Owner | C. Appraiser |
|-----------------------------------|-------------|----------|--------------|
| 1. Total Amount (Bbls) Production | 753         |          |              |
| 2. Net Price as of Jan. 1         | \$65.870    |          |              |
| 3. Estimated Gross Income Stream  | \$49,600    |          |              |
| 4. Present Worth Factor           | 3.606       |          |              |
| 5. Estimated Gross Reserve Value  | \$178,858   |          |              |

**Section VI - Gross Reserve Value X Decimal Interest**

|  |                     |         |
|--|---------------------|---------|
| 1. Royalty & ORRI Int Valuation:                     | 178,858 X .18750000 | 33,536  |
| 2. Working Interest Valuation:                       | 178,858 X .81250000 | 145,322 |
| 3. Deduct Operating Cost Allowance                   |                     |         |
| a. Producing Well:                                   | 66,980 X 7 Wells    | 468,860 |
| b. Injection Well:                                   | X wells             |         |
| c. Submersible:                                      | X 4.462             |         |
| 4. Subtotal (Line 2 minus Lines 3A,B,C)              |                     |         |
| 5. Working Int Minimum Value                         | 145,322 X .10       | 14,532  |
| 6. Line 4 or Line 5, whichever is greater            |                     | 14,532  |
| 7a. Prescr Equip Value:                              | 4,865 X 1           | 4,865   |
| b. Additional Wells:                                 | 3,645 X 6           | 21,870  |
| c. TA, SI, SWD, INJ, WS:                             | 590 X 2             | 1,180   |
| d. Submersible:                                      | 6,345 X             |         |
| e. Additional Equip:                                 | X .4031             |         |
| 8. Itemized Equipment (Section III, Attach Schedule) |                     |         |
| 9. Working Interest Value                            |                     | 42,447  |
| 10. Working Interest Assessed Value                  | Rate: 25%           | 10,612  |

NOTICE: This rendition is for your information only. You do not need to sign or return it to the county appraiser.

Statement of C & G DRILLING CO INC

Greenwood County, Kansas

701 E RIVER ST  
EUREKA KS 67045

Lease No 002387

Name of Property BRANSON-HELLMAN

C & G DRILLING CO INC  
701 E RIVER ST  
EUREKA KS 67045

ID: CGDRIL001  
Pch ID:  
Parcel: 5-02387

Interest: .81250000  
Type: WRK W Working Interest  
Appraised: 27,915 Assessed: 6,979

TIMOTHY D & LORETTA GULICK JT  
701 E RIVER  
EUREKA KS 67045

ID: GULTIM002  
Pch ID:  
Parcel: 5-02387A

Interest: .12500000  
Type: ROI R Royalty Interest  
Appraised: 22,357 Assessed: 6,707

TIMOTHY D & LORETTA GULICK JT  
701 E RIVER  
EUREKA KS 67045

ID: GULTIM002  
Pch ID:  
Parcel: 5-02387B

Interest: .06250000  
Type: ORI R Overriding Royalty Interest  
Appraised: 11,179 Assessed: 3,354

PARCEL 263-06-0-00-00-001.00-0-0:

NUMBER OF SUBSIDIARY RECORDS 01

CITY/TOWNSHIP CODE EU EUREKA TOWNSHIP TAX UNIT 092  
ORIGINAL TAX UNIT/DIST

SUBDIVISION CODE EUT CENSUS TRACT 000000 SCHOOL DIST 389  
OLD ACCOUNT NUMBER 1: EU4063 2: 3:  
OWNER'S NAME GULICK, TIM  
NAME (CONTINUED) GULICK, LOBETTA  
MAILING ADDRESS 701 E RIVER  
CITY/TOWN EUREKA STATE KS ZIP+4 67045 -  
CARE/OF TAXPAYER

LOT(S) BLOCK SUBDIVISION EUREKA TOWNSHIP  
SUBDIVISION PLAT : BOOK PAGE SECTION 06 TOWNSHIP 26 RANGE 10E  
TRCT DESC 1: E/2 LESS R/W 2:  
3: 4:

| LOT SIZE       | WIDTH       | DEPTH         | IRREG       | RET                  | DEED        | CALC          | USED        |
|----------------|-------------|---------------|-------------|----------------------|-------------|---------------|-------------|
|                | <u>0000</u> | <u>X 0000</u> |             | ACREAGE: <u>3192</u> | <u>0000</u> | <u>3240</u>   | <u>0000</u> |
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|                |             |               |             |                      |             | <u>/ 0233</u> |             |

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C & G DRILLING CO INC  
701 E RIVER ST  
EUREKA KS 67045

