For KCC Use:

Eff	e	ct	iv	е	Date

District	±	
DISTINCT	TT .	

SGA?	Yes	No

Form

KANSAS CORPORATION COMMISSION **OIL & GAS CONSERVATION DIVISION**

March 2010 Form must be Typed Form must be Signed All blanks must be Filled

Form C-1

1053248

NOTICE OF INTENT TO DRILL

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

Expected Spud Date:	Spot Description:
OPERATOR: License#	(^(0/0/0/0) Sec Twp S. R E □ W feet from □ N / □ S Line of Section feet from □ E / □ W Line of Section
Name:	Is SECTION: Regular Irregular?
Address 1:	
Address 2:	(Note: Locate well on the Section Plat on reverse side) County:
Contact Person:	Lease Name: Well #:
Phone:	Field Name:
CONTRACTOR: License#	Is this a Prorated / Spaced Field?
Name:	Target Formation(s):
Well Drilled For: Well Class: Type Equipment: Oil Enh Rec Infield Mud Rotary Gas Storage Pool Ext. Air Rotary Disposal Wildcat Cable Seismic ; # of Holes Other Other:	Nearest Lease or unit boundary line (in footage):
Directional, Deviated or Horizontal wellbore?	Well Farm Pond Other:
If Yes, true vertical depth:	DWR Permit #:
Bottom Hole Location:	(Note: Apply for Permit with DWR)
KCC DKT #:	Will Cores be taken?
	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.
Approved by:	
This authorization expires:	
Spud date: Agent:	

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

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:

_	 _	_	_	-

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For KCC Use ONLY

API # 15 - ____

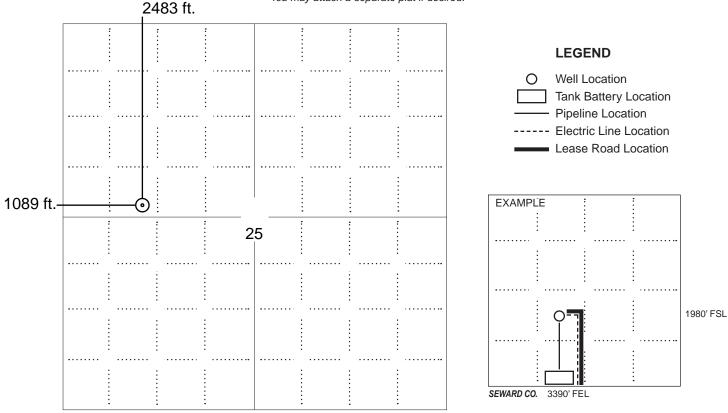
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

Operator:	Location of Well: County:
Lease:	feet from N / S Line of Section
Well Number:	feet from E / W Line of Section
Field:	Sec Twp S. R E 🗌 W
Number of Acres attributable to well: QTR/QTR/QTR/QTR of acreage:	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.

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).
- 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.

Side Two



KANSAS CORPORATION COMMISSION 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): Type of Pit: _ - ____ - ____ - ____ Pit is: **Emergency Pit** Burn Pit Proposed Existing Sec.____Twp.____R.___ East West Settling Pit **Drilling Pit** If Existing, date constructed: Feet from North / South Line of Section Haul-Off Pit Workover Pit ____Feet from ___ East / ___ West Line of Section Pit capacity: (If WP Supply API No. or Year Drilled) County _(bbls) Is the pit located in a Sensitive Ground Water Area? Yes No Chloride concentration: mg/l (For Emergency Pits and Settling Pits only) Is the bottom below ground level? Artificial Liner? How is the pit lined if a plastic liner is not used? Yes Yes No No ____Length (feet) ___ _____Width (feet) Pit dimensions (all but working pits): N/A: Steel Pits Depth from ground level to deepest point: __ __ (feet) No Pit If the pit is lined give a brief description of the liner Describe procedures for periodic maintenance and determining material, thickness and installation procedure. liner integrity, including any special monitoring. Depth to shallowest fresh water ____ Distance to nearest water well within one-mile of pit: feet. Source of information: KDWR measured well owner electric log _feet Depth of water well ____ __ feet Emergency, Settling and Burn Pits ONLY: Drilling, Workover and Haul-Off Pits ONLY: Producing Formation: _ Type of material utilized in drilling/workover: Number of producing wells on lease: _____ Number of working pits to be utilized: ____ Barrels of fluid produced daily: Abandonment procedure: Does the slope from the tank battery allow all spilled fluids to flow into the pit? Yes No Drill pits must be closed within 365 days of spud date. Submitted Electronically KCC OFFICE USE ONLY Steel Pit Liner RFAC RFAS Permit Number: No Date Received: Permit Date: Lease Inspection: Yes

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202



KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT Form KSONA-1 July 2010 Form Must Be Typed Form must be Signed All blanks must be Filled

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 #	Well Location:
Name:	
Address 1:	County:
Address 2:	Lease Name: Well #:
City: Zip: Contact Person:	If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:
Phone: () Fax: ()	
Email Address:	
Surface Owner Information:	
Name:	When filing a Form T-1 involving multiple surface owners, attach an additional
Address 1:	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
Address 2:	county, and in the real estate property tax records of the county treasurer.
City: State: Zip:+	

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:

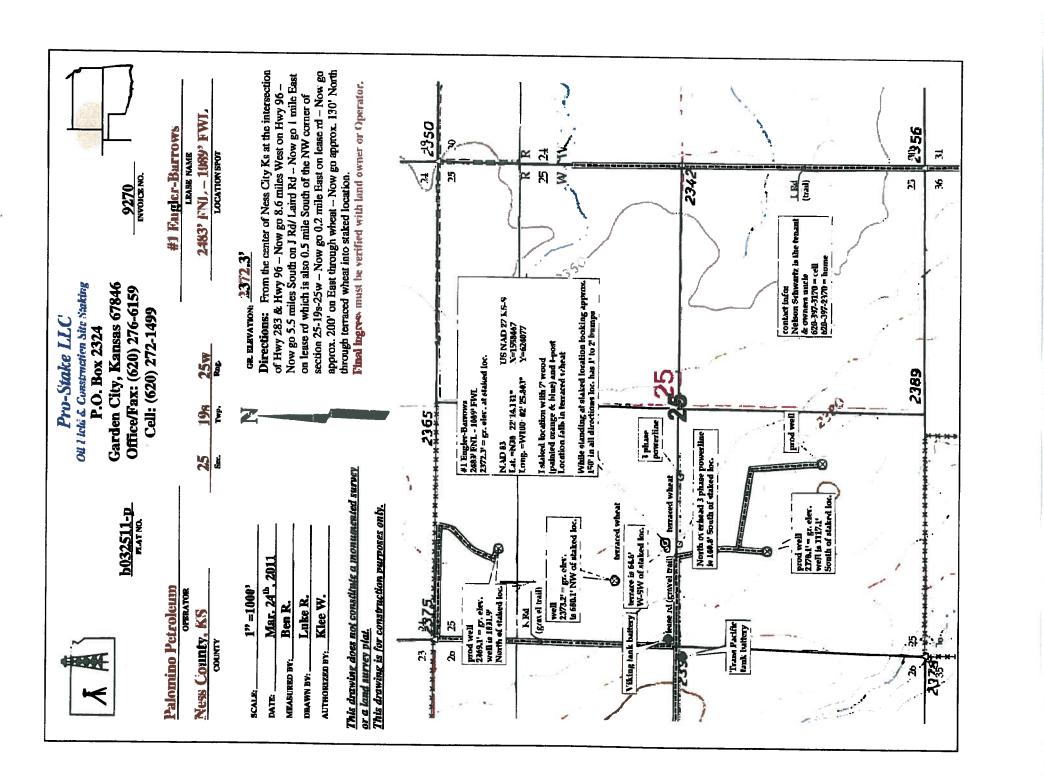
- I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this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

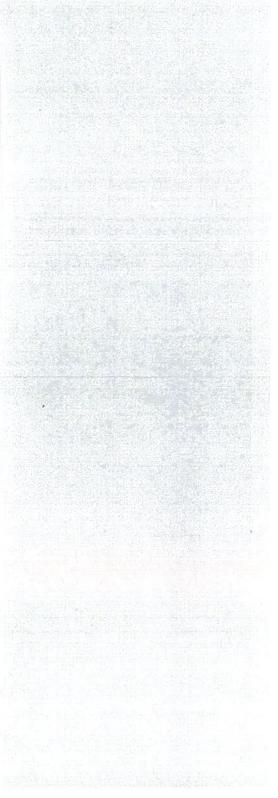
If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.

