



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

**KANSAS CORPORATION COMMISSION 1050449**  
**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

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**

**For KCC Use ONLY**  
 API # 15 - \_\_\_\_\_  
 Conductor pipe required \_\_\_\_\_ feet  
 Minimum surface pipe required \_\_\_\_\_ feet per ALT.  I  II  
 Approved by: \_\_\_\_\_  
**This authorization expires:** \_\_\_\_\_  
 (This authorization void if drilling not started within 12 months of approval date.)  
 Spud date: \_\_\_\_\_ Agent: \_\_\_\_\_

**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



1050449

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

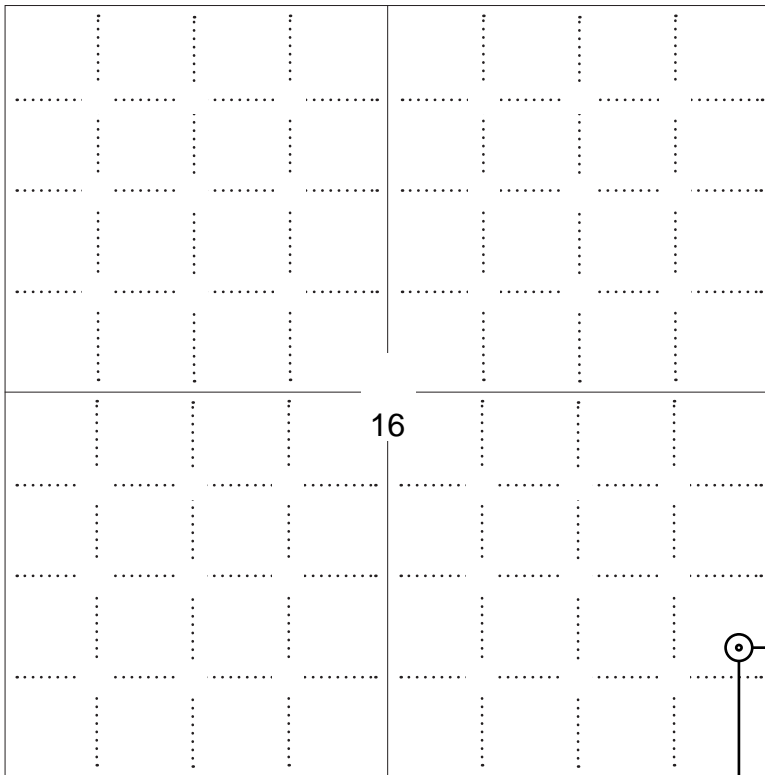
Is Section:  Regular or  Irregular

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

Section corner used:  NE  NW  SE  SW

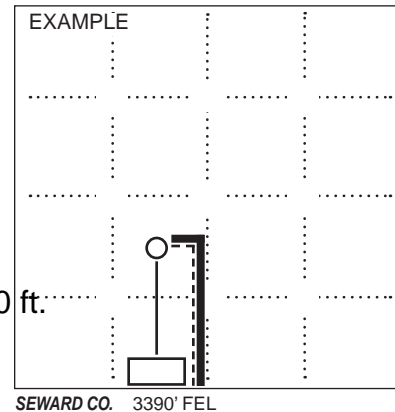
### PLAT

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 location.**

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

1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the south / north and east / west outside section lines.
3. The distance to the nearest lease or unit boundary line (in footage).
4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (C0-7 for oil wells; CG-8 for gas wells).
5. 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.	
<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:**