Received 03/31/2010

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Operator ID

Lease 002387

County ID

Property: BRANSON-HELLMAN

KDOR ID#

Well API #

| Section I - Location of Property (required)   | Section VII - Abstract Value (for appraiser's use only) |      |           |          |               |
|---|---|------|-----------|----------|---------------|
| Descr. OPERATOR: C & G DRILLING CO INC<br>E2 Section 06 Twp 26 Rng 10<br><br>Sec 6 Twp 26 Rng 10<br>Twp/City EUREKA TWP<br>Tax Unit 092 School Dist 389 | Rate  | Pen  | Appraised | Assessed | Penalty Total |
|   | Working Interest  | %    |           |          |               |
|   | Prescribed Equipment                                    | 25   | 27915     | 6979     | 6979          |
|   | Itemized Equipment                                      | 30 % |           |          |               |
|   | Royalty & ORRI Int                                      | 30   | 33536     | 10061    | 10061         |
|   | Total   |      | 61451     | 17040    | 17040         |

Section II - Lease data (required) WI: .81250000 RI: .18750000

Producing wells: Oil: 7 Sub: Gas: Non-Prod: Shut In: SWD: 2 TA: Inj: WS: Total: 9  
 Secondary Recovery: N KCC Permit: Water Disp: Tank Batteries: 1  
 SPUD Date: 01/01/1875 Depth: 2200 Formation: MISSISSIPPI  
 Comp Date: SWD: 2200 Oil Purchaser: MACLASKEY OILFIELD SERV INC  
 Oil Gravity: 34.00 Water Production (%): 95 BPD: PO BOX 222 EL DORADO KS 67042

| Section IV - Production data (required) |          |                  |          | Notation |
|---|----------|------------------|----------|----------|
| Month                                   | 2009 Oil | Gas              | 2008 Oil |          |
| January                                 |          |                  |          |          |
| February                                |          |                  |          |          |
| March                                   |          |                  | 2005     |          |
| April                                   |          |                  | 280      |          |
| May                                     |          |                  |          |          |
| June                                    |          |                  | 2006     |          |
| July                                    | 136      |                  | 240      |          |
| August                                  | 162      |                  |          |          |
| September                               | 153      |                  | 2007     |          |
| October                                 | 124      |                  | 215      |          |
| November                                | 178      |                  |          |          |
| December                                |          |                  | 2008     |          |
| Annual Production                       | 753      |                  | 293      |          |
| Casinghead Gas (Cvt Bbls)               |          | 2.063 BOPD/Lease |          |          |
| Total Annual Production                 | 753      | .294 BOPD/Well   |          |          |
| Annual Decline                          |          | %                |          |          |

Lease receives eastern KS posted price NO (Yes/No)  
 Severence Exempt # Prop Tax Exempt # 92-6920-TX  
 Casinghead Gas Production  
 X = / 65.870 =  
 Production MCF Price Income \$ Bbl Oil Bbl Oil  
 Gatherer

| Section V - Gross Reserve Calculations | A. Schedule | B. Owner | C. Appraiser |
|--|-------------|----------|--------------|
| 1. Total Amount (Bbls) Production      | 753         |          |              |
| 2. Net Price as of Jan. 1              | \$65.870    |          |              |
| 3. Estimated Gross Income Stream       | \$49,600    |          |              |
| 4. Present Worth Factor                | 3.606       |          |              |
| 5. Estimated Gross Reserve Value       | \$178,858   |          |              |

| Section VI - Gross Reserve Value X Decimal Interest  |                     |  |         |
|--|---------------------|--|---------|
| 1. Royalty & ORRI Int Valuation:                     | 178,858 X .18750000 |  | 33,536  |
| 2. Working Interest Valuation:                       | 178,858 X .81250000 |  | 145,322 |
| 3. Deduct Operating Cost Allowance                   |                     |  |         |
| a. Producing Well:                                   | 66,980 X 7 Wells    |  | 468,860 |
| b. Injection Well:                                   | X Wells             |  |         |
| c. Submersible:                                      | X 4.462             |  |         |
| 4. Subtotal (Line 2 minus Lines 3A,B,C)              |                     |  | 14,532  |
| 5. Working Int Minimum Value                         | 145,322 X .10       |  | 14,532  |
| 6. Line 4 or Line 5, whichever is greater            |                     |  | 14,532  |
| 7a. Prescr Equip Value:                              | 4,865 X 1           |  | 4,865   |
| b. Additional Wells:                                 | 3,645 X 6           |  | 21,870  |
| c. TA, SI, SWD, INJ, WS:                             | 590 X 2             |  | 1,180   |
| d. Submersible:                                      | 6,345 X             |  |         |
| e. Additional Equip:                                 | X .4031             |  |         |
| 3. Itemized Equipment (Section III, Attach Schedule) |                     |  |         |
| 3. Working Interest Value                            |                     |  | 42,447  |
| 10. Working Interest Assessed Value                  | Rate: 25%           |  | 10,612  |