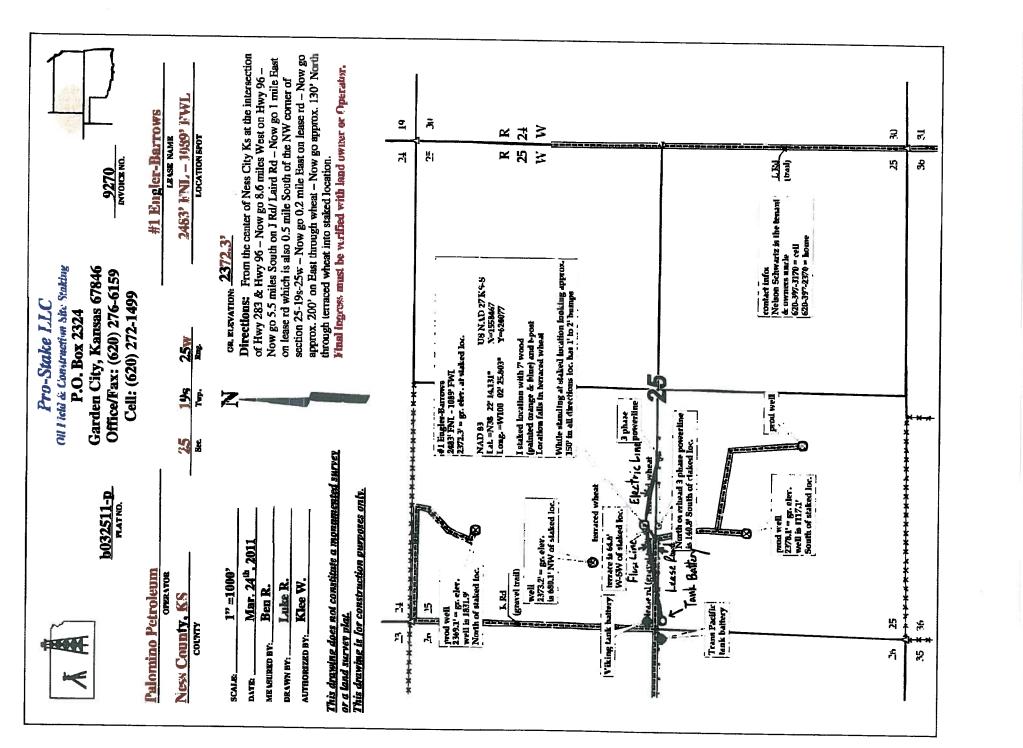
Submitted Electronically

I

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SPECIAL) (PAID-UP)	Reorder No. Kensas Blue Print 7005, Broodway PO Box 703
63U (Rev. 1993) OIL AND GAS LEASE	09-115 U Metha X8 0201-0783 316-264-3344: 264-5165 fax www.ktp.com ktp@ktp.com
AGREEMENT, Made and entered into the 10th day of February by and between Engler Farms, Inc.	2011
whose mailing address is 2848 Road AA Deerfield, KS 67838 and James B. Devlin, Wichita, Kansas 67202	hereinafter called Leasor (whether one or more),
, hereinafter caller Lessee. Lessor, in consideration of One and More De Andor the agreements of the lessee herein contained, hereby grants, lesses and lets exclusively unto lessee for the purpose of investigating. exploring by goophysical 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 suburface strata, laying pipe lines, and oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into suburface strata, laying pipe lines, atom oil, liquid hydrocarbons, all gases, and other structures products manufacturent produces, aver, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and other structures products and other structures. Allo Network and other structures and other structures and the structures (necess, and other structures).	, hereinafter caller Lessee: (\$1.00)) in hand pald, receipt of which ses and lets exclusively unto lessee for the purpose quid hydrocarbons, all gases, and their respective ower stations, telephone lines, and other attructures and their respective constituent products and other , any reversionary rights and after-acquired interest, described a follows to wite
The Northwest Quarter (NW/4) except and excluding the 10 acres on which the Engler #1 well is centered that is subject to the and gas lease dated 5/18/994 and recorded in Book 242, Pages 679-684.	s centered that is subject to the oil
In Section 25 Township Township 19 South Range 25 West and containing 160 acres, more or less, and all accretions thereto. Township Township Access, more or less, and and containing the provisions herein contained, this lease shall remain in force for a term of 1 (ONE) 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 lease covenants and agrees: 1st. To deliver to the credit of lessor, free of cost, in the pipe line to which lesse may connect wells on said land, the equal once gibth (%) part of all oil produced and saved	acrea, more or less, and all date (called "primary term"), and as long thereafter thich said land is pooled. uel one-eighth (%) part of all oil produced and aaved
from the leased premises. Znd. To pay leasor 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 (%) at the market price at the well, (but, as sold by leasee, in no event more than one-eighth (%) of the proceeds received by lease from such asles), 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, leasee may pay or tander are review. One 'Dollar (\$100) nor veer ner net mineral area retained hereunder, and if such sayment or tender is made it will be considered that gas is being produced within the	nufacture of any products therefrom, one-eighth (¼), essee from such sales), for the gas sold, used off the soly is not sold or used, lessee may pay or tender se 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 lease shall commence to drill a well within the term of them, be found in paying quantities, this lease shall continue and de in force with like effect as if such well had been completed within the term of years first mentioned. If said lease or any stration thread, the leases shall have the right to drill and that the and undivided fee simple estate therein, then the royalties herein provided for shall be paid the and leasor only in the proportion which leaser's in the above described land than the antire and undivided fee simple estate therein, then the royalties herein provided for shall be paid the and leasor only in the proportion which leasor's interest bears to the whole and undivided fee. Lease shall have the right to use, free of cost, gas, oil and water produced on said land for leasers operation thereon, except water from the wells of leasor. When requested by leasor, lease shall bury leaser's pine 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 leasor. Lease shall have the right at any time to remove all machinery and fixtures placed on said land. Lease 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, lease shall be binding on the lease until after the lease has been furnished with a writem transfer to the date of assignment. The estate has the ordinan arising aubsequent to the date of assignment. The covennals hereof shall extend to their heirs, if the estate of either party hereto is assignment or a true copy thereof. In case leases assign a this lease, in whole or in part, lease estails. If the estate of either party hereto is assignment or a tue copy thereof. In case	asee shall commence to drill a well within the term und dispatch, and if oil or gaa, or either of them, be term of years first mentioned. then the royalties herein provided for shall be paid ept water from the wells of lessor. d, the covenants hereof shall extend to their heirs, al, the covenants hereof shall extend to their heirs, attica shall be binding on the lassee until after the alties ahall be binding on the lassee until after the sor in part, lessee shall be relieved of all obligations prinons of the above described premises and thereby
eurrender 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 lease 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, Rules or Regulation. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lesses 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 under 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 under asigned leasors, for themselves and their heirs, auccessors and assigns, hereby aurender 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.	Regulations, and this lease shall not be terminated, failure is the result of, any such Law, Order, Rule or he right at any time to redeem for lessor, by payment ed to the rights of the holder thereof, and the under- mestead in the premises described herein, in so far
Lesse, at its option, is hereby given the right and power to pool or combine the acreage covered by this lesse or any portion thereof with other land, lesse or leases in the immediate vicinity thereof, when in lesser's judgment it is necessary or advisable to do so in order to properly develop and operate said lesse premises as as to promote the concervation 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 acbin in the event of an oil well, or into a unit or units not exceeding 640 acres eaching the pooled acreage. The entits acreage so pooled in the conveyance records of the county in which the land herein lessed is situated an instrument identifying and describing the pooled acreage. The entits acreage so pooled into a tract or unit shall be treated for all purposes except here and from the pooled unit, as if it were included in this lesse. If production is pooled into a leswhere herein specified, lesser and it is been and the from the pooled acreage. The entits acreage so pooled in the unit or his or units not exceeding the pooled acreage. The entits acreage so pooled in the pooled acreage. The entits acreage so found on the pooled acreage, it shall be treated for all purposes except the paramite of royalties entits and the pooled acreage. The entits acreage so pooled in the pooled acreage, it were included in this lesse. If production is placed in the unit or his 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.	ortion thereof with other land, lease or leases in the l operate axid lease premises as as to promote the acts contiguous to one another and to be into a unit to of a gaa well. Lease eahall execute in writing and eacribing the pooled acreage. The entire acreage so a fit were included in this lease. If production is pass if it were included in this lease or not. In lieu of the ty stipulated herein as the amount of his acreage olved.
It is the intention of Lessors that this lease cover all rights in the NW/4 of Section 25-19S-25W, Ness County, Kansas not covered by that oil and gas lease dated May 18, 1994 recorded in Book 242 at page 679.	Vess County, Kansas not covered by
See ADDENDUM attached hereto and made a part hereof.	
SS WHEREOF	SV SV SV SV SV SV SV SV SV SV SV SV SV S
Max C. Engler, II	
President and Secretary, Engler Farms, Inc.	

Date Recorded: 3/14/2011 11.05.00 AM

ADDENDUM to an oil and gas lease dated February 10, 2011, by and between Engler Farms, Inc., hereinafter referred to as Lessor, and James B. Devlin, Wichita, KS 67202, hereinafter referred to as Lessee, covering the following lands in NESS County, KS:

TOWNSHIP 19 SOUTH, RANGE 25 WEST, 6TH P. M.

SECTION 25: NW/4

stated in the KCC approved notice of intent to drill (permit) for the Engler #1 well if greater, Except and excluding the 10 acres on which the Engler #1 well is centered, or the acreage that is subject to the lease dated 05/18/1994 and recorded in Book 242, Pages 679-684.

as modified and supplemented by this addendum. In the event of conflict between the printed Any reference to the "Lease" shall mean the above-referenced oil and gas lease of 2/10/2011 terms of the oil and gas lease of 2/10/2011 and this addendum, the provisions of this addendum shall control.

and federal authorities, copies of reports of BTU for natural gas, copies of gas well meter charts, request, Lessee shall furnish Lessor with all information necessary in order to determine proper transportation and delivery of oil to the purchaser of such oil produced for Lessor's credit, and necessary to audit or verify royalty calculations, and copies of production reports sent to state purchaser fails to pay Lessor for whatever reason. Within sixty days following Lessor's written 1. ROYALTY PAYMENTS. The 3/16ths royalty to Lessor shall be free of all exploration, drilling Lessee shall indemnify Lessor against liability for all claims and losses in connection with the compression, gathering, transporting, delivery, dehydrating, processing and treating of gas. payment of royalty in accordance with this Lease, including but not limited to: authority to Lessee shall be liable for the payment of royalty from oil production, in the event the oil inspect lessee's records at a mutually convenient time and place, all sales information and production costs and from costs incurred by Lessee, directly or indirectly, for the and copies of reports for basic sediment, water and specific gravity of oil.

marketing of gas. During the shut-in period, Lessee shall pay to Lessor shut-in royalty at the rate this Lease. During the shut-in period, it shall be considered that gas is being produced from the of \$10.00 per acre per year, which royalty shall be due and payable on the anniversary date of 2. SHUT-IN ROYALTY. Lessee shall have one (1) year, herein called "shut-in period," from the date of completion of a gas well in which to make pipeline connections from production or leased premises in paying quantities so long as Lessee is paying shut-in royalty as herein provided.

well, including the value of gas used as provided in Paragraph 19 above, computed at the price being paid to Lessor for such gas, be less than \$25.00 per acre. Such deficiency, if any, shall be shall the royalty paid to Lessor for a yearly period commencing with first production from the 3. MINIMUM ROYALTY PAYMENTS. Lessee agrees that at no time during the life of this Lease paid to Lessor by Lessee within thirty (30) days after notice and written demand thereof is made by Lessor. In the event Minimum Royalty is payable for five consecutive years, Lessor may terminate this Lease by giving written notice of termination to Lessee.

expressly consents to unit consisting of the NW/4 Sec. 25-19S-25W and SW/4 Sec. 25-19S-25W. 4. POOLING AND UNITIZATION. Lessee shall not have the right to pool or combine the acreage less than 330' from the boundary line between the NW/4 Sec. 25-19S-25W and the SW/4 Sec. production and payment of royalty. Lessor will permit pooling only for new oil wells located production unit without Lessor's prior written consent and agreement as to the division of 25-19S-25W and a standard 10 acre drilling unit surrounding the well at the center. Lessor covered by this Lease or any portion thereof with other land, lease or leases to form a

herein, if this Lease be in force and effect at the expiration of the primary term, this Lease shall 5. <u>PARTIAL TERMINATION</u>. It is expressly agreed, notwithstanding anything to the contrary thereupon terminate as to:

quantities below the base of the deepest producing zone or formation except if drilling is in b) all zones or formations of the leased lands that are not producing oil or gas in paying a) all leased lands not located in a "drill-site spacing unit" as hereinafter defined, and progress at the end of the extended primary term.

drilling and production unit established for or attributed to a well by a regulatory governmental within which there is a well producing oil or gas. Oil or gas produced from a well not located on authority having jurisdiction and within which there is a well producing oil or gas. If there is no purposes of this Lease a "drill-site spacing unit" is declared to be a contiguous 10 acres for an the leasehold of this Lease, on lands pooled or unitized with leased lands, shall be attributed only to the same zones or formations of leased lands included in the drill-site spacing unit in For purposes of this paragraph, a "drill-site spacing unit" is defined as all lands included in a defined regulatory drilling and production unit established by a governmental authority, for oil well, or 160 acres for a gas well, designated by lessee under authority of this Lease and which the well is located.

or unitized with the leasehold, the operation of this paragraph shall be suspended for so long as Prior to expiration of this Lease as to any zone or formation, Lessee may notify Lessor in writing operation of this paragraph shall be suspended for a period of two (2) additional years after the date Lessee is engaged in drilling or reworking operations on the leasehold, or on lands pooled date this Lease would have expired in the absence of Lessee's designation. If on the expiration productive potential but are not then under production; and, as to such designated zones the of the designation certain zones or formations penetrated by Lessee's well or wells that have

Lessee diligently continues such drilling or reworking operations with no cessation of more than Lease shall continue as to the lands and zones or formations attributed to such production. The ninety (90) consecutive days, and if such operations result in a well producing oil or gas, this operation of this paragraph shall further be suspended after the date of the completion or abandonment of such drilling or reworking operations on one well and the date of the commencement of drilling or reworking operations on the next well as long as such period does not exceed ninety (90) days.

sixty (60) days following Lessor's written demand. If such release is not filed within said period, county of this Lease, a release of the Lease covering expired lands, zones or formations within then Lessee shall be liable to Lessor for any damages suffered by Lessor and for attorney fees Lessee shall be obligated to file of record, in the appropriate public land title records of the and costs incurred by Lessor in obtaining such release. 6. <u>OPERATIONS ON LEASE PREMISES</u>. The express covenants in this Lease that affect, benefit or ground telephone or electric lines, housing for employees, or manufacturing plant or facility for and keep the fences and cattle guards in good repair during the term of the Lease and (iii) keep acts and omissions of Lessee and its agents and persons with whom Lessee contracts on and in necessary to produce leased substances. Lessee will maintain well sites, storage tank locations event there are livestock on the property described above, or on Lessor's request, prior to any gasoline extraction or for the processing of oil, gas or other substances, except the equipment operations to cause minimal interference with any cattle operations on said lands; and In the all gates in said fences closed at all times or install a cattle guard in lieu thereof. Lessee will at all times indemnify and hold Lessor harmless from all claims and liabilities against Lessor, and premises by Lessee with a good and sufficient fence capable of turning livestock, (ii) maintain and other areas used in its lease operations reasonably free of weeds, but without the use of for Lessor's costs and expenses including court costs and attorney's fees and expenses, for all right is granted to the Lessee to erect on any part of said premises any power station, aboverestrict the use of the surface estate are intended to benefit and bind the surface owner. No operations Lessee shall (i) fence all producing wells, tank batteries, drilling pits, burning pits, salt or chemical substances in such weed control. Lessee will use reasonable diligence in its the vicinity of the leasehold premises. Lessor may require Lessee to provide and maintain separators, drip stations, pumps, engines and all other equipment placed on the leased adequate financial security for Lessee's obligations under this Lease.

placed or erected on the leased premises shall be used to support production from acreage not 7. LOCATION OF OPERATIONS AND EQUIPMENT. Lessee agrees to install necessary production livestock pens, whether existing or under construction at the time of such operations, without and metering equipment along the access road to any well and where the well or wells can be safely produced, meter houses and other production equipment shall be located adjacent to drilled nearer than 600 feet from any residence or 300 feet from any other building or water part of this Lease unless agreed to by Owner in a separate written instrument. Lessee is not mutually agreed upon by the parties to this Lease so as to cause minimal interference with Lessor's use of the surface. No pipeline, equipment, plant, facility, or structure of any kind compensation for damages and business losses from Lessee's operations. No well shall be Moreover, the location of any equipment, plant, facility, or structure of any kind shall be authorized and Lessee shall not conduct, operations within or adjacent to any confined any county, state, or federal road or highway adjoining the above described premises. first obtaining Lessor's consent and an agreement with the surface owner regarding well now or later located on the leased premises.

equipment on the leased premises, Lessee and the surface owner and/or tenant shall consult as line and so laid as to not interfere with farming operations, and on new installations, Lessee will lines to a depth of not less than forty-eight (48) inches from the surface to the top of the buried contours of the land be changed, then, and in that event, Lessee shall lower any lines laid by it install locator wire at the time of installation. If Lessee crosses any existing buried pipelines or 8. ACCESS ROADS AND PIPELINES. Owner reserves the right to designate reasonable routes of any access roads without the written consent of Owner. Lessee shall bury pipelines and utility to the location and direction of same. There shall be no oil road surfaces or hard surfacing of over, under or alongside any pipeline of the Lessee, as long as the same do not unreasonably interpreted as prohibiting Lessor's location and construction of fences, pipelines or ditches electrical lines, Lessee shall install Lessee's buried lines below existing lines. Should the construction of any roads, pipelines, tank battery installations, or installation of other to maintain the minimum depth at its sole cost and expense. Nothing herein shall be ingress and egress. Said designation shall not be unreasonably withheld. Prior to the interfere with Lessee's operations.