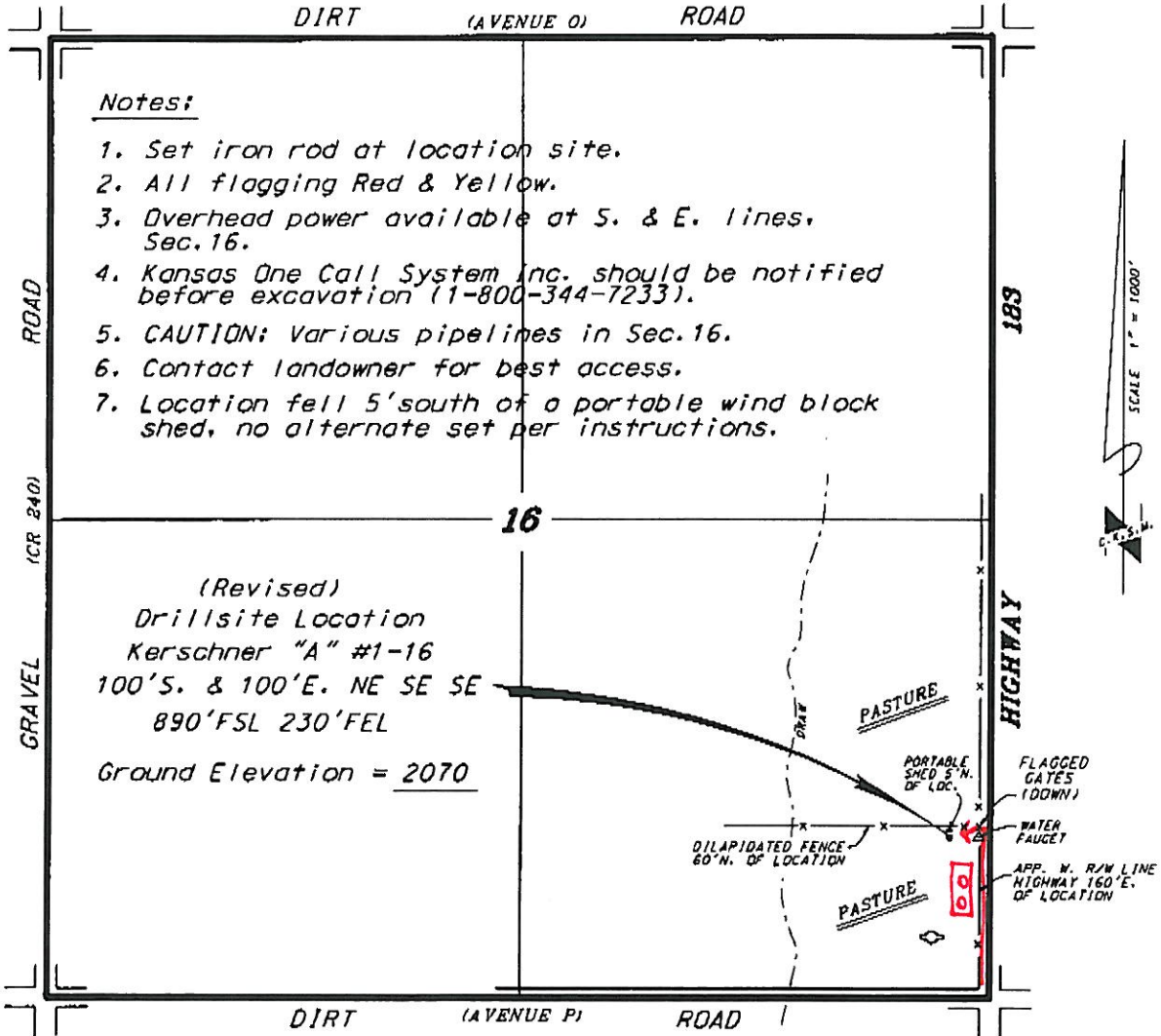
- I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this 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.*

