



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

KANSAS CORPORATION COMMISSION 1054953
 OIL & GAS CONSERVATION DIVISION

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

NOTICE OF INTENT TO DRILL

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

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

Expected Spud Date: _____
month day year

Spot Description: _____

OPERATOR: License# _____

_____-_____-_____
(Q/Q/Q/Q) Sec. ____ Twp. ____ S. R. ____ E W

Name: _____

_____ feet from N / S Line of Section

Address 1: _____

_____ feet from E / W Line of Section

Address 2: _____

Is SECTION: Regular Irregular?

City: _____ State: _____ Zip: _____ + _____

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

Contact Person: _____

County: _____

Phone: _____

Lease Name: _____ Well #: _____

CONTRACTOR: License# _____

Field Name: _____

Name: _____

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): _____

Well Drilled For: Well Class: Type Equipment:

- | | | | |
|------------------------------|-----------------------------------|------------------------------------|-------------------------------------|
| <input type="checkbox"/> Oil | <input type="checkbox"/> Enh Rec | <input type="checkbox"/> Infield | <input type="checkbox"/> Mud Rotary |
| <input type="checkbox"/> Gas | <input type="checkbox"/> Storage | <input type="checkbox"/> Pool Ext. | <input type="checkbox"/> Air Rotary |
| | <input type="checkbox"/> Disposal | <input type="checkbox"/> Wildcat | <input type="checkbox"/> Cable |

Seismic ; _____ # of Holes Other

Other: _____

If OWWO: old well information as follows:

Operator: _____

Well Name: _____

Original Completion Date: _____ Original Total Depth: _____

Nearest Lease or unit boundary line (in footage): _____

Ground Surface Elevation: _____ feet MSL

Water well within one-quarter mile: Yes No

Public water supply well within one mile: Yes No

Depth to bottom of fresh water: _____

Depth to bottom of usable water: _____

Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set: _____

Length of Conductor Pipe (if any): _____

Projected Total Depth: _____

Formation at Total Depth: _____

Water Source for Drilling Operations:

Well Farm Pond Other: _____

DWR Permit #: _____

(Note: Apply for Permit with DWR)

Will Cores be taken? Yes No

If Yes, proposed zone: _____

AFFIDAVIT

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

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

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

Submitted Electronically

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

Remember to:

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

Well will not be drilled or Permit Expired Date: _____

Signature of Operator or Agent: _____

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

E
 W



1054953

For KCC Use ONLY

API # 15 - _____

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

Operator: _____

Lease: _____

Well Number: _____

Field: _____

Number of Acres attributable to well: _____

QTR/QTR/QTR/QTR of acreage: _____ - _____ - _____ - _____

Location of Well: County: _____

_____ feet from N / S Line of Section

_____ feet from E / W Line of Section

Sec. _____ Twp. _____ S. R. _____ E W

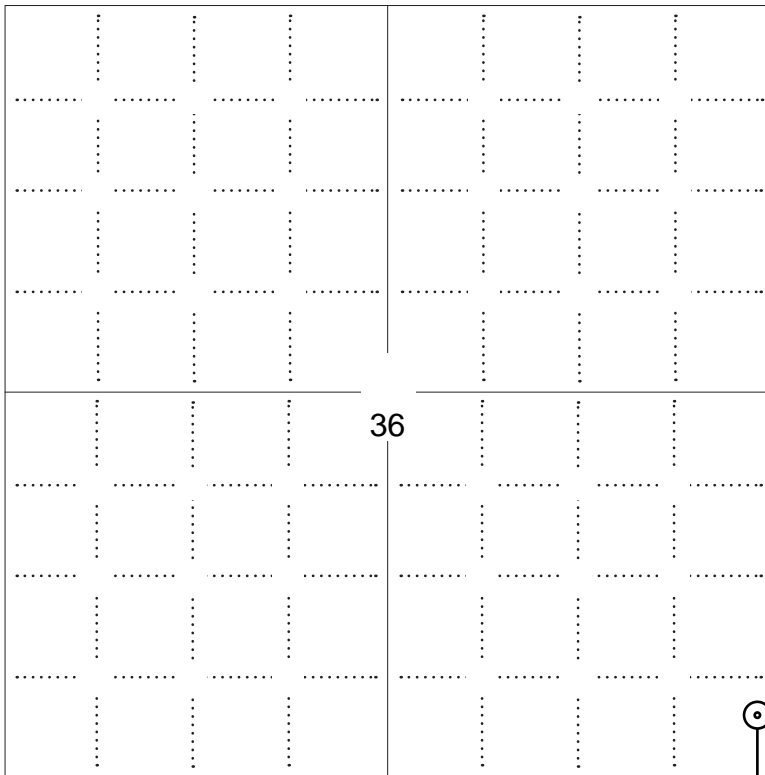
Is Section: Regular or Irregular

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

Section corner used: NE NW SE SW

PLAT

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



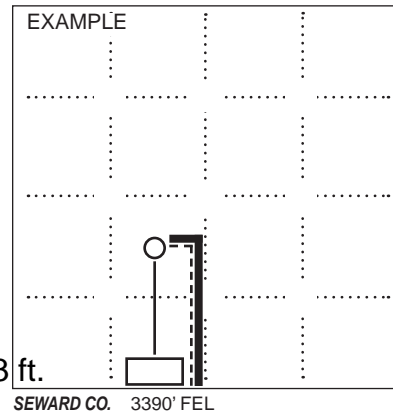
36

103 ft.

429 ft.

LEGEND

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



SEWARD CO. 3390' FEL

1980' FSL

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

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

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



APPLICATION FOR SURFACE PIT

Submit in Duplicate

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

KCC OFFICE USE ONLY

Liner Steel Pit RFAC RFAS

Date Received: _____ Permit Number: _____ Permit Date: _____ Lease Inspection: Yes No



CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

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

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

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

Well Location:
____ - ____ - ____ - ____ Sec. ____ Twp. ____ S. R. ____ East West
County: _____
Lease Name: _____ Well #: _____

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

Surface Owner Information:

Name: _____
Address 1: _____
Address 2: _____
City: _____ State: _____ Zip: _____ + _____

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

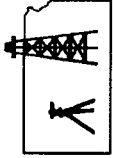
If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary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

Select one of the following:

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

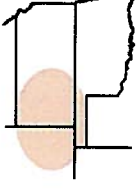
If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.

I Submitted Electronically



Pro-Stake LLC
Oil Field & Construction Site Staking
P.O. Box 2324

Garden City, Kansas 67846
Office/Fax: (620) 276-6159
Cell: (620) 272-1499



INVOICE NO. **9326**

PLAT NO. **h042811-b**

Palomino Petroleum Inc.

OPERATOR

#1 MAT Farms-Kraus

LEASE NAME

Trego County, KS

COUNTY

Sec. **36** Twp. **15s** Rng. **25w**

LOCATION SPOT **429' FSL - 103' FEL**

SCALE: **1" = 1000'**

GR. ELEVATION: **2545.3'**

DATE: **April 27th, 2011**

Directions: From the South side of Arnold Ks. at the intersection of Main St and Hwy 4 – Now go 4 miles North on Main St/ K Rd – Now go 0.1 mile East on EE Rd to the SE corner of section 36-15s-25w – Now go 0.1 mile North on 170 Ave to ingress West into – Now go 103' West through corn stubble into staked location.
Final ingress must be verified with land owner or Operator.