Lessee will not store or maintain equipment, facilities, supplies and materials on the leasehold 9. MAINTENANCE. Lessee agrees to maintain the soil surface to its original contour including terraces. Lessee will promptly remove trash and refuse generated from its operations, and that are not then being used in Lessee's operations.

later than one year after the completion of any operation that disturbs or contaminates topsoil, Lessee shall excavate, remove and dispose of all tainted or contaminated soil and restore the original elevation and contour. Lessee shall reimburse Owner for costs incurred for deep soil operations, Lessee shall remove the equipment and fixtures not needed for production. Not site using the original or similar topsoil to the same depth and restore the soil surface to its 10. RESTORATION. All drilling pits shall be filled and leveled within sixty (60) days after well completion or abandonment. Within six (6) months from the date of completion of drilling ripping to remedy soil compaction from Lessee's operations.

11. RESTRICTIONS ON USE OF FRESH WATER. Lessee shall specifically not have any right to use leased premises. Lessee shall specifically not have any right to use fresh water from the above fresh water from the above described premises for the purpose of drilling operations on the described premises for the purpose of water flooding or injection in any water flooding program in which the leased premises may, for any reason, be pooled or unitized.

Within one (1) year after the cessation of production from any well, Lessee will plug the well in accordance with local and state requirements and have the obligation to restore, as nearly as practicable as possible, the leased premises to the same condition as received, natural wear reasonably restore the premises to the condition existing at the time the Lease is executed. 12. ABANDONMENT. In the event there is no production in paying quantities found by any abandonment of the Lease, the Lessee shall fill all pits, ponds, remove all structures and operations undertaken by Lessee during the primary term of the Lease and there is an

fixtures, including well surface casing from the soil surface down to not less than 48 inches and remove and replace all soil tainted or contaminated from Lessee's operations with the same and tear and damages by the elements excepted, remove all of Lessee's equipment and kind of soil as existed prior to operations.

produced from the leasehold. Lessor will allow salt water disposal from producing wells located standards stated herein. Further, the payment of well-site damages will not release Lessee from Lessee shall indemnify and hold Lessor harmless from any claims, damages, actions or causes of be piped underground to the disposal well. No trucking of salt water to the disposal well will be produced off the leasehold. Lessee duty to indemnify and hold Lessor harmless from liability for 13. POLLUTION; SALT WATER. Lessee agrees that it will comply with all regulations and statutes subsequent to the commencement of this Lease. The injection of any gas, water or other fluids allowed. All electric lines will be placed underground. Lessee shall not be permitted to use any of all governmental entities having jurisdiction over compliance with environmental legislation on Lessor's land and unitized wells that Lessor shares royalty from. All salt water disposals will action from any environmental damage or contamination caused or contributed to by Lessee existing well or well drilled on the leased premises as a salt water disposal well for salt water protect all fresh water strata and the surface from pollution by salt water and other refuse. into subsurface strata or the disposal of salt water by Lessee shall not be permitted unless and will use its best efforts and follow general practices customary within the industry to Lessee first obtains the written consent of Lessor; provided, Lessor will not unreasonably withhold consent to the injection of any gas, water or fluid or the disposal of salt water losses under this paragraph shall exist without regard to Lessee's compliance with the liability under this paragraph.

14. DAMAGES. The following provisions shall govern damages incurred by Lessor during Lessee's operations: (a)Lessee shall pay Owner for all damages caused by its operations, including pipelines, on said cost of land restoration shall be computed by Owner on completion of Lessee's operations and land, to all property, real, personal, or mixed, caused by its operations on said land, including operations from planting a crop, Lessee shall pay Owner for the one-time loss of such crop in but specifically not limited to land, growing crops, grass, buildings, livestock, surface, fences and other improvements and personal property. Damages to Lessor's crops and for Lessor's paid by Lessee within thirty days of Lessor's demand. If Owner is prevented by Lessee's the same manner as if such crop had been growing at the time of Lessee's operations.

drilling or re-working a well or other operations, including any surveying, or staking, and for any damages, not less than \$5,000.00 for each drill site location on the leased premises. If the drill site area exceeds two acres, Lessee will pay additional damages at the rate of \$2,500.00 per (b)Lessee agrees to notify Owner prior to entering the leased premises for the purpose of acre, exclusive of crop losses. In the event that actual damages exceed minimum amount, seismic operations. Lessee shall pay to Owner, as an estimate of reasonable and ordinary Lessee will be liable for the total amount of actual damages. (c)In advance of any seismic operations or buried pipeline installation on the leasehold, Lessee most recently published guidelines preceding Lessee's operations or the amount of \$15.00 per shall pay land surface damages to the surface owner in an amount equal to the greater of the minimum amount or rate stated by the Southwest Kansas Royalty Owner's Association in its linear rod for each pipeline placed or installed on the leasehold premises or \$15 per acre for seismic operations.

liquidated damages that are curtailed or assessed by the applicable administrative agency as a P program, Lessee shall restore and reseed any surface area disturbed in connection with Lease indemnify and hold Lessor harmless from lost revenue or payments and from any penalties operations as required by the applicable administrative agency laws, rules and policies and Conservation Reserve Program, or any similar government sponsored land conservation (d) If any part of the leased premises are now or are ever subject to or enrolled in the result of such leasehold operations. 15. <u>ASSIGNMENT</u>. Lessee shall not be relieved of its obligations under this Lease by assignment, consent will not be unreasonably withheld when the proposed assignee provides and commits obligation to plug all wells and restore all well sites constructed or operated under this Lease. unless prior to such assignment Lessor has consented to the assignment in writing, which to maintain adequate financial security for its obligations under the Lease, including the

other than title claims made by or through Lessor. In accepting this Lease, Lessee acknowledges that Lessee has examined Lessor's title and finds the same acceptable to Lessee. Lessee will pay 16. <u>LESSOR'S TITLE</u>. Lessor is not obligated to warrant and defend Lessor's title against claims all of Lessee's abstracting charges in connection with this Lease.

IN WITNESS WHEREOF, the Lessor has signed this Addendum effective the 2.8 day of 17. BINDING EFFECT. The Lease shall extend to and be binding on all of the heirs, administrators, executors, trustees, successors and assigns of Lessor and Lessee. February 2011.

Engler Farms, Inc. By:

Thay C.E. Max Fingler, III

President, Engler Farms, Inc.

	Kansas Blue Print 700 S. Bnadway PO Box 703 Weimia, KS 62701-0703 315-264-0344-264-515 fax
10th February	www.ktap.com * kap@kap.com 2011
ay of	
Luetta M. Engler, a s Charlene K. Engler, a	
Deerfield, KS 67838 hereinafter	called Lessor (whether one or more),
	, hereinafter caller Lessee:
Lessor, in consideration of One and More Dollars (s One (\$1.00)) in hand paid, receipt of which vely unto lessee for the purpose
Is here acknowledged and of the myalues herein provided and of the agreements of the acknowledged and of the myalues herein provided and other respective diffines and operating for and provided off, liquid hydrocarbons, all gases, and their respective constituents provided and provided and provided and provided and provided and provided and other structures constituents produces and other structures constituent produces, line to the structures constituent produces, allowed the structures constituent produces, asve, take care of, treat, manufacture, process, store and transport stal off, liquid hydrocarbons, gases and their respective constituent produces and other and things thereon to produce, save, take care of, treat, manufacture, process, store and transport stal off, liquid hydrocarbons, gases and their respective constituent produces and other and things thereon to produce, save, take care of, treat, manufacture, process, store and transport stal off, liquid hydrocarbons, gases and their respective constituent produces and other products and other and things thereon to produce, save, take care of, treat, manufacture, process, store and transport stal off, 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 NeSS	, all gases, and their respective phone lines, and other respective constituent products and other ights and after-acquited interest, described as follows to-wit:
The Northwest Quarter (NVV/4) except and excluding the 10 acres on which the Engler #1 well is centered that is subject to the and gas lease dated 5/18/994 and recorded in Book 242, Pages 679-684.	t is subject to the oil
In Section 25 Township 19 South Range 25 West 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 tern of <u>1 (ONE)</u> years from this date (called "primary term"). 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.	ıry term"), and as long thereafter booled.
In consideration of the premises the said leasee covenants and agrees: 1st. To deliver to the credit of leasor, free of cost, in the pipe line to which lessee may connect wells on said land, the equal one-eighth (%) part of all oil produced from the lessed premises.	part of all oil produced and saved
2nd. To pay leasor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any produced in the unsertain twi- at the market price at the well, (but, as of as sold by leasee, in no event more than one egight (M) of the proceeds received by lease 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, lease may pay or tender as rowsley. One Dollar (\$1,00) per year antient mixed acre relatined heremder, and if such payment or tender is made it will be considered that gas is being produced within the	contest interturing, outer again 1,0%, les), for the gas sold, used off the or used, lessee may pay or tender 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 lease shall comm of this lease or any extension thereof, the resees shall have the right to drill such well had been completed within the term of years fi	toe to drill a well within the term if oil or gas, or either of them, be mentioned.
found in paying quantities, this lease shall continue and optimizers with invested as a such were not your optimizers therein, then the royalties herein provided for 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 the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee.	herein provided for shall be paid walls of lessor.
Lassee 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 When requested by lessor, lessee shall bury lessee's pipe lines below plow depth. M A. and A. A. A. A. A. A. 200 for the house or barn now on said premises without written consent of lessor.	Mella Of Iceant.
No wen shall be unued reacts that not set to react the proving crops on said land. Lesse shall pay for damages caused by lesse's operations to growing crops on said land. Lesse shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and ren	ve 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 hereor and extend users, and or neures, the executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rankis or royalties shall be binding on the lassee until after the executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rankis or royalties shall be binding on the lassee until after the lasse the bear or assigned to a knue copy thereof. In case lessee assigns this lesse, in whole or in part, lessee shall be relieved of all obligations lessee that bear the bear of the last of assignment of the date of assignment.	pereof shall extend to their neury, ding on the lessee until after the shall be relieved of all obligations
With respect to the assigned potentie of particle and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby trens are the above described premises and thereby surrender this lease as to such portion or portions or portions of the above described premises and thereby surrender this lease as to such portion or portions and this lesses shall be used of all obligations as to the acreage surrendered. All express or implied, and this lease shall not be terminated. All express or implied or implied or any such that the above described premises and thereby and the security of any such that the above described premises and thereby and the security of any such that the above described premises are converted by the accepted of all obligations are the acreage surrendered.	e deacribed premises and thereby this lease shall not be terminated, t of, any such Law, Order, Rule or
in whole or in part, not lease held liable in damages, for failure to compty therewith, it computed to a protoned by the set of the soft failed of the soft there is and the under Leasor, by payment Leasor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the leases hall have the right at any time to redeem for leasor, by payment Leasor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the leases hall have the right at any time to redeem for leasor, by payment Leasor hereby warrants and agrees that the takes or other lishs on the above described lands, in the event of default of payment by leasor, and be autogrees (are or other lishs on the above described herein, in ao far	to to redeem for leasor, by payment the holder thereof, and the under- mises described herein. In so far
aigned lessors, for themselves and their heirs, successors and sarigns, hereby surrender and release all right of dower and homesteed may in any way affect the purposes for which this lesse is made, as recited herein. as said right of dower and homesteed may in any way affect the purposes for which this lesse is made, as recited herein. Lesses, at its option, is hereby given the right and power to pool or combine the acreage covered by this lesse or any portion thereof with other land, lesse or les immediate vicinity thereof, when in lesse's judgment it is necessary or advisable to do so in order to properly develop and operate said lesse premises so as to pi immediate vicinity thereof, when in lesse's judgment it is necessary or advisable to do so in order to pooling to be of tracts configuous to one another and to be conservation of oil, gas or other minetals in and under and that may be produced from said premises, such pooling to be of tracts configuous to one another and to be conservation of oil are or the event of an oil well, or into a unit or units in instrument identifying and describing the pooled acreage. The entit or units not exceeding 40 acrea each in the event of an oil well, or into a unit and instrument identifying and describing the pooled acreage. The entit	i other land, lease or leases in the se premises so as to pronote the non another and to be into a unit esse shall execute in writing and ed acreage. The entire acreage so
record into a tract or unit shall be treated. for all purpose scrept the parment of royalties on production from the pooled unit, as if it were in pooled into a tract or unit shall be treated. for all purpose scrept the parment of royalties on production from the pooled on the premises even 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 even 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 even royalties elsewhere herein specified, leasor shall receive on production from a unit ao pooled only arch portion of the royalty stipulated h 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.	ded in this lease. If production is by this lease or not. In lieu of the ein as the amount of his acreage
Royaltyit is agreed by the Lessor and Lessee that where the term "1/8th" appears in the Lease, it should read "3/16th" in each case	ad "3/16th" in each case.
It is the intention of Lessors that this lease cover all rights in the NW/4 of Section 25-19S-25W, Ness County, Kansas not covered by that oil and gas lease dated May 18, 1994 recorded in Book 242, Pages 679-684.	Kansas not covered by
See ADDENDUM attached hereto and made a part hereof.	SARWAY CARACTER
IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written. Witnesses: Mar C Fnoler III Mar C Fnoler III Luetta M. Engler	der, un
ONO Conde	
State of Kansas - Ness County	
Beceipt #: 7866 Paras Racrondad: R Paras Racrondad: R	3 19

to as Lessor, and James B. Devlin, Wichita, KS 67202, hereinafter referred to as Lessee, covering ADDENDUM to an oil and gas lease dated February 10, 2011, by and between Max C. Engler III and Catherine J. Engler, his wife; Luetta M. Engler and Charlene K. Engler hereinafter referred the following lands in NESS County, KS:

TOWNSHIP 19 SOUTH, RANGE 25 WEST, 6TH P. M. SECTION 25: NW/4

stated in the KCC approved notice of intent to drill (permit) for the Engler #1 well if greater, Except and excluding the 10 acres on which the Engler #1 well is centered, or the acreage that is subject to the lease dated 05/18/1994 and recorded in Book 242, Pages 679-684.

as modified and supplemented by this addendum. In the event of conflict between the printed Any reference to the "Lease" shall mean the above-referenced oil and gas lease of 2/10/2011 terms of the oil and gas lease of 2/10/2011 and this addendum, the provisions of this addendum shall control.

and federal authorities, copies of reports of BTU for natural gas, copies of gas well meter charts, request, Lessee shall furnish Lessor with all information necessary in order to determine proper transportation and delivery of oil to the purchaser of such oil produced for Lessor's credit, and necessary to audit or verify royalty calculations, and copies of production reports sent to state purchaser fails to pay Lessor for whatever reason. Within sixty days following Lessor's written Lessee shall indemnify Lessor against liability for all claims and losses in connection with the 1. ROYALTY PAYMENTS. The 3/16ths royalty to Lessor shall be free of all exploration, drilling compression, gathering, transporting, delivery, dehydrating, processing and treating of gas. payment of royalty in accordance with this Lease, including but not limited to: authority to Lessee shall be liable for the payment of royalty from oil production, in the event the oil inspect lessee's records at a mutually convenient time and place, all sales information and production costs and from costs incurred by Lessee, directly or indirectly, for the and copies of reports for basic sediment, water and specific gravity of oil.

marketing of gas. During the shut-in period, Lessee shall pay to Lessor shut-in royalty at the rate this Lease. During the shut-in period, it shall be considered that gas is being produced from the of \$10.00 per acre per year, which royalty shall be due and payable on the anniversary date of 2. SHUT-IN ROYALTY. Lessee shall have one (1) year, herein called "shut-in period," from the date of completion of a gas well in which to make pipeline connections from production or leased premises in paying quantities so long as Lessee is paying shut-in royalty as herein provided.

well, including the value of gas used as provided in Paragraph 19 above, computed at the price being paid to Lessor for such gas, be less than \$25.00 per acre. Such deficiency, if any, shall be shall the royalty paid to Lessor for a yearly period commencing with first production from the 3. MINIMUM ROYALTY PAYMENTS. Lessee agrees that at no time during the life of this Lease paid to Lessor by Lessee within thirty (30) days after notice and written demand thereof is made by Lessor. In the event Minimum Royalty is payable for five consecutive years, Lessor may terminate this Lease by giving written notice of termination to Lessee.

expressly consents to unit consisting of the NW/4 Sec. 25-19S-25W and SW/4 Sec. 25-19S-25W. 4. POOLING AND UNITIZATION. Lessee shall not have the right to pool or combine the acreage less than 330' from the boundary line between the NW/4 Sec. 25-19S-25W and the SW/4 Sec. production and payment of royalty. Lessor will permit pooling only for new oil wells located production unit without Lessor's prior written consent and agreement as to the division of 25-19S-25W and a standard 10 acre drilling unit surrounding the well at the center. Lessor covered by this Lease or any portion thereof with other land, lease or leases to form a

herein, if this Lease be in force and effect at the expiration of the primary term, this Lease shall 5. <u>PARTIAL TERMINATION</u>. It is expressly agreed, notwithstanding anything to the contrary thereupon terminate as to:

.⊆ quantities below the base of the deepest producing zone or formation except if drilling is b) all zones or formations of the leased lands that are not producing oil or gas in paying a) all leased lands not located in a "drill-site spacing unit" as hereinafter defined, and progress at the end of the extended primary term.

drilling and production unit established for or attributed to a well by a regulatory governmental within which there is a well producing oil or gas. Oil or gas produced from a well not located on the leasehold of this Lease, on lands pooled or unitized with leased lands, shall be attributed authority having jurisdiction and within which there is a well producing oil or gas. If there is no purposes of this Lease a "drill-site spacing unit" is declared to be a contiguous 10 acres for an only to the same zones or formations of leased lands included in the drill-site spacing unit in For purposes of this paragraph, a "drill-site spacing unit" is defined as all lands included in a defined regulatory drilling and production unit established by a governmental authority, for oil well, or 160 acres for a gas well, designated by lessee under authority of this Lease and which the well is located.

or unitized with the leasehold, the operation of this paragraph shall be suspended for so long as Prior to expiration of this Lease as to any zone or formation, Lessee may notify Lessor in writing operation of this paragraph shall be suspended for a period of two (2) additional years after the date Lessee is engaged in drilling or reworking operations on the leasehold, or on lands pooled date this Lease would have expired in the absence of Lessee's designation. If on the expiration productive potential but are not then under production; and, as to such designated zones the of the designation certain zones or formations penetrated by Lessee's well or wells that have

Lessee diligently continues such drilling or reworking operations with no cessation of more than Lease shall continue as to the lands and zones or formations attributed to such production. The ninety (90) consecutive days, and if such operations result in a well producing oil or gas, this operation of this paragraph shall further be suspended after the date of the completion or abandonment of such drilling or reworking operations on one well and the date of the commencement of drilling or reworking operations on the next well as long as such period does not exceed ninety (90) days.

sixty (60) days following Lessor's written demand. If such release is not filed within said period, county of this Lease, a release of the Lease covering expired lands, zones or formations within then Lessee shall be liable to Lessor for any damages suffered by Lessor and for attorney fees Lessee shall be obligated to file of record, in the appropriate public land title records of the and costs incurred by Lessor in obtaining such release.

ground telephone or electric lines, housing for employees, or manufacturing plant or facility for 6. <u>OPERATIONS ON LEASE PREMISES</u>. The express covenants in this Lease that affect, benefit or and keep the fences and cattle guards in good repair during the term of the Lease and (iii) keep necessary to produce leased substances. Lessee will maintain well sites, storage tank locations acts and omissions of Lessee and its agents and persons with whom Lessee contracts on and in gasoline extraction or for the processing of oil, gas or other substances, except the equipment event there are livestock on the property described above, or on Lessor's request, prior to any and other areas used in its lease operations reasonably free of weeds, but without the use of operations to cause minimal interference with any cattle operations on said lands; and In the premises by Lessee with a good and sufficient fence capable of turning livestock, (ii) maintain all gates in said fences closed at all times or install a cattle guard in lieu thereof. Lessee will at all times indemnify and hold Lessor harmless from all claims and liabilities against Lessor, and for Lessor's costs and expenses including court costs and attorney's fees and expenses, for all restrict the use of the surface estate are intended to benefit and bind the surface owner. No right is granted to the Lessee to erect on any part of said premises any power station, aboveoperations Lessee shall (i) fence all producing wells, tank batteries, drilling pits, burning pits, salt or chemical substances in such weed control. Lessee will use reasonable diligence in its the vicinity of the leasehold premises. Lessor may require Lessee to provide and maintain separators, drip stations, pumps, engines and all other equipment placed on the leased adequate financial security for Lessee's obligations under this Lease.

placed or erected on the leased premises shall be used to support production from acreage not 7. LOCATION OF OPERATIONS AND EQUIPMENT. Lessee agrees to install necessary production and metering equipment along the access road to any well and where the well or wells can be livestock pens, whether existing or under construction at the time of such operations, without safely produced, meter houses and other production equipment shall be located adjacent to drilled nearer than 600 feet from any residence or 300 feet from any other building or water part of this Lease unless agreed to by Owner in a separate written instrument. Lessee is not mutually agreed upon by the parties to this Lease so as to cause minimal interference with Lessor's use of the surface. No pipeline, equipment, plant, facility, or structure of any kind compensation for damages and business losses from Lessee's operations. No well shall be Moreover, the location of any equipment, plant, facility, or structure of any kind shall be authorized and Lessee shall not conduct, operations within or adjacent to any confined any county, state, or federal road or highway adjoining the above described premises. first obtaining Lessor's consent and an agreement with the surface owner regarding well now or later located on the leased premises.

equipment on the leased premises, Lessee and the surface owner and/or tenant shall consult as line and so laid as to not interfere with farming operations, and on new installations, Lessee will lines to a depth of not less than forty-eight (48) inches from the surface to the top of the buried contours of the land be changed, then, and in that event, Lessee shall lower any lines laid by it install locator wire at the time of installation. If Lessee crosses any existing buried pipelines or 8. ACCESS ROADS AND PIPELINES. Owner reserves the right to designate reasonable routes of any access roads without the written consent of Owner. Lessee shall bury pipelines and utility to the location and direction of same. There shall be no oil road surfaces or hard surfacing of over, under or alongside any pipeline of the Lessee, as long as the same do not unreasonably interpreted as prohibiting Lessor's location and construction of fences, pipelines or ditches electrical lines, Lessee shall install Lessee's buried lines below existing lines. Should the construction of any roads, pipelines, tank battery installations, or installation of other to maintain the minimum depth at its sole cost and expense. Nothing herein shall be ingress and egress. Said designation shall not be unreasonably withheld. Prior to the interfere with Lessee's operations.

Lessee will not store or maintain equipment, facilities, supplies and materials on the leasehold 9. MAINTENANCE. Lessee agrees to maintain the soil surface to its original contour including terraces. Lessee will promptly remove trash and refuse generated from its operations, and that are not then being used in Lessee's operations.

later than one year after the completion of any operation that disturbs or contaminates topsoil, Lessee shall excavate, remove and dispose of all tainted or contaminated soil and restore the original elevation and contour. Lessee shall reimburse Owner for costs incurred for deep soil operations, Lessee shall remove the equipment and fixtures not needed for production. Not site using the original or similar topsoil to the same depth and restore the soil surface to its 10. <u>RESTORATION</u>. All drilling pits shall be filled and leveled within sixty (60) days after well completion or abandonment. Within six (6) months from the date of completion of drilling ripping to remedy soil compaction from Lessee's operations.

11. RESTRICTIONS ON USE OF FRESH WATER. Lessee shall specifically not have any right to use leased premises. Lessee shall specifically not have any right to use fresh water from the above fresh water from the above described premises for the purpose of drilling operations on the described premises for the purpose of water flooding or injection in any water flooding program in which the leased premises may, for any reason, be pooled or unitized.

Within one (1) year after the cessation of production from any well, Lessee will plug the well in accordance with local and state requirements and have the obligation to restore, as nearly as practicable as possible, the leased premises to the same condition as received, natural wear reasonably restore the premises to the condition existing at the time the Lease is executed. 12. ABANDONMENT. In the event there is no production in paying quantities found by any abandonment of the Lease, the Lessee shall fill all pits, ponds, remove all structures and operations undertaken by Lessee during the primary term of the Lease and there is an

fixtures, including well surface casing from the soil surface down to not less than 48 inches and remove and replace all soil tainted or contaminated from Lessee's operations with the same and tear and damages by the elements excepted, remove all of Lessee's equipment and kind of soil as existed prior to operations.

produced from the leasehold. Lessor will allow salt water disposal from producing wells located standards stated herein. Further, the payment of well-site damages will not release Lessee from be piped underground to the disposal well. No trucking of salt water to the disposal well will be Lessee shall indemnify and hold Lessor harmless from any claims, damages, actions or causes of produced off the leasehold. Lessee duty to indemnify and hold Lessor harmless from liability for 13. POLLUTION; SALT WATER. Lessee agrees that it will comply with all regulations and statutes subsequent to the commencement of this Lease. The injection of any gas, water or other fluids allowed. All electric lines will be placed underground. Lessee shall not be permitted to use any of all governmental entities having jurisdiction over compliance with environmental legislation on Lessor's land and unitized wells that Lessor shares royalty from. All salt water disposals will action from any environmental damage or contamination caused or contributed to by Lessee existing well or well drilled on the leased premises as a salt water disposal well for salt water protect all fresh water strata and the surface from pollution by salt water and other refuse. into subsurface strata or the disposal of salt water by Lessee shall not be permitted unless and will use its best efforts and follow general practices customary within the industry to Lessee first obtains the written consent of Lessor; provided, Lessor will not unreasonably withhold consent to the injection of any gas, water or fluid or the disposal of salt water losses under this paragraph shall exist without regard to Lessee's compliance with the liability under this paragraph.