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Statement of C & G DRILLING CO INC

Greenwood County, Kansas

701 E RIVER ST  
EUREKA KS 67045

Lease No 002387

Name of Property BRANSON-HELLMAN

C & G DRILLING CO INC  
701 E RIVER ST  
EUREKA KS 67045

ID: CGDRIL001  
Pch ID:  
Parcel: 5-02387

Interest: .81250000  
Type: WRK W Working Interest  
Appraised: 27,915 Assessed: 6,979

TIMOTHY D & LORETTA GULICK JT  
701 E RIVER  
EUREKA KS 67045

ID: GULTIM002  
Pch ID:  
Parcel: 5-02387A

Interest: .12500000  
Type: ROI R Royalty Interest  
Appraised: 22,357 Assessed: 6,707

TIMOTHY D & LORETTA GULICK JT  
701 E RIVER  
EUREKA KS 67045

ID: GULTIM002  
Pch ID:  
Parcel: 5-02387B

Interest: .06250000  
Type: ORI R Overriding Royalty Interest  
Appraised: 11,179 Assessed: 3,354



OIL AND GAS LEASE

AGREEMENT, Made and entered into this 1st day of November, 1980

by and between MARGARET E. BRANSON, a single person,

Party of the first part, hereinafter called lessor (whether one or more) and LARRY McCLELLAND Party of the second part, hereinafter called lessee.

WITNESSETH, That the said lessor, for and in consideration of One and no/100 DOLLARS, cash in hand paid, receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto said lessee, for the sole and only purpose of mining and operating for oil and gas, and laying pipe lines, and building tanks, power stations and structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Greenwood State of Kansas, described as follows, to wit:

The Northeast Quarter (NE 1/4)

of Section 6 Township 26 South Range 10 East and containing 160 acres more or less.

It is agreed that this lease shall remain in full force for a term of One (1) years from this date, and as long thereafter as oil or gas, or either of them, is produced from said land by the lessee.

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

- 1st. To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect his wells, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.
2nd. To pay lessor for gas from each well where gas only is found the equal one-eighth (1/8) of the gross proceeds at the prevailing market rate, for all gas used off the premises, said payments to be made monthly and lessor to have gas free of cost from any such well for all stoves and all inside lights in the principal dwelling house on said land during the same time by making his own connections with the well at his own risk and expense.
3rd. To pay lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of one-eighth (1/8) of the market value, at the mouth of the well, payable monthly at the prevailing market price.

If no well be commenced on said land on or before the 1st day of November 1981 this lease shall terminate as to both parties.

Should the lessor hereafter, or any person claiming under him, at any time, dispose of the land hereunder, the sum of One (1) Dollar, which shall operate as a rental and cover the privilege of deferring the commencement of a well may be further deferred for like period whenever the sum of One (1) Dollar is paid to the lessor. Payments of rentals may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the 15th day of each month to the lessor at his residence or to his depository bank. And it is understood and agreed that the consideration first recited herein is the full and complete consideration for the lease hereunder and that the lessor has no claim against the lessee for any other consideration.

Should the lessor hereafter, or any person claiming under him, at any time, dispose of the land hereunder, the sum of One (1) Dollar, which shall operate as a rental and cover the privilege of deferring the commencement of a well may be further deferred for like period whenever the sum of One (1) Dollar is paid to the lessor. Payments of rentals may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the 15th day of each month to the lessor at his residence or to his depository bank. And it is understood and agreed that the consideration first recited herein is the full and complete consideration for the lease hereunder and that the lessor has no claim against the lessee for any other consideration.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee.

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

When requested by lessor, lessee shall bury his pipe lines below plow depth.

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

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

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

If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with the like effect as if such well had been completed within the term of years herein first mentioned.

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 their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof; and it is hereby agreed in the event this lease shall be assigned as to a part or as to parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the rents due from him or them on an acreage basis, such default shall not operate to defeat or affect this lease in so far as it covers a part or parts of said lands upon which the said lessee or any assignee thereof shall make due payments of said rentals. If the leased premises are now or hereafter owned in severalty or in separate tracts, the premises, nevertheless, may be developed and operated as an entirety, and the royalties shall be paid to each separate owner in the proportion that the acreage owned by him bears to the entire leased area. 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 hereafter be divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks for the oil produced from such separate tracts.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

Whereof witness our hands as of the day and year first above written.