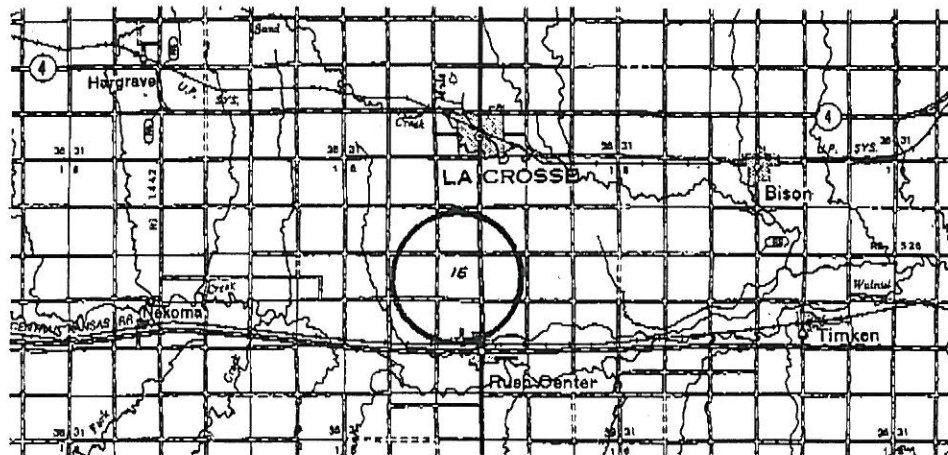
I Submitted Electronically

I

TRANS PACIFIC OIL CORPORATION  
KERSCHNER LEASE  
SE. 1/4, SECTION 16, T18S, R18W  
RUSH COUNTY, KANSAS



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



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

\* Approximate section lines were determined using the normal standard of care of oilfield surveyors practicing in the state of Kansas. The section corners, which establish the precise section lines, were not necessarily located, and the exact location of the drillsite location in the section is not guaranteed. Therefore, the operator securing this service and accepting this plot and all other parties relying thereon agree to hold Central Kansas Oilfield Services, Inc., its officers and employees harmless from all losses, costs and expenses and said parties released from any liability from incidental or consequential damages.

\* Elevations derived from National Geodetic Vertical Datum.

Date February 4, 2011

## OIL AND GAS LEASE

Agreement, Made and entered into the 27<sup>th</sup> day of April, 2006, by and between, Bruce J. Kershner and Ellen L. Kershner, husband and wife whose mailing address is RR 1, Box 31 Rush Center, Kansas 67575 hereinafter called Lessor (whether one or more), and Trans Pacific Oil Corporation 100 South Main, Suite 200, Wichita KS 67202, hereinafter called Lessee:

Lessor, in consideration of Ten and more Dollars (\$10.00+) in hand paid, receipt of which is here by acknowledged and the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest, therein situated in the County of Rush, State of Kansas, described as follows, to-wit:

## Southeast Quarter (SE/4)

In Section 16 Township 18S Range 18W and containing 160 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of Three (3) years from January 30<sup>th</sup>, 2007 (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or land with which said land is pooled.

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 which lessee may connect wells on said land, the equal one-eighth (1/8<sup>th</sup>) part of all oil produced and saved from the leased premises.

2nd. To pay lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8<sup>th</sup>), at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (1/8<sup>th</sup>) of the proceeds received by lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. Where gas from a well producing gas only is not sold or used, lessee may pay or tender as royalty One Dollar (\$1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

This lease may be maintained during the primary term hereof without further payment or drilling operations. 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 like effect as if such well had been completed within the term of years first mentioned.

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

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

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

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

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

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

If the 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. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

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

All express or implied covenants of 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.

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 mortgage, taxes or other liens on the above described lands, in the event of default of payment by the lessor, and be subrogated to the rights of the holder thereof, and the undersigned lessor, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

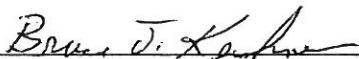
Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

This oil and gas lease is subject to and inferior to that certain oil and gas lease dated January, 30<sup>th</sup>, 2004, executed by Bruce J. Kershner and Ellen L. Kershner, his wife, as lessor, and J. Fred Hambright, Inc., as lessee, recorded in Book 146, at Page 617 in the Register of Deeds Records in Rush County, Kansas.

Lessee, or assigns, agrees to consult with Lessor regarding routes of ingress and egress prior to commencing operations.

Lessee, or assigns, further agrees to restore the surface to its original condition as nearly as practicable upon completion of operations, including backfilling all pits when dried and restoring terraces disturbed by operations

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

  
\_\_\_\_\_  
Bruce J. Kershner

  
\_\_\_\_\_  
Ellen L. Kershner

Tax ID or SSN: 

Tax ID or SSN: 

EXTENSION OF OIL AND GAS LEASE

WHEREAS, Trans Pacific Oil Corporation is the owner (s) and holder (s) of an oil and gas lease on the following described lane in Rush County, State of Kansas :

Southeast Quarter (SE/4)

Of Section 16 , Township 18S , Range 18W and recorded in Book 148 Misc , Page 780 of the Records of said County, and

WHEREAS, said lease expires in the absence of drilling operations on January 30<sup>th</sup>, 2010 and the said owner (s) and holder (s) desire (s) to have the term of said lease extended;

NOW, THEREFORE, the undersigned, for themselves, their heirs, executors, administrators and assigns, for and in consideration of one or more (1.00+) Dollars, in hand paid, the receipt whereof is hereby acknowledged, does hereby agree that the said term of said lease shall be and is hereby extended, with the same tenor and effect as if such extended term had been originally expressed in such lease, for a period of two (2) year (s) from the date of the said expiration thereof and as long thereafter as oil or gas (including casinghead gas) is produced from any well on the land covered by said lease; subject, however, in all other respects, to the provisions and conditions of said lease or said lease as modified, if any modification thereof may have been heretofore executed.