14. <u>DAMAGES</u>. The following provisions shall govern damages incurred by Lessor during Lessee's operations: (a)Lessee shall pay Owner for all damages caused by its operations, including pipelines, on said cost of land restoration shall be computed by Owner on completion of Lessee's operations and and, to all property, real, personal, or mixed, caused by its operations on said land, including operations from planting a crop, Lessee shall pay Owner for the one-time loss of such crop in but specifically not limited to land, growing crops, grass, buildings, livestock, surface, fences and other improvements and personal property. Damages to Lessor's crops and for Lessor's paid by Lessee within thirty days of Lessor's demand. If Owner is prevented by Lessee's the same manner as if such crop had been growing at the time of Lessee's operations.

drilling or re-working a well or other operations, including any surveying, or staking, and for any damages, not less than \$5,000.00 for each drill site location on the leased premises. If the drill site area exceeds two acres, Lessee will pay additional damages at the rate of \$2,500.00 per (b)Lessee agrees to notify Owner prior to entering the leased premises for the purpose of seismic operations. Lessee shall pay to Owner, as an estimate of reasonable and ordinary acre, exclusive of crop losses. In the event that actual damages exceed minimum amount, Lessee will be liable for the total amount of actual damages.

most recently published guidelines preceding Lessee's operations or the amount of \$15.00 per (c)In advance of any seismic operations or buried pipeline installation on the leasehold, Lessee shall pay land surface damages to the surface owner in an amount equal to the greater of the minimum amount or rate stated by the Southwest Kansas Royalty Owner's Association in its linear rod for each pipeline placed or installed on the leasehold premises or \$15 per acre for seismic operations.

liquidated damages that are curtailed or assessed by the applicable administrative agency as a indemnify and hold Lessor harmless from lost revenue or payments and from any penalties or program, Lessee shall restore and reseed any surface area disturbed in connection with Lease operations as required by the applicable administrative agency laws, rules and policies and Conservation Reserve Program, or any similar government sponsored land conservation (d) If any part of the leased premises are now or are ever subject to or enrolled in the result of such leasehold operations. 15. <u>ASSIGNMENT</u>. Lessee shall not be relieved of its obligations under this Lease by assignment, consent will not be unreasonably withheld when the proposed assignee provides and commits obligation to plug all wells and restore all well sites constructed or operated under this Lease. unless prior to such assignment Lessor has consented to the assignment in writing, which to maintain adequate financial security for its obligations under the Lease, including the

other than title claims made by or through Lessor. In accepting this Lease, Lessee acknowledges that Lessee has examined Lessor's title and finds the same acceptable to Lessee. Lessee will pay 16. <u>LESSOR'S TITLE</u>. Lessor is not obligated to warrant and defend Lessor's title against claims all of Lessee's abstracting charges in connection with this Lease.

IN WITNESS WHEREOF, the Lessor has signed this Addendum effective the 24 day of 17. <u>BINDING EFFECT</u>. The Lease shall extend to and be binding on all of the heirs, administrators, executors, trustees, successors and assigns of Lessor and Lessee. February 2011.

atterie Catherine J. Englei Charlene K. Engler Charlen -uetta M. Engler Max C. Engler III Thank

AGREEMENT, Made and entered into the 10th day of February Verlyn R. Engler and Nancie J. Linville-Engler, his wife
AGREBMBNT, Made and entered into the 10th
whose mailing address is <u>996 Dogwood Drive Golden, Colorado 80401</u> hereinafter called Lessor (whether one or more), James B. Devlin, Wichita, Kansas 67202
Lessor, in consideration of ORE te acknowledged and of the myaites vestigating, exploring by geophysica threen products, injecting gas, water, hings thereon to produce, save, take uots manufactured therefrom, and ho in situated in County of NeSS
The Northwest Quarter (NVV/4) except and excluding the 10 acres on which the Engler #1 well is centered that is subject to the oil and gas lease dated 5/18/994 and recorded in Book 242, Pages 679-684.
In Section 25 Township 19 South 25 West and containing 160 accretions thereto. Township 19 South Range 25 West and containing 160 accretions thereto. Subject to the provisions herein contained, this lease shall remain in force for a term of 1 (ONE) 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 leasee covenants and agrees: 1st. To deliver to the credit of leasor, free of cost, in the pipe line to which lease may connect wells on said land, the equal one-eighth (%) part of all oil produced and saved from the leased premises. 2nd. To pay leasor 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 (%) at the market price at the well, (but, as to gas sold by lease, in no event more than one-eighth (%) of the proceeds received by lesser 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, lease may prov fonder as royalty. One Dollar (\$100) 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 producting produced within the
all all fich is the fich
No well stall be orthed nearer than ZU teet to the nouse 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 satate 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, accessors or assignat, but no change in the ownership of the land or assignment of rentals or royaties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment. Lessee has been furnished portion or portions arising abbequent to the date of assignment. Lessee has been this less and period or and believer to be lage of rease lesses assigns this lesse, in whole or in part, lessee and it be binding on the lessee until after the with respect to the assigned portion or portions arising abbequent to the date of assignment. Lessee may at any time execute and deliver to lessor and less of the laste of this lesses are to not portion or portions arising and betto date of assignment. All express or implied covenants of this lesse shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lesses, for and the result of, any such Law, Order, Rule or in part, nor lesse held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, and such Raw, Order, Rule or in part, nor lesse held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, and such Raw, order, and the privented of the completed or provide or in part, nor lesse held liable in damages, for failure to comply therewith, if compliance is pr
The second second second agrees to defend the title to the lands herein described, and agrees that the lesses shall have the right at any time to redeem for lessor, by payment Uzesor hereby warrants and agrees to defend the title to the lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and the under signed 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 lesses is made, as recited herein. These, at is option, is hereby given the right and power to pool or combine the acreage covered by this lessor any portion thereof, with other land, lesse or lesses in the immediate vicinity thereof, when in lessers judgment it is necessary or advisable to do so in order to properly develop and operate said lesse theme, are to promote the conservation of oil, gas or other minerals in and under and that may be produced from asid premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceedia of the county in which the land herein lessed is situated an instrument identifying and describing the record of on the premises ace phalls are the pooled into a tract or unit shall be treated as if purposes the payment of royalise on producing for othe pooled acreage. The entire acreage so pooled into a tract or units and the second so in order to properly the pooled and in the area. If production is found on the production is a lessed is achterian and from the pooled on the premises accept the payment is ease of the rounty in which the land herein lesses to product from the pooled acreage. The entire acreage so pooled in the work or unit shall be treated as if production from a unit so pooled on the premises occered by this lesser. The order of the royalties elsewhere herein specified, lessor shall recease to
Royaltyit is agreed by the Lessor and Lessee that where the term "1/8th" appears in the Lease, it should read "3/16th" in each case.
It is the intention of Lessors that this lease cover all rights in the NW/4 of Section 25-19S-25W, Ness County, Kansas not covered by that oil and gas lease dated May 18, 1994 recorded in Book 242 at page 679.
See ADDENDUM attached hereto and made a part hereof.
Witnessen: WrTrNESS WHEREOR, the Independence this instrument as of the day and year first above written.

State of Kansas - Ness County Book: 339 Page: 115 Receipt #: 7866 Pages Recorded: B Cashier Initials: MH Date Recorded: 3/14/2011 11:10:00 AM ADDENDUM to an oil and gas lease dated February 10, 2011, by and between Verlyn R. Engler and Nancy J. Linville-Engler, his wife hereinafter referred to as Lessor, and James B. Devlin, Wichita, KS 67202, hereinafter referred to as Lessee, covering the following lands in NESS County, KS:

TOWNSHIP 19 SOUTH, RANGE 25 WEST, 6TH P. M.

SECTION 25: NW/4

Except and excluding the 10 acres on which the Engler #1 well is centered, or the acreage stated in the KCC approved notice of intent to drill (permit) for the Engler #1 well if greater, that is subject to the lease dated 05/18/1994 and recorded in Book 242, Pages 679-684.

as modified and supplemented by this addendum. In the event of conflict between the printed Any reference to the "Lease" shall mean the above-referenced oil and gas lease of 2/10/2011 terms of the oil and gas lease of 2/10/2011 and this addendum, the provisions of this addendum shall control.

and federal authorities, copies of reports of BTU for natural gas, copies of gas well meter charts, request, Lessee shall furnish Lessor with all information necessary in order to determine proper transportation and delivery of oil to the purchaser of such oil produced for Lessor's credit, and necessary to audit or verify royalty calculations, and copies of production reports sent to state purchaser fails to pay Lessor for whatever reason. Within sixty days following Lessor's written 1. ROYALTY PAYMENTS. The 3/16ths royalty to Lessor shall be free of all exploration, drilling Lessee shall indemnify Lessor against liability for all claims and losses in connection with the compression, gathering, transporting, delivery, dehydrating, processing and treating of gas. payment of royalty in accordance with this Lease, including but not limited to: authority to Lessee shall be liable for the payment of royalty from oil production, in the event the oil inspect lessee's records at a mutually convenient time and place, all sales information and production costs and from costs incurred by Lessee, directly or indirectly, for the and copies of reports for basic sediment, water and specific gravity of oil.

marketing of gas. During the shut-in period, Lessee shall pay to Lessor shut-in royalty at the rate this Lease. During the shut-in period, it shall be considered that gas is being produced from the of \$10.00 per acre per year, which royalty shall be due and payable on the anniversary date of 2. SHUT-IN ROYALTY. Lessee shall have one (1) year, herein called "shut-in period," from the date of completion of a gas well in which to make pipeline connections from production or leased premises in paying quantities so long as Lessee is paying shut-in royalty as herein provided.

well, including the value of gas used as provided in Paragraph 19 above, computed at the price being paid to Lessor for such gas, be less than \$25.00 per acre. Such deficiency, if any, shall be shall the royalty paid to Lessor for a yearly period commencing with first production from the 3. MINIMUM ROYALTY PAYMENTS. Lessee agrees that at no time during the life of this Lease paid to Lessor by Lessee within thirty (30) days after notice and written demand thereof is made by Lessor. In the event Minimum Royalty is payable for five consecutive years, Lessor may terminate this Lease by giving written notice of termination to Lessee.

expressly consents to unit consisting of the NW/4 Sec. 25-19S-25W and SW/4 Sec. 25-19S-25W. 4. POOLING AND UNITIZATION. Lessee shall not have the right to pool or combine the acreage less than 330' from the boundary line between the NW/4 Sec. 25-19S-25W and the SW/4 Sec. production and payment of royalty. Lessor will permit pooling only for new oil wells located production unit without Lessor's prior written consent and agreement as to the division of 25-19S-25W and a standard 10 acre drilling unit surrounding the well at the center. Lessor covered by this Lease or any portion thereof with other land, lease or leases to form a

herein, if this Lease be in force and effect at the expiration of the primary term, this Lease shall 5. PARTIAL TERMINATION. It is expressly agreed, notwithstanding anything to the contrary thereupon terminate as to:

quantities below the base of the deepest producing zone or formation except if drilling is in b) all zones or formations of the leased lands that are not producing oil or gas in paying a) all leased lands not located in a "drill-site spacing unit" as hereinafter defined, and progress at the end of the extended primary term.

drilling and production unit established for or attributed to a well by a regulatory governmental within which there is a well producing oil or gas. Oil or gas produced from a well not located on authority having jurisdiction and within which there is a well producing oil or gas. If there is no purposes of this Lease a "drill-site spacing unit" is declared to be a contiguous 10 acres for an the leasehold of this Lease, on lands pooled or unitized with leased lands, shall be attributed for only to the same zones or formations of leased lands included in the drill-site spacing unit in For purposes of this paragraph, a "drill-site spacing unit" is defined as all lands included in a oil well, or 160 acres for a gas well, designated by lessee under authority of this Lease and defined regulatory drilling and production unit established by a governmental authority, which the well is located.

or unitized with the leasehold, the operation of this paragraph shall be suspended for so long as operation of this paragraph shall be suspended for a period of two (2) additional years after the Prior to expiration of this Lease as to any zone or formation, Lessee may notify Lessor in writing date Lessee is engaged in drilling or reworking operations on the leasehold, or on lands pooled date this Lease would have expired in the absence of Lessee's designation. If on the expiration productive potential but are not then under production; and, as to such designated zones the of the designation certain zones or formations penetrated by Lessee's well or wells that have

Lessee diligently continues such drilling or reworking operations with no cessation of more than Lease shall continue as to the lands and zones or formations attributed to such production. The ninety (90) consecutive days, and if such operations result in a well producing oil or gas, this operation of this paragraph shall further be suspended after the date of the completion or abandonment of such drilling or reworking operations on one well and the date of the commencement of drilling or reworking operations on the next well as long as such period does not exceed ninety (90) days.