Margaret E. Branson (SEAL)
Margaret E. Branson (SEAL)
(SEAL)
(SEAL)
(SEAL)

Witness to the mark:

(Blank lines for witness signature)

For Assign Dec 203 pg 429
For Assign Dec 203 pg 429
For Assign Dec 203 pg 429

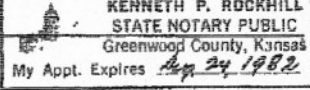
For Assign Dec 203 pg 429

Original Compared With Record

STATE OF KANSAS } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Okla., and Colo.)  
COUNTY OF GREENWOOD

Before me, the undersigned, a Notary Public, within and for said county and state, on this 1st  
day of November, 1980, personally appeared MARGARET E. BRANSON, a  
and single person,

to me personally known 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 \_\_\_\_\_  
 Kenneth P. Rockhill  
Notary Public.

STATE OF \_\_\_\_\_ } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Okla., and Colo.)  
COUNTY OF \_\_\_\_\_

Before me, the undersigned, a Notary Public, within and for said county and state, on this \_\_\_\_\_  
day of \_\_\_\_\_, 19\_\_\_\_, personally appeared \_\_\_\_\_  
and \_\_\_\_\_

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me  
that \_\_\_\_\_ executed the same as \_\_\_\_\_ 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 \_\_\_\_\_  
Notary Public.

STATE OF \_\_\_\_\_ } ss. ACKNOWLEDGMENT FOR CORPORATION  
COUNTY OF \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, A. D., 19\_\_\_\_, 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 \_\_\_\_\_ President 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.

No. \_\_\_\_\_

**OIL AND GAS LEASE**

FROM \_\_\_\_\_

TO \_\_\_\_\_

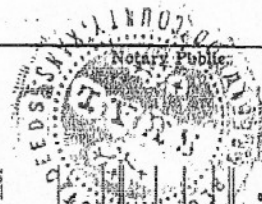
Date \_\_\_\_\_ 19\_\_\_\_

Section \_\_\_\_\_ Twp \_\_\_\_\_ Rge \_\_\_\_\_

No. of Acres \_\_\_\_\_ Turn \_\_\_\_\_ County \_\_\_\_\_

STATE OF Kansas  
County of Greenwood

This instrument was filed for record on the  
12 day of Nov, 1980  
at 3:55 o'clock P.M., and duly recorded  
in Book 38 Page 531 of  
the records of this office.  
Edward G. ...  
Registered of Deeds  
By \_\_\_\_\_  
When recorded, return to \_\_\_\_\_



THE KANSAS BLUE PRINT CO.  
WICHITA, KANSAS  
PHOTOSTAT SERVICE-UP-TO-DATE OIL MAPS

NOTE: When signature by mark in Kansas, said mark to be witnessed by at least one person and also acknowledged.  
For acknowledgment by mark, use regular Kansas acknowledgment.

STATE OF \_\_\_\_\_ } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Okla., and Colo.)  
COUNTY OF \_\_\_\_\_

Before me, the undersigned, a Notary Public, within and for said county and state, on this \_\_\_\_\_  
day of \_\_\_\_\_, 19\_\_\_\_, personally appeared \_\_\_\_\_  
and \_\_\_\_\_

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me  
that \_\_\_\_\_ executed the same as \_\_\_\_\_ 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 \_\_\_\_\_  
Notary Public.

ASSIGN. BOOK 72 PAGE 474



**ASSIGNMENT OF OIL & GAS LEASE**

STATE OF KANSAS FEE \$ 8.00  
GREENWOOD CO. SS  
This instrument was filed on this 24<sup>th</sup>  
day of November, 2009, at 3:35  
o'clock P.M., and duly entered in book  
72 of Assign page 474  
Marsha E. Ramsey Register  
By: Kim Burton Deputy

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, **Larry E. McClelland**, hereinafter called Assignor, for and in consideration of \$1.00 and other valuable consideration, does hereby sell, assign, transfer, and set over unto **C & G DRILLING, INC.**, all of Assignor's right, title, and interest in and to the oil and gas lease dated **November 1, 1980**, from **Margaret E. Branson**, a single person, as lessor to **Larry McClelland**, lessee, recorded in Book 38 of Lease, Page 531, insofar as said lease covers the following described land in Greenwood County, State of Kansas, to-wit:

The Northeast Quarter (NE/4) of Section Six (6), Township Twenty-six (26) South, Range Ten (10) East of the Sixth Principal Meridian

Containing 160 acres, more or less together with the rights incident thereto and the personal property thereon, appurtenant thereto, or used or obtained in connection therewith.