MEASURED BY: **Ben R.**

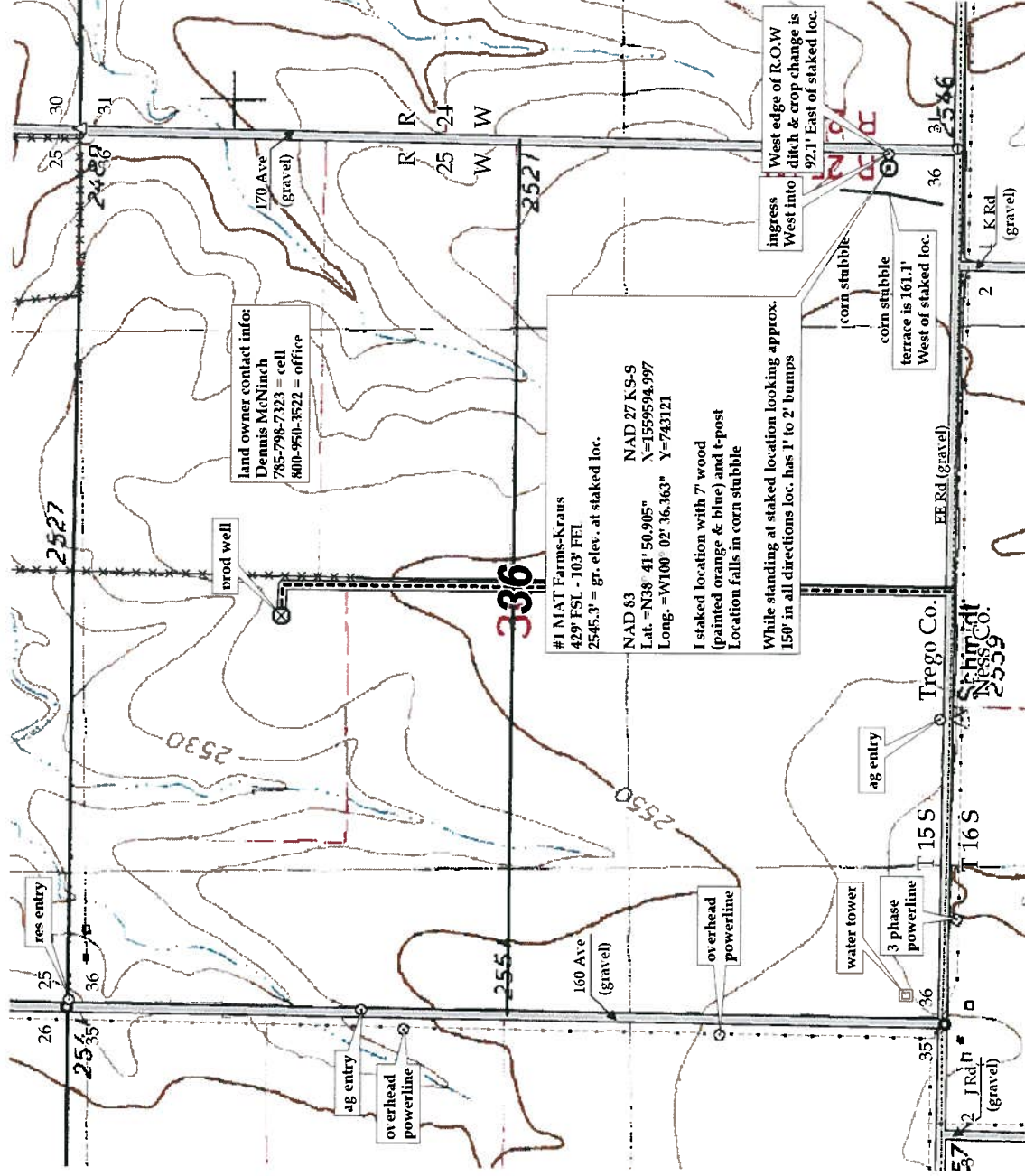
DRAWN BY: **Luke R.**

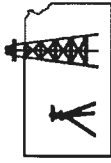
AUTHORIZED BY: **Klee W. & Mike K. (tool pusher)**



This drawing does not constitute a monumented survey or a land survey plat.

This drawing is for construction purposes only.





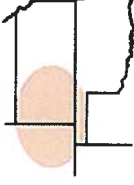
Pro-Stake LLC
Oil Field & Construction Site Staking

P.O. Box 2324

Garden City, Kansas 67846

Office/Fax: (620) 276-6159

Cell: (620) 272-1499



h042811-b
PLAT NO.

9326
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Palomino Petroleum Inc.

#1 MAT Farms-Kraus

OPERATOR

Trego County, KS

LEASE NAME

429' FSL - 103' FEL

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SCALE: 1" = 1000'

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MEASURED BY: Ben R.

DRAWN BY: Luke R.