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sixty (60) days following Lessor's written demand. If such release is not filed within said period, county of this Lease, a release of the Lease covering expired lands, zones or formations within then Lessee shall be liable to Lessor for any damages suffered by Lessor and for attorney fees Lessee shall be obligated to file of record, in the appropriate public land title records of the and costs incurred by Lessor in obtaining such release.

ground telephone or electric lines, housing for employees, or manufacturing plant or facility for 6. <u>OPERATIONS ON LEASE PREMISES</u>. The express covenants in this Lease that affect, benefit or and keep the fences and cattle guards in good repair during the term of the Lease and (iii) keep necessary to produce leased substances. Lessee will maintain well sites, storage tank locations acts and omissions of Lessee and its agents and persons with whom Lessee contracts on and in gasoline extraction or for the processing of oil, gas or other substances, except the equipment event there are livestock on the property described above, or on Lessor's request, prior to any operations Lessee shall (i) fence all producing wells, tank batteries, drilling pits, burning pits, all gates in said fences closed at all times or install a cattle guard in lieu thereof. Lessee will at and other areas used in its lease operations reasonably free of weeds, but without the use of operations to cause minimal interference with any cattle operations on said lands; and In the premises by Lessee with a good and sufficient fence capable of turning livestock, (ii) maintain all times indemnify and hold Lessor harmless from all claims and liabilities against Lessor, and for Lessor's costs and expenses including court costs and attorney's fees and expenses, for all right is granted to the Lessee to erect on any part of said premises any power station, aboverestrict the use of the surface estate are intended to benefit and bind the surface owner. No salt or chemical substances in such weed control. Lessee will use reasonable diligence in its the vicinity of the leasehold premises. Lessor may require Lessee to provide and maintain separators, drip stations, pumps, engines and all other equipment placed on the leased adequate financial security for Lessee's obligations under this Lease.

placed or erected on the leased premises shall be used to support production from acreage not 7. LOCATION OF OPERATIONS AND EQUIPMENT. Lessee agrees to install necessary production livestock pens, whether existing or under construction at the time of such operations, without and metering equipment along the access road to any well and where the well or wells can be safely produced, meter houses and other production equipment shall be located adjacent to drilled nearer than 600 feet from any residence or 300 feet from any other building or water part of this Lease unless agreed to by Owner in a separate written instrument. Lessee is not mutually agreed upon by the parties to this Lease so as to cause minimal interference with Lessor's use of the surface. No pipeline, equipment, plant, facility, or structure of any kind compensation for damages and business losses from Lessee's operations. No well shall be Moreover, the location of any equipment, plant, facility, or structure of any kind shall be authorized and Lessee shall not conduct, operations within or adjacent to any confined any county, state, or federal road or highway adjoining the above described premises. first obtaining Lessor's consent and an agreement with the surface owner regarding well now or later located on the leased premises.

equipment on the leased premises, Lessee and the surface owner and/or tenant shall consult as lines to a depth of not less than forty-eight (48) inches from the surface to the top of the buried line and so laid as to not interfere with farming operations, and on new installations, Lessee will contours of the land be changed, then, and in that event, Lessee shall lower any lines laid by it install locator wire at the time of installation. If Lessee crosses any existing buried pipelines or 8. <u>ACCESS ROADS AND PIPELINES</u>. Owner reserves the right to designate reasonable routes of any access roads without the written consent of Owner. Lessee shall bury pipelines and utility to the location and direction of same. There shall be no oil road surfaces or hard surfacing of over, under or alongside any pipeline of the Lessee, as long as the same do not unreasonably interpreted as prohibiting Lessor's location and construction of fences, pipelines or ditches electrical lines, Lessee shall install Lessee's buried lines below existing lines. Should the construction of any roads, pipelines, tank battery installations, or installation of other ingress and egress. Said designation shall not be unreasonably withheld. Prior to the to maintain the minimum depth at its sole cost and expense. Nothing herein shall be interfere with Lessee's operations.

Lessee will not store or maintain equipment, facilities, supplies and materials on the leasehold 9. MAINTENANCE. Lessee agrees to maintain the soil surface to its original contour including terraces. Lessee will promptly remove trash and refuse generated from its operations, and that are not then being used in Lessee's operations.

ater than one year after the completion of any operation that disturbs or contaminates topsoil, Lessee shall excavate, remove and dispose of all tainted or contaminated soil and restore the original elevation and contour. Lessee shall reimburse Owner for costs incurred for deep soil operations, Lessee shall remove the equipment and fixtures not needed for production. Not site using the original or similar topsoil to the same depth and restore the soil surface to its 10. <u>RESTORATION</u>. All drilling pits shall be filled and leveled within sixty (60) days after well completion or abandonment. Within six (6) months from the date of completion of drilling ripping to remedy soil compaction from Lessee's operations.

11. RESTRICTIONS ON USE OF FRESH WATER. Lessee shall specifically not have any right to use leased premises. Lessee shall specifically not have any right to use fresh water from the above fresh water from the above described premises for the purpose of drilling operations on the described premises for the purpose of water flooding or injection in any water flooding program in which the leased premises may, for any reason, be pooled or unitized.

Within one (1) year after the cessation of production from any well, Lessee will plug the well in accordance with local and state requirements and have the obligation to restore, as nearly as practicable as possible, the leased premises to the same condition as received, natural wear reasonably restore the premises to the condition existing at the time the Lease is executed. 12. ABANDONMENT. In the event there is no production in paying quantities found by any abandonment of the Lease, the Lessee shall fill all pits, ponds, remove all structures and operations undertaken by Lessee during the primary term of the Lease and there is an

fixtures, including well surface casing from the soil surface down to not less than 48 inches and remove and replace all soil tainted or contaminated from Lessee's operations with the same and tear and damages by the elements excepted, remove all of Lessee's equipment and kind of soil as existed prior to operations.

produced from the leasehold. Lessor will allow salt water disposal from producing wells located Lessee shall indemnify and hold Lessor harmless from any claims, damages, actions or causes of be piped underground to the disposal well. No trucking of salt water to the disposal well will be standards stated herein. Further, the payment of well-site damages will not release Lessee from produced off the leasehold. Lessee duty to indemnify and hold Lessor harmless from liability for 13. POLLUTION; SALT WATER. Lessee agrees that it will comply with all regulations and statutes allowed. All electric lines will be placed underground. Lessee shall not be permitted to use any subsequent to the commencement of this Lease. The injection of any gas, water or other fluids of all governmental entities having jurisdiction over compliance with environmental legislation on Lessor's land and unitized wells that Lessor shares royalty from. All salt water disposals will action from any environmental damage or contamination caused or contributed to by Lessee existing well or well drilled on the leased premises as a salt water disposal well for salt water protect all fresh water strata and the surface from pollution by salt water and other refuse. into subsurface strata or tine disposal of salt water by Lessee shall not be permitted unless and will use its best efforts and follow general practices customary within the industry to Lessee first obtains the written consent of Lessor; provided, Lessor will not unreasonably withhold consent to the injection of any gas, water or fluid or the disposal of salt water losses under this paragraph shall exist without regard to Lessee's compliance with the liability under this paragraph.

14. <u>DAMAGES</u>. The following provisions shall govern damages incurred by Lessor during Lessee's operations: (a)Lessee shall pay Owner for all damages caused by its operations, including pipelines, on said cost of land restoration shall be computed by Owner on completion of Lessee's operations and and, to all property, real, personal, or mixed, caused by its operations on said land, including operations from planting a crop, Lessee shall pay Owner for the one-time loss of such crop in but specifically not limited to land, growing crops, grass, buildings, livestock, surface, fences and other improvements and personal property. Damages to Lessor's crops and for Lessor's paid by Lessee within thirty days of Lessor's demand. If Owner is prevented by Lessee's the same manner as if such crop had been growing at the time of Lessee's operations.

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most recently published guidelines preceding Lessee's operations or the amount of \$15.00 per (c)In advance of any seismic operations or buried pipeline installation on the leasehold, Lessee shall pay land surface damages to the surface owner in an amount equal to the greater of the minimum amount or rate stated by the Southwest Kansas Royalty Owner's Association in its linear rod for each pipeline placed or installed on the leasehold premises or \$15 per acre for seismic operations.

Ø 5 program, Lessee shall restore and reseed any surface area disturbed in connection with Lease liquidated damages that are curtailed or assessed by the applicable administrative agency as indemnify and hold Lessor harmless from lost revenue or payments and from any penalties operations as required by the applicable administrative agency laws, rules and policies and Conservation Reserve Program, or any similar government sponsored land conservation (d) If any part of the leased premises are now or are ever subject to or enrolled in the result of such leasehold operations. ASSIGNMENT. Lessee shall not be relieved of its obligations under this Lease by assignment, consent will not be unreasonably withheld when the proposed assignee provides and commits obligation to plug all wells and restore all well sites constructed or operated under this Lease. unless prior to such assignment Lessor has consented to the assignment in writing, which to maintain adequate financial security for its obligations under the Lease, including the 15.

other than title claims made by or through Lessor. In accepting this Lease, Lessee acknowledges that Lessee has examined Lessor's title and finds the same acceptable to Lessee. Lessee will pay 16. LESSOR'S TITLE. Lessor is not obligated to warrant and defend Lessor's title against claims all of Lessee's abstracting charges in connection with this Lease.

administrators, executors, trustees, successors and assigns of Lessor and Lessee. IN WITNESS WHEREOF, the Lessor has signed this Addendum effective the $\int O'$ day of 17. BINDING EFFECT. The Lease shall extend to and be binding on all of the heirs, 204 ruary

Engler Verlyn R.

Nancie/J. Linville-Engler

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63U (Rev. 1993) OIL AND	CAS LEASE 09-115 CP 105 100 100 100 100 100 100 100 100 100
AGREEMENT, Made and entered into the 10th day of February George M. Brady and Janice E. Brady, Trustees of the	uary 2011 of the George M. Brady and Janice E. Brady Revocable Trust
dated 10-12-06	
1300 Grand Darcons KS 67357	
chita, Kansas 67202	hereinafter called Leasor (whether one or more).
	One (\$1 00)
^{1 of} One and More the register herein provided and of the agreements of geophysical and other means, prospecting drilling, gas, water, other fluids, and air into abbufface strat gase, take care of, treat, manufacture, process, store and, and housing and otherwise caring for its employ Naces.	Dollars (\$_UIE lessee herein contained, hereby grants, lea is and operating for and producing oil, ling pipe lines, storing oil, building tanks, p ansport stat oil, liquid hydrocarbons, gaset he following described land, together with here following described land, together with cons.c. KanSAS
The Northwest Quarter (NW/4) except and excluding the 10 acres on wh and gas lease dated 5/18/994 and recorded in Book 242, Pages 679-684	ich the Engler #1 well is centered that is
. Township 19 South Range erein contained, this lease shall remain in fo	25 West acres, more or less, and all acres to the date (called "primary term"), and as long thereafter
as oil, liquid hydrocarbons, gas or other respective constituent products, or any of th In consideration of the premises the said leasee covenants and agrees: 1et To deliver to the restit of leaser free of cost in the vine line to which	em, is produced from said land of land with which said laid is poved. Jessee may connect wells on said land, the equal one-eighth (1%) part of all oil produced and saved
1.1. In outputer to the credit of leador, itee of output the pipe interior which reader any control transformer from the leaded premises. To pay lease for gas of whatsoever nature or kind produced and sold, or used off the premises, at the market price at the well, (but, as to gas sold by lease, in no event note than one eighth (%) of the process the market price at the well, (but, as to gas sold by lease. To event note than one eighth (%) of the process to requise the well, (but, as to gas sold by lease. In one event note than one eighth (%) of the process the market price at the well, (but, as to gas sold by lease. In one event note than one eighth (%) of the process to requise, or in the manufacture of products thereform, and payments to be made monthly. Where gas from a as royalty One Dollar (\$100) per year per net interval acre retained hereender, and if such payment or tend as a gas and by a sold.	ff the premises, or used in the manufacture of any products thrrefrom, one of the premises, or used in the manufacture of any products thrrefrom, one i (M) of the proceedia received by lessee from such sales), for the gas sold, u the gas from a well producing gas only is not sold or used, lessee may per Arment or tender is made it will be considered that gas is being produced
meaning of the preceding paragraph. This lease may be maintained during the primary term hereof without further payment or drilling operations. If the leasee ahall commence to drill a well of this lease or my extension thereof, the leasee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or ei found in paying quantizies, this lease shall continue and he in force with like effect as if such well had been completed within the term of years first mentioned. If an all leaser owns a leas interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided.	ther payment or drilling operations. If the lessee shall commence to drill a well within the term vell to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be as if such well had been completed within the term of years first mentioned. the and undivided fe 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 Lessee shall have the right to use, free of cost, gas, oil and water produced o When requested by hessor, lessee shall bury lessee's pipe lincs holow flow do	undivided fee. n said land for lessee's operation thereon, except water from the wells of lessor. pth.
No well shall be drilled nearer than 200 feet to the house or barn now on aa Leasee shall pay for damages caused by lessee's operations to growing crop Leasee shall have the right at any time to remove all machinery and fixture	ter than 200 feet to the house or barn now on said premises without written consent of lessor. es caused by lessee's operations to growing crops on said land. 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 assi, executors, administrators, successors or assigns, but no change in the ownership lesse has been furnished with a written transfer or assignment or a true copy the with respect to the assigned portion or portions arising subsequent to the date of as	If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants need anure treat area to uner terret, executo or analysis of the laster the 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 lassee until after the executors, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lassee until after the lessee thas been furnished with a written transfer or assignment or a true copy thereof. In case lessee assigns this lesse, 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.
Leases may at any time acceute and deliver to lessor or place of record a release or surrender this lease as to such portion or portions and her relieved of all obligations as to the s All express or implied covenants of this lease shall be subject to all Pederal and Sta in whole or in part, no research held liable in damages, for failure to comply therewith, if com-	Lease may at any time execute and deliver to leasor or place of record a release or vertug any portion or portions of the acove described and the second are setting any portion or portions of the acove described of all obligations as to the acrease surrendered. All express or implied covenants of this lease shall be subject to all Federal and State Law, Executive orders, Rules or Regulations, and this lease shall not be terminated, any object or and the subject to all Federal and State Law, Executed day, or if such failure is the result of, any such Law, Order, Rule or in part, nor lease the label 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 de any mortgages, taxes or other liens on the above described lands, in the event of o signed lessors, for themselves and their heirs, successors and assigns, hereby aur	defend the title to the lands herein described, and agrees that the lesses shall have the right at any time to redeem for lessor, by payment ove described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and the under t, 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 Lesses, at its option, is hereby given the right and power to pool or combin immediate vicinity thereof, when in lesses's judgment it is necessary or advisa conservation of oil gas or other minetrals in and under and that may be produces or units not exceeding 40 acres each in the event of an oil well, or into a unit or record in the conveyance records of the county in which the land herein lessed pooled into a tract or unit shall be treated. for all purposes except the payment of found on the pooled acreage, it shall be treated for all production is had from this le revoluties elsewhere herein apecified. Lesser shall receive on production from a	as said right of dower and homestead may in any way affect the purposes for which this as rectored urectur. Lesses, at its option, is hreeby given the right and power to pool or combine the acreage covered by this lesse or any portion thereof with other land; lease or leases in the Lesses, at its option, is hreeby given the right and power to pool or combine the acreage covered by this lesse or any portion thereof with other land; lease or leases in the immediate vicinity thereof, when in lesses's judgment it is necessary or advisable to do so in order to properly develop and operate said lesse premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, auch pooling to be of tracta contiguous to one another and to be into a unit conservation of oil, gas or other minerals in and under and that may be produced from said premises, and pooling to be of tracta contiguous to one another and to be into a unit conservation of oil, gas or other minerals in and under and that may be produced from said premises, and pooling to be of tracta contiguous to be 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 noil when the pade of or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not the rowying and describing the pooled acreage. The entire acreage so record in the convexance records of the county in which the land herein leased is situated an intrument identifying and describing the pooled in the acceleration of the rowying wells poil unit. As if it were included in this lease. If production is found on the pooled screage, thall be treated as if production from a units opoled only such portion of the rowied by the lease or production from a tract or wells be ported on the premises covered by the acreage rowellera. Is excisted, here and if from this lease, whether the well or wells be ported on the premises covered by the acround o
Royaltyit is agreed by the Lessor and Lessee that where the	term "1/8th" appears in the Lease, it should read "3/16th" in each case.
It is the intention of Lessors that this lease cover all rights in the NVV/4 of Sec that oil and gas lease dated May 18, 1994 recorded in Book 242 at page 679	tion 25-19S-25W, Ness Cou
See ADDENDUM attached hereto and made a part hereof.	05.50
	IL J
IN WITNESS WHEREOF, the undersigned execute this instrument as of the Witnesses.	day and year first above written. \mathcal{F} \mathcal{R}
e M. Brad	
George M. Brady and Janice E. Brady Revocable Trust	George M. Brady and Janice E. Brady Revocable Trust
dated 10-12-06	dated 10-12-06