IN WITNESS WHEREOF, this instrument is signed on this the 16 day of January , 2010.

Bruce J. Kershner  
Bruce J. Kershner

Ellen L. Kershner  
Ellen L. Kershner

ACKNOWLEDGEMENT FOR INDIVIDUAL (KS, OK, CO, NE)

STATE OF KANSAS )  
COUNTY OF Rush )

ss.

The foregoing instrument was acknowledged before me this 16<sup>th</sup> day of January , 2010  
By Bruce J. Kershner and Ellen L. Kershner, husband and wife

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

My commission expires 5-23-13

J. Dellett  
Notary Public



MICROFILMED

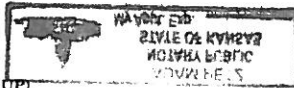
STATE OF KANSAS, RUSH COUNTY, S.S.  
THIS INSTRUMENT WAS FILED FOR RECORD ON  
THE 21 DAY OF Jan A D  
20 10 AT 1 O'CLOCK P AND  
DUEY RECORDED IN BOOK 155 OF Misc  
AT PAGE 115  
Sula Wherry  
REGISTER OF DEEDS

INDEXED G  3

#56

#800

NOTARY PUBLIC, State of Kansas  
JASON L. DELLETT  
My Appt. Exp. 5-23-13



0822

FORM 88 -- (PRODUCER'S SPECIAL) (PAID-UP)

63U (Rev. 1993)

# OIL AND GAS LEASE

Reorder No. 09-115



**Kansas Blue Print**  
700 S. Broadway, PO Box 700  
Wichita, KS 67201-0703  
316-264-9344, 264-5165 fax  
www.kbp.com · kbp@kbp.com

AGREEMENT, Made and entered into the 17th day of November 2009

by and between Valley View Farms, Inc.  
c/o Paul D. Jones, President

whose mailing address is PO Box 96 Alexander, KS 67513 hereinafter called Lessor (whether one or more),  
and Trans Pacific Oil Corporation 100 S. Main, #200 Wichita, KS 67202

hereinafter called Lessee

Lessor, in consideration of one and more Dollars (\$ 1.00+) in hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring by geophysical and other means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest, therein situated in County of Rush State of Kansas described as follows to-wit: West-Half Northwest Quarter Southwest Quarter (W/2NW/4SW/4 and Southwest Quarter Southwest Quarter (SW/4SW/4) except a tract of 7.122 acres located in the Southwest corner (SW/c) of said Southwest Quarter (SW/4) described as follows: Starting at the SW/c of the SW/4 as the point of beginning, thence North 535 feet; thence East 655 feet; thence in a southerly direction 540 feet; thence West 681 feet to the point of beginning.

In Section 15 Township 18S Range 18W and containing 52.878 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of One (1) years from this date (called "primary term") and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or land with which said land is pooled.

In consideration of the premises the said lessee covenants and agrees

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

2nd. To pay lessor for gas of whatever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8), at the market price at the well, (but, as to gas sold by lessor, in no event more than one-eighth (1/8) of the proceeds received by lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. Where gas from a well producing gas only is not sold or used, lessee may pay or tender as royalty One Dollar (\$1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

This lease may be maintained during the primary term hereof without further payment or drilling operations. 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 like effect as if such well had been completed within the term of years first mentioned.

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

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

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

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

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

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

If the 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. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

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

All express or implied covenants of 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.