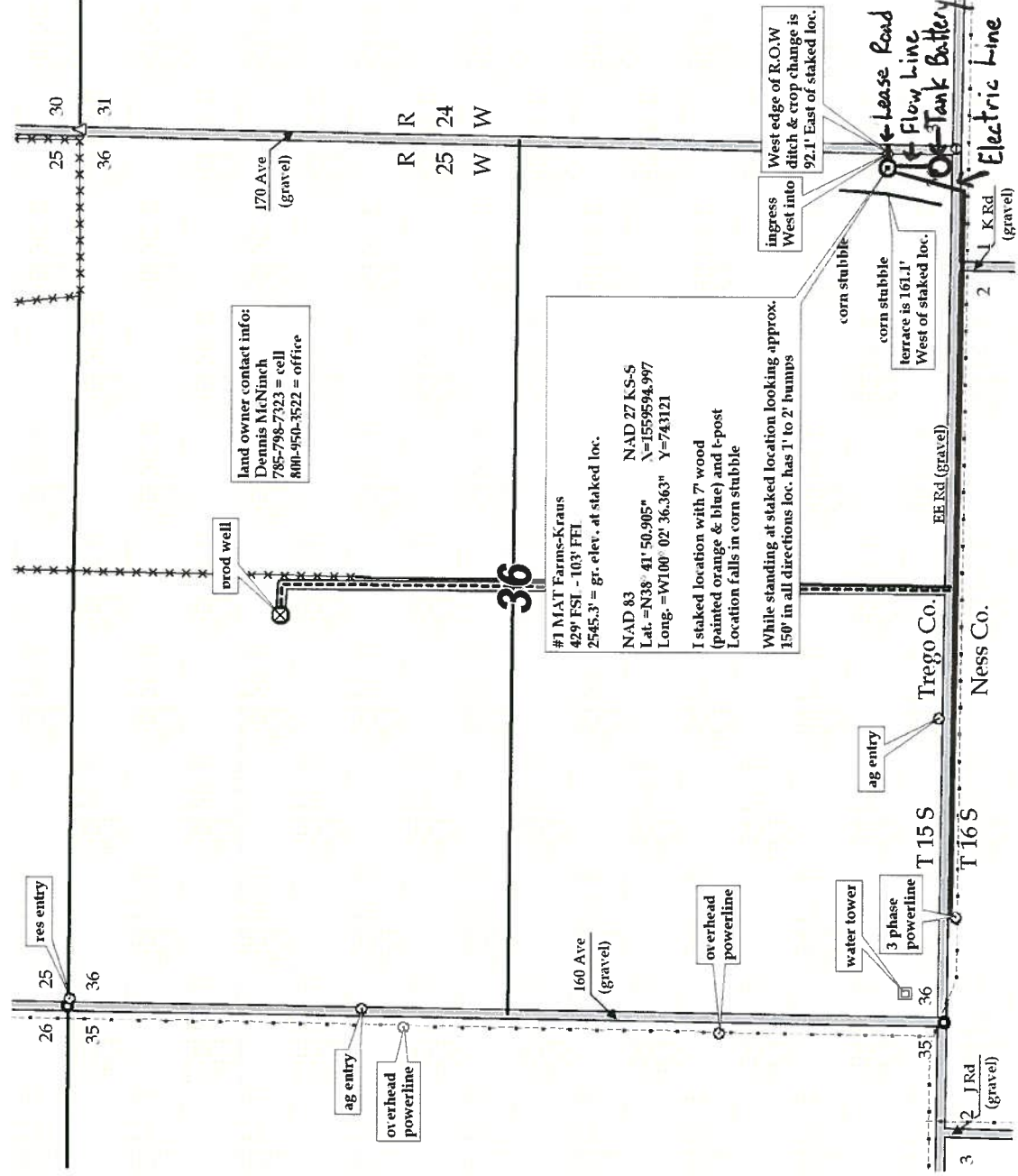


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AUTHORIZED BY: Klee W. & Mike K. (tool pusher)

This drawing does not constitute a monumented survey or a land survey plat.

This drawing is for construction purposes only.



63U (Rev. 1993)

Recorder No. **09-115**

 Kansas Blue Print
 700 S. Broadway, PO Box 700
 Lawrence, KS 66044
 316-844-2643 FAX
 www.kbp.com kbp@kbp.com

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 16th day of April, 2009
 by and between Mark E. Kraus, a single person

whose mailing address is RR 1, Box 70 Arnold, Kansas 67515 hereinafter called Lessor (whether one or more),
 and Palomino Petroleum Inc.

Lessor, in consideration of One and More Dollars (\$ One (1.00)) in hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring by geophysical and other means, prospecting, drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary right and after-acquired interest, therein situated in County of Trego State of Kansas hereinafter called Lessee:

Township 15 South, Range 24 West
Section 31: W/2

In Section _____ Township _____ Range _____ and containing 320 acres, more or less, and all accretions thereto. Subject to the provisions herein contained, this lease shall remain in force for a term of Two (2) years from August 7, 2009 as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or land with which said land is pooled.