ADDENDUM to an oil and gas lease dated February 10, 2011, by and between George M. Brady and Janice E. Brady, Trustees of the George M. Brady and Janice E. Brady Revocable Trust dated 10-12-06, hereinafter referred to as Lessor and James B. Devlin, Wichita, KS 67202 hereinafter referred to as Lessee, covering the following lands in NESS County, KS:

TOWNSHIP 19 SOUTH, RANGE 25 WEST, 6TH P. M.

SECTION 25: NW/4

stated in the KCC approved notice of intent to drill (permit) for the Engler #1 well if greater, Except and excluding the 10 acres on which the Engler #1 well is centered, or the acreage that is subject to the lease dated 05/18/1994 and recorded in Book 242, Pages 679-684.

as modified and supplemented by this addendum. In the event of conflict between the printed Any reference to the "Lease" shall mean the above-referenced oil and gas lease of 2/10/2011 terms of the oil and gas lease of 2/10/2011 and this addendum, the provisions of this addendum shall control.

and federal authorities, copies of reports of BTU for natural gas, copies of gas well meter charts, and copies of reports for basic sediment, water and specific gravity of oil. request, Lessee shall furnish Lessor with all information necessary in order to determine proper transportation and delivery of oil to the purchaser of such oil produced for Lessor's credit, and necessary to audit or verify royalty calculations, and copies of production reports sent to state purchaser fails to pay Lessor for whatever reason. Within sixty days following Lessor's written 1. ROYALTY PAYMENTS. The 3/16ths royalty to Lessor shall be free of all exploration, drilling Lessee shall indemnify Lessor against liability for all claims and losses in connection with the compression, gathering, transporting, delivery, dehydrating, processing and treating of gas. payment of royalty in accordance with this Lease, including but not limited to: authority to Lessee shall be liable for the payment of royalty from oil production, in the event the oil inspect lessee's records at a mutually convenient time and place, all sales information and production costs and from costs incurred by Lessee, directly or indirectly, for the

marketing of gas. During the shut-in period, Lessee shall pay to Lessor shut-in royalty at the rate this Lease. During the shut-in period, it shall be considered that gas is being produced from the of \$10.00 per acre per year, which royalty shall be due and payable on the anniversary date of 2. SHUT-IN ROYALTY. Lessee shall have one (1) year, herein called "shut-in period," from the date of completion of a gas well in which to make pipeline connections from production or leased premises in paying quantities so long as Lessee is paying shut-in royalty as herein provided.

shall the royalty paid to Lessor for a yearly period commencing with first production from the well, including the value of gas used as provided in Paragraph 19 above, computed at the price being paid to Lessor for such gas, be less than \$25.00 per acre. Such deficiency, if any, shall be 3. MINIMUM ROYALTY PAYMENTS. Lessee agrees that at no time during the life of this Lease paid to Lessor by Lessee within thirty (30) days after notice and written demand thereof is made by Lessor. In the event Minimum Royalty is payable for five consecutive years, Lessor may terminate this Lease by giving written notice of termination to Lessee.

expressly consents to unit consisting of the NW/4 Sec. 25-19S-25W and SW/4 Sec. 25-19S-25W. 4. POOLING AND UNITIZATION. Lessee shall not have the right to pool or combine the acreage less than 330' from the boundary line between the NW/4 Sec. 25-19S-25W and the SW/4 Sec. production and payment of royalty. Lessor will permit pooling only for new oil wells located production unit without Lessor's prior written consent and agreement as to the division of 25-19S-25W and a standard 10 acre drilling unit surrounding the well at the center. Lessor covered by this Lease or any portion thereof with other land, lease or leases to form a

5. <u>PARTIAL TERMINATION</u>. 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:

b) all zones or formations of the leased lands that are not producing oil or gas in paying quantities below the base of the deepest producing zone or formation except if drilling is in a) all leased lands not located in a "drill-site spacing unit" as hereinafter defined, and progress at the end of the extended primary term.

drilling and production unit established for or attributed to a well by a regulatory governmental within which there is a well producing oil or gas. Oil or gas produced from a well not located on authority having jurisdiction and within which there is a well producing oil or gas. If there is no purposes of this Lease a "drill-site spacing unit" is declared to be a contiguous 10 acres for an the leasehold of this Lease, on lands pooled or unitized with leased lands, shall be attributed only to the same zones or formations of leased lands included in the drill-site spacing unit in For purposes of this paragraph, a "drill-site spacing unit" is defined as all lands included in a defined regulatory drilling and production unit established by a governmental authority, for oil well, or 160 acres for a gas well, designated by lessee under authority of this Lease and which the well is located.

or unitized with the leasehold, the operation of this paragraph shall be suspended for so long as operation of this paragraph shall be suspended for a period of two (2) additional years after the Prior to expiration of this Lease as to any zone or formation, Lessee may notify Lessor in writing date Lessee is engaged in drilling or reworking operations on the leasehold, or on lands pooled date this Lease would have expired in the absence of Lessee's designation. If on the expiration productive potential but are not then under production; and, as to such designated zones the of the designation certain zones or formations penetrated by Lessee's well or wells that have

Lessee diligently continues such drilling or reworking operations with no cessation of more than Lease shall continue as to the lands and zones or formations attributed to such production. The ninety (90) consecutive days, and if such operations result in a well producing oil or gas, this operation of this paragraph shall further be suspended after the date of the completion or abandonment of such drilling or reworking operations on one well and the date of the commencement of drilling or reworking operations on the next well as long as such period does not exceed ninety (90) days.

sixty (60) days following Lessor's written demand. If such release is not filed within said period, county of this Lease, a release of the Lease covering expired lands, zones or formations within then Lessee shall be liable to Lessor for any damages suffered by Lessor and for attorney fees Lessee shall be obligated to file of record, in the appropriate public land title records of the and costs incurred by Lessor in obtaining such release.

ground telephone or electric lines, housing for employees, or manufacturing plant or facility for and keep the fences and cattle guards in good repair during the term of the Lease and (iii) keep 6. OPERATIONS ON LEASE PREMISES. The express covenants in this Lease that affect, benefit or acts and omissions of Lessee and its agents and persons with whom Lessee contracts on and in necessary to produce leased substances. Lessee will maintain well sites, storage tank locations event there are livestock on the property described above, or on Lessor's request, prior to any gasoline extraction or for the processing of oil, gas or other substances, except the equipment all times indemnify and hold Lessor harmless from all claims and liabilities against Lessor, and and other areas used in its lease operations reasonably free of weeds, but without the use of operations to cause minimal interference with any cattle operations on said lands; and In the premises by Lessee with a good and sufficient fence capable of turning livestock, (ii) maintain all gates in said fences closed at all times or install a cattle guard in lieu thereof. Lessee will at for Lessor's costs and expenses including court costs and attorney's fees and expenses, for all right is granted to the Lessee to erect on any part of said premises any power station, aboverestrict the use of the surface estate are intended to benefit and bind the surface owner. No operations Lessee shall (i) fence all producing wells, tank batteries, drilling pits, burning pits, salt or chemical substances in such weed control. Lessee will use reasonable diligence in its the vicinity of the leasehold premises. Lessor may require Lessee to provide and maintain separators, drip stations, pumps, engines and all other equipment placed on the leased adequate financial security for Lessee's obligations under this Lease.

placed or erected on the leased premises shall be used to support production from acreage not 7. LOCATION OF OPERATIONS AND EQUIPMENT. Lessee agrees to install necessary production livestock pens, whether existing or under construction at the time of such operations, without and metering equipment along the access road to any well and where the well or wells can be safely produced, meter houses and other production equipment shall be located adjacent to drilled nearer than 600 feet from any residence or 300 feet from any other building or water part of this Lease unless agreed to by Owner in a separate written instrument. Lessee is not mutually agreed upon by the parties to this Lease so as to cause minimal interference with Lessor's use of the surface. No pipeline, equipment, plant, facility, or structure of any kind compensation for damages and business losses from Lessee's operations. No well shall be Moreover, the location of any equipment, plant, facility, or structure of any kind shall be authorized and Lessee shall not conduct, operations within or adjacent to any confined any county, state, or federal road or highway adjoining the above described premises. first obtaining Lessor's consent and an agreement with the surface owner regarding well now or later located on the leased premises.

equipment on the leased premises, Lessee and the surface owner and/or tenant shall consult as lines to a depth of not less than forty-eight (48) inches from the surface to the top of the buried line and so laid as to not interfere with farming operations, and on new installations, Lessee will contours of the land be changed, then, and in that event, Lessee shall lower any lines laid by it install locator wire at the time of installation. If Lessee crosses any existing buried pipelines or 8. ACCESS ROADS AND PIPELINES. Owner reserves the right to designate reasonable routes of any access roads without the written consent of Owner. Lessee shall bury pipelines and utility to the location and direction of same. There shall be no oil road surfaces or hard surfacing of over, under or alongside any pipeline of the Lessee, as long as the same do not unreasonably interpreted as prohibiting Lessor's location and construction of fences, pipelines or ditches electrical lines, Lessee shall install Lessee's buried lines below existing lines. Should the construction of any roads, pipelines, tank battery installations, or installation of other to maintain the minimum depth at its sole cost and expense. Nothing herein shall be ingress and egress. Said designation shall not be unreasonably withheld. Prior to the interfere with Lessee's operations.