And for the same consideration, the Assignor covenants with the Assignees or the survivor thereof, or assigns: that the Assignor is the lawful owner of and has good title to the interest above assigned in and to said lease, estate, rights and property, free and clear from all liens, encumbrances or adverse claims; That said lease is a valid and subsisting lease on the land above described, and all rentals and royalties due thereunder have been paid and all conditions necessary to keep the same in full force have been duly performed, and that the Assignor will warrant and forever defend the same against all persons whomsoever, lawfully claiming or to claim the same.

The effective date of this assignment shall be May 14, 2009.

Executed on this 17<sup>th</sup> day of Nov., 2009

Larry E. McClelland  
Larry E. McClelland, Assignee

STATE OF KANSAS,  
COUNTY OF GREENWOOD:

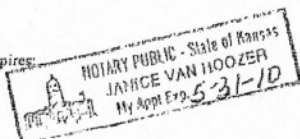
BE IT REMEMBERED That on this 17<sup>th</sup> day of Nov., 2009, before me, the undersigned, a notary public in and for the County and State aforesaid, came

who is personally known to me to be the same person who executed the within instrument of writing and such person duly acknowledged the execution of the same.

**Larry E. McClelland, Assignee**

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

My appointment expires:



James Van Hoozer  
Notary Public



STATE OF KANSAS FEE \$8.00  
GREENWOOD CO. SS

This instrument was filed on this 24<sup>th</sup>  
day of November 2009 at 3:35  
o'clock P.M. and duly entered in book  
72 of Assign page 413  
Marsha E. Karmay Register  
by Kim Bunker Deputy

ASSIGNMENT OF OIL & GAS LEASE

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, Larry E. McClelland, hereinafter called Assignor, for and in consideration of \$1.00 and other valuable consideration, does hereby sell, assign, transfer, and set over unto C & G DRILLING, INC., all of Assignor's right, title, and interest in and to the oil and gas lease dated August 8, 1948 from Nona M. Dougherty, as Lessor, to Elmer Lareom, lessee, recorded in Book 18 Oil and Gas, Page 261, insofar as said lease covers the following described land in Greenwood County, State of Kansas, to-wit:

The Southeast Quarter (SE4) of Section Six (6), Township Twenty-six (26) South, Range Ten (10) East of the Sixth Principal Meridian, except 20 foot tract along <sup>EAST</sup> side and 100 foot tract along North side for highways,

Containing 160 acres, more or less together with the rights incident thereto and the personal property thereon, appurtenant thereto, or used or obtained in connection therewith.

And for the same consideration, the Assignor covenants with the Assignees or the survivor thereof, or assigns: that the Assignor is the lawful owner of and has good title to the interest above assigned in and to said lease, estate, rights and property, free and clear from all liens, encumbrances or adverse claims; That said lease is a valid and subsisting lease on the land above described, and all rentals and royalties due thereunder have been paid and all conditions necessary to keep the same in full force have been duly performed, and that the Assignor will warrant and forever defend the same against all persons whomsoever, lawfully claiming or to claim the same.

The effective date of this assignment shall be May 14, 2009.

Executed on this 17<sup>th</sup> day of Nov., 2009

*Larry E. McClelland*  
Larry E. McClelland, Assignee

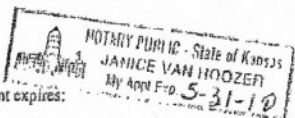
STATE OF KANSAS,  
COUNTY OF GREENWOOD:

BE IT REMEMBERED That on this 17<sup>th</sup> day of Nov., 2009, before me, the undersigned, a notary public in and for the County and State aforesaid, came

who is personally known to me to be the same person who executed the within instrument of writing and such person duly acknowledged the execution of the same.

Larry E. McClelland, Assignee

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



My appointment expires:

*Janice Van Hoozer*  
Notary Public

ASSIGN. BOOK 72 PAGE 413

November 08, 2010

TIM GULICK  
C & G Drilling, Inc.  
701 E. River St.  
EUREKA, KS 67045-2100

Re: Drilling Pit Application  
BRONSON 8  
NE/4 Sec.06-26S-10E  
Greenwood County, Kansas

Dear TIM GULICK:

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

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

The fluids should be taken to an authorized disposal well. Please call the District Office at (620) 432-2300 when the fluids have been removed. Please file form CDP-5 (August 2008), Exploration and Production Waste Transfer, through KOLAR within 30 days of fluid removal.

**A copy of this letter should be posted in the doghouse along with the approved Intent to Drill.** If you have any questions or concerns please feel free to contact the District Office at (620) 432-2300.