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

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

2nd. To pay lessor for gas of whatever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8) at the market price at the well, (but, as to gas sold by lessee, in no event more than one-sixth (1/6) of the proceeds received by lessee from the sale of such gas), and off the premises, or in the manufacture of products therefrom, said payments to be made monthly. Where gas from a well producing gas only is not sold or used, lessee may pay or tender as royalty One Dollar (\$1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

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

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

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

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

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

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

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but the right of assignment or assignment or reassignment or renewal or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

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

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor 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, Rule or Regulation.

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

Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in Lessee's judgment it is necessary or advisable to conduct operations on the premises so as to produce or conserve 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 in units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 800 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production in common on the pooled acreage, it shall be treated as if production it had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the covenants herein provided, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

This lease is comprised of two (2) separate leases described as the following tracts:

Tract 1: SW/4 31-15-24

Tract 2: NW/4 31-15-24

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

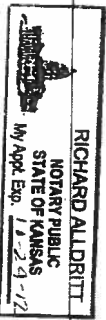
M

Mark E. Kraus

Mark E. Kraus

STATE OF Kansas **156 676** ACKNOWLEDGMENT FOR INDIVIDUAL (KSOKCONE)

COUNTY OF Trego The foregoing instrument was acknowledged before me this 16th day of April, 2009, by Mark E. Kraus, a single person and _____



Richard Allbritt
Notary Public
Richard Allbritt

My commission expires _____
STATE OF _____ ACKNOWLEDGMENT FOR INDIVIDUAL (KSOKCONE)
COUNTY OF _____
The foregoing instrument was acknowledged before me this _____ day of _____, _____ by _____ and _____

My commission expires _____
Notary Public

STATE OF _____ ACKNOWLEDGMENT FOR INDIVIDUAL (KSOKCONE)
COUNTY OF _____
The foregoing instrument was acknowledged before me this _____ day of _____, _____ by _____ and _____

My commission expires _____
Notary Public

STATE OF _____ ACKNOWLEDGMENT FOR INDIVIDUAL (KSOKCONE)
COUNTY OF _____
The foregoing instrument was acknowledged before me this _____ day of _____, _____ by _____ and _____

My commission expires _____
Notary Public

No. _____
OIL AND GAS LEASE
FROM _____
TO _____
Date _____
Section _____ Twp. _____ Rge. _____
No. of Acres _____ Term _____
County _____
STATE OF _____
County _____
This instrument was filed for record on the _____ day of _____, _____ at _____ o'clock _____ M., and duly recorded in Book _____ Page _____ of the records of this office.
Register of Deeds.
By _____
When recorded, return to _____



STATE OF KANSAS
COUNTY OF TREGO SS
THIS INSTRUMENT WAS FILED
FOR RECORD THIS 23rd DAY OF
April, 2009 AT 9:00 AM
AND RECORDED IN BOOK 156 OF
RECORDS AT PAGE 675 FEE \$ 12.00

Ewa M Rumpel
Ewa M. Rumpel, REGISTER OF DEEDS
ACKNOWLEDGMENT FOR CORPORATION (KSOKCONE)

STATE OF _____
COUNTY OF _____
The foregoing instrument was acknowledged before me this _____ day of _____, _____ of _____
corporation, on behalf of the corporation.
My commission expires _____
Notary Public

144' 663

83U (Rev. 1993)

Recorder No. **09-115**
Kansas Blue Print
 1703 S. Broadway, P.O. Box 183
 Wichita, KS 67217-0178
 316-261-7800
 www.kbp.com kbp@kbp.com

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 23rd day of February, 2007
 by and between Robert M. Giess and Julie A. Giess, his wife

whose mailing address is 1626 Summerfield Allen, Texas 75002-1898
 and Palomino Petroleum Inc. hereinafter called Lessor (whether one or more),

hereinafter called Lessee:
 Lessor, in consideration of One and More Dollars (\$ One (1.00)) in hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreements of the lease herein contained, hereby grants, leases and lets exclusive unto Lessee for the purpose of investigating, exploring by geophysical and other means, prospecting, drilling, mining and operating for and producing oil, liquid hydrocarbons, all kinds of gas and other constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, boring oil, building tanks, power stations, telephone lines, and other things and other products to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest therein situated in County of Trego State of Kansas described as follows to-wit:

Township 15 South, Range 25 West
Section 36: SE/4

In Section Township Range 160 and containing acres, more or less, and all accretions thereto.
 Subject to the provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or land with which said land is pooled.