Lessee will not store or maintain equipment, facilities, supplies and materials on the leasehold 9. MAINTENANCE. Lessee agrees to maintain the soil surface to its original contour including terraces. Lessee will promptly remove trash and refuse generated from its operations, and that are not then being used in Lessee's operations.

later than one year after the completion of any operation that disturbs or contaminates topsoil, Lessee shall excavate, remove and dispose of all tainted or contaminated soil and restore the original elevation and contour. Lessee shall reimburse Owner for costs incurred for deep soil operations, Lessee shall remove the equipment and fixtures not needed for production. Not site using the original or similar topsoil to the same depth and restore the soil surface to its 10. <u>RESTORATION</u>. All drilling pits shall be filled and leveled within sixty (60) days after well completion or abandonment. Within six (6) months from the date of completion of drilling ripping to remedy soil compaction from Lessee's operations.

RESTRICTIONS ON USE OF FRESH WATER. Lessee shall specifically not have any right to use leased premises. Lessee shall specifically not have any right to use fresh water from the above fresh water from the above described premises for the purpose of drilling operations on the described premises for the purpose of water flooding or injection in any water flooding program in which the leased premises may, for any reason, be pooled or unitized.

Within one (1) year after the cessation of production from any well, Lessee will plug the well in accordance with local and state requirements and have the obligation to restore, as nearly as practicable as possible, the leased premises to the same condition as received, natural wear reasonably restore the premises to the condition existing at the time the Lease is executed. 12. ABANDONMENT. In the event there is no production in paying quantities found by any abandonment of the Lease, the Lessee shall fill all pits, ponds, remove all structures and operations undertaken by Lessee during the primary term of the Lease and there is an

fixtures, including well surface casing from the soil surface down to not less than 48 inches and remove and replace all soil tainted or contaminated from Lessee's operations with the same and tear and damages by the elements excepted, remove all of Lessee's equipment and kind of soil as existed prior to operations.

produced from the leasehold. Lessor will allow salt water disposal from producing wells located be piped underground to the disposal well. No trucking of salt water to the disposal well will be standards stated herein. Further, the payment of well-site damages will not release Lessee from Lessee shall indemnify and hold Lessor harmless from any claims, damages, actions or causes of produced off the leasehold. Lessee duty to indemnify and hold Lessor harmless from liability for 13. POLLUTION; SALT WATER. Lessee agrees that it will comply with all regulations and statutes subsequent to the commencement of this Lease. The injection of any gas, water or other fluids allowed. All electric lines will be placed underground. Lessee shall not be permitted to use any of all governmental entities having jurisdiction over compliance with environmental legislation on Lessor's land and unitized wells that Lessor shares royalty from. All salt water disposals will action from any environmental damage or contamination caused or contributed to by Lessee existing well or well drilled on the leased premises as a salt water disposal well for salt water protect all fresh water strata and the surface from pollution by salt water and other refuse. into subsurface strata or the disposal of salt water by Lessee shall not be permitted unless and will use its best efforts and follow general practices customary within the industry to Lessee first obtains the written consent of Lessor; provided, Lessor will not unreasonably withhold consent to the injection of any gas, water or fluid or the disposal of salt water losses under this paragraph shall exist without regard to Lessee's compliance with the liability under this paragraph.

14. DAMAGES. The following provisions shall govern damages incurred by Lessor during Lessee's operations:

cost of land restoration shall be computed by Owner on completion of Lessee's operations and (a)Lessee shall pay Owner for all damages caused by its operations, including pipelines, on said and, to all property, real, personal, or mixed, caused by its operations on said land, including operations from planting a crop, Lessee shall pay Owner for the one-time loss of such crop in but specifically not limited to land, growing crops, grass, buildings, livestock, surface, fences and other improvements and personal property. Damages to Lessor's crops and for Lessor's paid by Lessee within thirty days of Lessor's demand. If Owner is prevented by Lessee's the same manner as if such crop had been growing at the time of Lessee's operations.

drilling or re-working a well or other operations, including any surveying, or staking, and for any damages, not less than \$5,000.00 for each drill site location on the leased premises. If the drill site area exceeds two acres, Lessee will pay additional damages at the rate of \$2,500.00 per acre, exclusive of crop losses. In the event that actual damages exceed minimum amount, (b)Lessee agrees to notify Owner prior to entering the leased premises for the purpose of seismic operations. Lessee shall pay to Owner, as an estimate of reasonable and ordinary Lessee will be liable for the total amount of actual damages. (c)In advance of any seismic operations or buried pipeline installation on the leasehold, Lessee most recently published guidelines preceding Lessee's operations or the amount of \$15.00 per shall pay land surface damages to the surface owner in an amount equal to the greater of the minimum amount or rate stated by the Southwest Kansas Royalty Owner's Association in its linear rod for each pipeline placed or installed on the leasehold premises or \$15 per acre for seismic operations.

liquidated damages that are curtailed or assessed by the applicable administrative agency as a indemnify and hold Lessor harmless from lost revenue or payments and from any penalties or program, Lessee shall restore and reseed any surface area disturbed in connection with Lease operations as required by the applicable administrative agency laws, rules and policies and Conservation Reserve Program, or any similar government sponsored land conservation (d) If any part of the leased premises are now or are ever subject to or enrolled in the result of such leasehold operations. 15. <u>ASSIGNMENT</u>. Lessee shall not be relieved of its obligations under this Lease by assignment, consent will not be unreasonably withheld when the proposed assignee provides and commits obligation to plug all wells and restore all well sites constructed or operated under this Lease. unless prior to such assignment Lessor has consented to the assignment in writing, which to maintain adequate financial security for its obligations under the Lease, including the

other than title claims made by or through Lessor. In accepting this Lease, Lessee acknowledges that Lessee has examined Lessor's title and finds the same acceptable to Lessee. Lessee will pay 16. LESSOR'S TITLE. Lessor is not obligated to warrant and defend Lessor's title against claims all of Lessee's abstracting charges in connection with this Lease.

administrators, executors, trustees, successors and assigns of Lessor and Lessee. IN WITNESS WHEREOF, the Lessor has signed this Addendum effective the 24 day of 17. BINDING EFFECT. The Lease shall extend to and be binding on all of the heirs, February 2011.

George M. Brady and Janice E. Brady Revocable Trust dated 10-12-06 BV:V

George M. Brady, Trustee

ánice E. Brady, Trustee

AFFIDAVIT BY TRUSTEE(S)

COMES NOW the undersigned, of lawful age and upon their oath(s) being first duly sworn, and state(s) as follows

That this affidavit is made in connection with the following lands in <u>Ness</u> County, <u>Kansas</u>, to-wit: . .

25 West hip 19 South, Range Section 25: NW/4 Township

That I am the presently-existing trustee of the trust known as the George M. <u>Brady and Janice E. Brady Revocable Trust dated 10-12-06 to which the above-</u> described property was conveyed by deed recorded in <u>Book 312, Page 491</u> of the records of the Register of Deeds of said county. с,

That said trust is revocable and is presently in existence .

ß That I am authorized, without limitation, to execute and deliver to <u>Devlin</u> as lessee, an oil and gas lease covering the above-described lands for primary term of one (1) year. 4 James B.

(NOTE: Complete the following only if the trust is revocable.)

That the original grantor-settlors of said trust were George M. Brady and <u>Brady</u>, husband and wife. ப் ப Janice

are 6. (If grantor-settlor living) The name of the current spouses of the grantors a <u>Janice E. Brady and George M. Brady</u> and said spouses are the same spouses who joined in execution of the deed of said lands into the trust.

this 24 day of Juburany , 20 It , appeared <u>George M. Brady and</u> Janice E. Brady, Trustees of the George M. Brady and Janice E. Brady Revocable Trust <u>dated 10-12-06</u> to me personally known to be the identical person(s) who executed the within and foregoing instrument and acknowledged to me that <u>they</u> executed the same as <u>their</u> free and voluntary act and deed for the uses and purposes therein set forth. 20 1 1 BEFORE ME, the undersigned, a Notary Public, within and for said County and State, on IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day Trustee VON C Brady, ⁻ day of Jubn FURTHER AFFIANT(S) SAITH NAUGHT. Notary Public Janice E. I 7 TO this 2 SS SUBSCRIBED AND SWORN JANET OLSON Motary Public - State of Kansas My Appt. Expires (0) (9) 2014 Labelte and year last above written. Kustee My commission expires: Kansas George M. Brady, COUNTY OF STATE OF

JANET OLSON 国内 Notary Public - State of Kansas My Appt, Expires 0 (21,20)

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C. Martines

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\$B.00 Ness County Page: 131 Recording Fee: \$ Date Recorded: 3/14/2011 11:20:00 AM State of Kansas - Ness Book: 339 Page: Receipt *: 7866 Pages Recorded: L Cashier Initials: MH

NO03

FORM 66 - (PRODUCER'S SPECIAL) (PAID-UP) 63U (Rev. 1993)		Reorder No. Kansas Blue Print
	OIL AND GAS LEASE	
AGREEMENT, Made and entered into the by and between Charles W. Barr	ows, Trustee of the Chester B. Barrows	2005 Trust dated 3-1-1996
where mailing address is 8659 West Rice Place	Rice Place Littleton, Colorado 80123 c. 125 N. Market #1415 Wichita, Kansas	- herinafter cellad Leasor (whether one or more) \$ 67202
Lesor, in considention of Lesor, in considention of local processing of investigating, captoring by geophysical processing the support of an analysis of the product figure as a value care of u produce manufactured incretion, and, use the care of u brecin situated in County of	Learor, in consideration of <u>One and More</u> Dolle And More <u>Dollar (1 - 00)</u> in hard paid, recipir of which the relatively use literatively use	E (1.00) In hand paid, receipt of which es and less sectuarized or purpose search less sectuarized or purpose search less sectuarized or purpose were suitoux, velephone illnes, and other respective were suitoux, velephone illnes, and other respective and their respective constituent produces and other interventionary right and affect-sequicid interest. described as follows to svit.
	Township 19 South, Range 25 West Section 25: SW/4 Section 26: SE/4	3
In Section Township Township Range accretions thereto Township Range accretions thereto Range account section of the lass section to the special section accention and arrest. In consideration of the premises the stable section section section in the data acceleration of the premises the stable section section section in the data acceleration of the premises the stable section	and convision to $\frac{T_{NO}}{1000}$ (2) was from the derived from and land of with which the new converse from and land or land with which the lands are converse.	320 acres, more or less, and all use (called "primary term"), and as long thereafter the solid land is pooled.
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wrinn requester by insert, issues hall bury No will shall be drilled nearer than 2006 as Larses shall pay for damages caused by its Larse shall have bright it stay time to The estate of their party here to its if the estate of their party inter so the rangest device are provided and the rangest device are provided and different this leases at a with measure and differ irrenter this leases at a with measure and differ irrenter this lease at a with measure and differ irrenter this lease at a with provide or portions are ablested and a start, not lease bid likely in damages whose or in part, not lease bid likely in damages	warm requester by teach, instant hull by there's ppin below plow depth. No well hall be dilukt meter than 300 date to the house in burn owe an aid permises without written consent of leasor. Lesses shall pay for damages caused by lease's garations is proving reps on aid permises, including the right to daw and remove casing. Lesses shall pay for damages caused by lease's garations is proving reps on aid permises, including the right to daw and remove casing. Lesses shall pay for damages caused by lease's garations is proving reps on aid permises, including the right to daw and remove casing. If the setter of either pay thereo is an antiprate and fatures placed on aid permises, including the right to daw and remove casing. If the setter of either pay hereo is an antiprate in the concentration of an and or on part in secretural of results or resolutes and its priviles of all obligations. With repset to its axistry hereo is an antiprate in the overchigh of the above or easing and the revealed of all obligations. If the secret and reactions and be entired af all obligations. The secret as release or release or overchigh of the lease the secret as the resolution or portion or the above described permises and the relevance of all obligations. Lesses may a say time accuse and deview to hence of recend a release or release or release or overchigh of the lease the above described premises and thereby. Lesses may a say time accuse and deview to hence of recend a release or release or overchight of the above described premises and thereby. Lesses may a say time accuse and deview to hence of recend a release or release or release or release or an and the relevance of all obligations. Lasses which repeate an additive to releave the release or release or release or release and the relevance of all obligations to the second the relevance of all obligations. Lasses which repeate the relevance and date are able relevance of recend a release or release or release orelease are arelevance of the relevance of an oblications to the	draw and remove ceaing. The coverant hundred and) astend to their hure, se shall be incluge on the lases until after the in part, leave shell be relieved of all obligations and of the above described premises and thereby results and the second severable premises of the thereby severable of any second severable.
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Witnesses	execute this instrument as of the day and year first above written. And and be the	" Parton
	S W.	Barrows, Trustee

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ACKNOWLEDGMENT FOR II	Karen Ress Noiory Public	ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe) me thisday ofind	Notury Public ACKNOWLEDGMENT FOR INDIVIDUAL (K#OkCoNe) this day of	ACKNOWLEDGMENT FOR INDIVIDUAL (Ksokcanilinititie)	No. of Acres Term County County STATE OF Kaneas Gounty Mesa This instrument was filed for record on the 19 day of Ausuat Any of Ausuat Ausuat Ausuat </th <th>ACKNOWLEDGMENT FOR CORPORATION (KsOkCoNe) thisday of</th> <th>Notary Public</th>	ACKNOWLEDGMENT FOR CORPORATION (KsOkCoNe) thisday of	Notary Public
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