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

~~Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, less or more, in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals-in-and under that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an SW/4 well, or into a unit or units not exceeding 80 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased, a written instrument identifying and describing the pooled acreage. The entire acreage as pooled into a tract or unit shall be treated, for all purposes, except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.~~

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If at the end of the primary term, this lease is not otherwise continued in force under the provisions hereof, this lease shall expire, unless Lessee on or before the end of the primary term shall pay or tender to Lessor, the of \$10.00 multiplied by the number of net mineral acres owned by Lessor in the land above described and then subject to the other provisions of this lease, the primary term shall be extended for an additional term of one (1) year from the end of the primary term hereof. This option may be exercised for two (2) years.

During the course of its operations, Lessee agrees to separate the topsoil during excavations and return said topsoil to its original condition as near original as practicable.

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written  
Witnesses: Valley View Farms, Inc.

By: Paul D. Jones  
Paul D. Jones, President

SSN or Tax ID: [REDACTED]



TRANS PACIFIC OIL WICHITA KS 67202

VAL200: VALLEY VIEW FARMS, INC.		CHECK NUMBER: 100020
		CHECK DATE: 10/20/10
ADDITIONAL TERM	LEASE DATE	AMOUNT
LEASE: RCW023 VALLEY VIEW FARMS	11/17/09	528.78
PROSPECT:RCW RUSH CENTER WEST	BANK FEE	0.00
STATE:KANSAS COUNTY:RUSH	BOOK: 154 PAGE: 822 INSTRUMENT:	LEASE TOTAL 528.78
PROPERTY DESCRIPTION:W/2NW/4SW+ 15-188-18W	NET ACRES: 52.87800	
W/2NW/4SW+ 15-188-18W		
DEPOSIT TO THE CREDIT OF: VALLEY VIEW FARMS, INC.		480768753
		CHECK TOTAL 528.78

TRANS PACIFIC OIL  
100 S. MAIN STREET  
SUITE 200  
WICHITA KS 67202

INTRUST BANK  
WICHITA KS

100020

Reference Number	Date	Check Number	Check Amount
CREDIT OF:VALLEY VIEW FARMS, INC	10/20/10	100020	\$*****528.78**

FIVE HUNDRED TWENTY EIGHT Dollars and 78 Cents

PAY VALLEY VIEW FARMS, INC.  
TO THE PAUL D JONES, PRESIDENT  
ORDER PO BOX 96  
OF ALEXANDER KS 67513

  
VOID AFTER 90 DAYS

⑈0100020⑈ ⑆101100029⑆ 04 5061 8⑈

AMENDMENT TO OIL AND GAS LEASE

WHEREAS, Trans Pacific Oil Corporation (TPOC) is the owner of an oil and gas lease, between Valley View Farms, Inc., as Lessor and TPOC, as Lessee, dated November 17<sup>th</sup>, 2009 and recorded in Book 154 Page 822 in the Rush County Register of Deeds, covering the following:

West-Half Northwest Quarter Southwest Quarter (W/2NW/4SW/4) and Southwest Quarter Southwest Quarter (SW/4SW/4) except a tract of 7.122 acres located in the Southwest corner (SW/c) of said Southwest Quarter (SW/4) described as follows: Starting at the SW/c of the SW/4 as the point of beginning, thence North 535 feet; thence East 655 feet; thence in a southerly direction 540 feet; thence West 681 feet to the point of beginning.

In Section 15 Township 18S Range 18W and containing 52.878 acres, more or less, and all accretions thereto.

AND

WHEREAS TPOC wishes to amend the above described oil and gas lease with the inclusion of the following paragraph:

Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit of units not exceeding 640 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

AND

WHEREAS it has been agreed by both TPOC and the Lessee's successors, heirs and assigns that the aforementioned paragraph will be included, enforced and binding upon all parties and their heirs and assigns. It is also agreed that the inclusion of the above in no way affects or alters any other binding language of the referenced oil and gas lease.

This AMENDMENT TO OIL AND GAS LEASE is agreed upon and shall be made effective as of this 8<sup>th</sup> day of February 2011.

Valley View Farms, Inc.

By: [Signature] Paul D. Jones, President

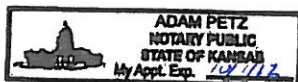
ACKNOWLEDGEMENT FOR INDIVIDUAL

STATE OF Kansas )
COUNTY OF Ellis )

The foregoing instrument was acknowledged before me on this 8th day of February 2011 By Paul D. Jones, President of Valley View Farms, Inc.

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

My commission expires:



[Signature] Adam Petz Notary Public