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

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

This lease may be maintained during the primary term hereof, without further payment or drilling operations. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lease shall be in full force and effect until such well is completed with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

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

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

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

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

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

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

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the lease has been furnished with a written transfer or assignment or a true copy thereof. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

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

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

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment of 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-lying title to the lands herein described, and to execute and record a release or releases covering any portion or portions of the above described premises, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

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

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

Robert M. Giess

Robert M. Giess

Julie A. Giess

Julie A. Giess

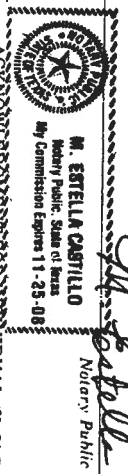
144' 663

STATE OF Texas ACKNOWLEDGMENT FOR INDIVIDUAL (K&OKCONE)

COUNTY OF Dallas The foregoing instrument was acknowledged before me this 2nd day of March, 2007.

by Robert M. Glass and Julia A. Glass, his wife

My commission expires 11-25-07



ACKNOWLEDGMENT FOR INDIVIDUAL (K&OKCONE)

STATE OF _____ COUNTY OF _____ The foregoing instrument was acknowledged before me this _____ day of _____ and _____

My commission expires _____ Notary Public

STATE OF _____ COUNTY OF _____ ACKNOWLEDGMENT FOR INDIVIDUAL (K&OKCONE)

The foregoing instrument was acknowledged before me this _____ day of _____ and _____

My commission expires _____ Notary Public

STATE OF Texas ACKNOWLEDGMENT FOR INDIVIDUAL (K&OKCONE)

COUNTY OF Dallas The foregoing instrument was acknowledged before me this 2nd day of March, 2007.

My commission expires _____ Notary Public

OIL AND GAS LEASE FROM TO No. _____ Date _____ Section _____ Twp. _____ Rge. _____ No. of Acres _____ Term _____ County _____ STATE OF _____ County _____ This instrument was filed for record on the _____ day of _____ at _____ o'clock _____ M., and duly recorded in Book _____ Page _____ of the records of this office. Register of Deeds. By _____ When recorded, return to _____



STATE OF KANSAS COUNTY OF TREEGO SS THIS INSTRUMENT WAS FILED FOR RECORD THIS 6th DAY OF March, 2007 AT 9:15 AM AND RECORDED IN BOOK 144 OF RECORDS AT PAGE 563 FEE \$ 12.00 Edea M. Rumpel, REGISTER OF DEEDS ACKNOWLEDGMENT FOR CORPORATION (K&OKCONE)

STATE OF _____ COUNTY OF _____ The foregoing instrument was acknowledged before me this _____ day of _____ of _____ a _____ My commission expires _____ Notary Public

FORM 88 - (PRODUCERS SPECIAL) (PAID-UP)

63U (Rev. 1993)

OIL AND GAS LEASE

Record No. **09-115**

 Kansas Blue Print
 1001 West 10th Street
 Wichita, KS 67203-0793
 316-261-4241-264-0168 fax
 www.kansas-blueprint.com

2010

AGREEMENT: Made and entered into the 4th day of August
 Peggy Sue Mai a/k/a/ Peggy Gless a/Ma/ Peggy Sue Gless and Raymond E. Mai, her husband
 by and between

Robert M. Gless and Julie A. Gless, his wife
Robin M. Gless, a single person
R. David Gless and LaVonne A. Gless, his wife

whose mailing address is 14028 BB Road Utica, KS 67584
 and Palomino Petroleum, Inc.

hereinafter called Lessor (whether one or more),

hereinafter called Lessee:

Lessee, in consideration of One and More Dollars One (\$1.00) in hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring by geophysical and other means, prospecting, drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, including gas, water, other fluids, and air into subsurface strata, laying pipe lines, running oil, building tanks, power stations, pipelines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, all 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 Trego State of Kansas described as follows to-wit:

Township 15 South, Range 24 West
Section 31: W2

Township 15 South, Range 25 West
Section 36: SE/4

In Section _____ Township _____ Range _____ and containing _____ 480 _____ acres, more or less, and all accretions therein.

Subject to the provisions herein contained, this lease shall remain in force for a term of 3 (three) 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 with which said land is pooled.

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

1B. To pay bonus for gas of whatever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8) part of the market price at the well (but, as to gas sold, as to gas sold in an event more than one-eighth (1/8) of the proceeds received by lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. Where gas from a well producing gas only is not sold or used, lessee may pay or tender as royalty One Dollar (\$1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if such well is completed, the term of this lease shall be extended for a term of years to be specified in the lease, or either of them, to be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

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

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

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

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

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

If the estate of either party hereto is assigned, and the privilege of assigning, in whole or in part is expressly allowed, the contract hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of the lease shall constitute a breach of this lease until after the lease has been furnished with a written transfer or assignment of the lease. Any assignment of the lease shall be subject to the terms and conditions of this lease.

Lessee may at any time execute and deliver to lessor or third parties a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations 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, Rule or Regulation.

Lessee hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment of any necessary taxes and other charges, all 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-leased lands and their heirs, successors and assigns, hereby surrender and release all rights of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

Lessee, at its option, hereby gives the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when, in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tract contiguous to the land covered by this lease or to lands owned or controlled by lessee or its successors or assigns. Lessee shall execute in writing and record in the conveyance records of the county in which the lands herein described are situated, a pooling agreement identifying and describing the pooled acreage so covered in the conveyance records of the county in which the lands herein described are situated, and the payment of royalties on production from the pooled acreage, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of the acreage placed in the unit or its royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

This lease is comprised of three (3) separate leases described as the following tracts:

Township 15 South, Range 24 West
Tract One) Section 31: SW1/4
Tract Two) Section 31: NW1/4

Township 15 South, Range 25 West
Tract Three) Section 36: SE1/4

This lease shall be considered for all purposes a separate lease on each tract.

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

Peggy Sue Mai *Raymond E. Mai Robin M. Gless
Peggy Sue Mai Raymond E. Mai Robin M. Gless
Robert M. Gless LaVonne A. Gless
Julie A. Gless LaVonne A. Gless

STATE OF Kansas
COUNTY OF Ness ACKNOWLEDGMENT FOR INDIVIDUAL (K&OKCONE)
The foregoing instrument was acknowledged before me this 4th day of August 2010
by Peggy Sue Mal and Raymond E. Mal, her husband

My commission expires 3/9/14
STATE OF Kansas
COUNTY OF Ness ACKNOWLEDGMENT FOR INDIVIDUAL (K&OKCONE)
The foregoing instrument was acknowledged before me this 4th day of August 2010
by Robin M. Gless, a single person and _____

My commission expires 3/9/14
STATE OF Kansas
COUNTY OF Ness ACKNOWLEDGMENT FOR INDIVIDUAL (K&OKCONE)
The foregoing instrument was acknowledged before me this 4th day of August 2010
by Robin M. Gless, a single person and _____

My commission expires 3/9/14
STATE OF Kansas
COUNTY OF Ellis ACKNOWLEDGMENT FOR INDIVIDUAL (K&OKCONE)
The foregoing instrument was acknowledged before me this 4th day of August 2010
by Robert M. Gless and Julie A. Gless, his wife

My commission expires 3/9/14
STATE OF Kansas
COUNTY OF Ellis ACKNOWLEDGMENT FOR INDIVIDUAL (K&OKCONE)
The foregoing instrument was acknowledged before me this 4th day of August 2010
by R. David Gless and Layonne A. Gless, his wife

My commission expires 3/9/14
STATE OF Kansas
COUNTY OF Ellis ACKNOWLEDGMENT FOR INDIVIDUAL (K&OKCONE)
The foregoing instrument was acknowledged before me this 4th day of August 2010
by R. David Gless and Layonne A. Gless, his wife

No. _____
OIL AND GAS LEASE
FROM _____
TO _____
Date _____
Section _____ Twp. _____ Rge. _____
No. of Acres _____ Term _____
County _____
STATE OF _____
County _____
This instrument was filed for record on the _____
day of _____
at _____ o'clock _____ M., and duly recorded
in Book _____ Page _____ of
the records of this office. _____
Register of Deeds.
By _____
When recorded, return to _____



STATE OF KANSAS
COUNTY OF TREGO SS
THIS INSTRUMENT WAS FILED
FOR RECORD THIS 9th DAY OF
August, 2010 AT 9:00 AM
AND RECORDED IN BOOK 163 OF
RECORDS AT PAGE 711 FEE \$ 12.00

Dana M. Rumpel
Evea H. Rumpel, REGISTER ACKNOWLEDGMENT FOR CORPORATION (K&OKCONE)

STATE OF _____
COUNTY OF _____
The foregoing instrument was acknowledged before me this _____ day of _____
by _____
of _____
corporation, on behalf of the corporation.
My commission expires _____
Notary Public