



**For KCC Use:**

Effective Date: \_\_\_\_\_

District # \_\_\_\_\_

SGA?  Yes  No

**KANSAS CORPORATION COMMISSION 1055306  
OIL & GAS CONSERVATION DIVISION**

Form C-1  
March 2010

**Form must be Typed  
Form must be Signed  
All blanks must be Filled**

**NOTICE OF INTENT TO DRILL**

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

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

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

OPERATOR: License# \_\_\_\_\_

Name: \_\_\_\_\_

Address 1: \_\_\_\_\_

Address 2: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_ \_ \_ \_

Contact Person: \_\_\_\_\_

Phone: \_\_\_\_\_

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

Name: \_\_\_\_\_

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

If OWWO: old well information as follows:

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

Well Name: \_\_\_\_\_

Original Completion Date: \_\_\_\_\_ Original Total Depth: \_\_\_\_\_

Directional, Deviated or Horizontal wellbore?  Yes  No

If Yes, true vertical depth: \_\_\_\_\_

Bottom Hole Location: \_\_\_\_\_

KCC DKT #: \_\_\_\_\_

Spot Description: \_\_\_\_\_

\_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ Sec. \_\_\_\_\_ Twp. \_\_\_\_\_ S. R. \_\_\_\_\_  E  W  
(Q/Q/Q/Q) \_\_\_\_\_ feet from  N /  S Line of Section

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

Is SECTION:  Regular  Irregular?

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

County: \_\_\_\_\_

Lease Name: \_\_\_\_\_ Well #: \_\_\_\_\_

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

Is this a Prorated / Spaced Field?  Yes  No

Target Formation(s): \_\_\_\_\_

Nearest Lease or unit boundary line (in footage): \_\_\_\_\_

Ground Surface Elevation: \_\_\_\_\_ feet MSL

Water well within one-quarter mile:  Yes  No

Public water supply well within one mile:  Yes  No

Depth to bottom of fresh water: \_\_\_\_\_

Depth to bottom of usable water: \_\_\_\_\_

Surface Pipe by Alternate:  I  II

Length of Surface Pipe Planned to be set: \_\_\_\_\_

Length of Conductor Pipe (if any): \_\_\_\_\_

Projected Total Depth: \_\_\_\_\_

Formation at Total Depth: \_\_\_\_\_

Water Source for Drilling Operations:

Well  Farm Pond  Other: \_\_\_\_\_

DWR Permit #: \_\_\_\_\_

*(Note: Apply for Permit with DWR  )*

Will Cores be taken?  Yes  No

If Yes, proposed zone: \_\_\_\_\_

**AFFIDAVIT**

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

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

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

**Submitted Electronically**

**For KCC Use ONLY**

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

Conductor pipe required \_\_\_\_\_ feet

Minimum surface pipe required \_\_\_\_\_ feet per ALT.  I  II

Approved by: \_\_\_\_\_

**This authorization expires:** \_\_\_\_\_  
*(This authorization void if drilling not started within 12 months of approval date.)*

Spud date: \_\_\_\_\_ Agent: \_\_\_\_\_

**Remember to:**

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

Well will not be drilled or Permit Expired Date: \_\_\_\_\_

Signature of Operator or Agent: \_\_\_\_\_

E  
W



1055306

For KCC Use ONLY

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

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

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

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

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

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

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

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

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

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

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

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

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

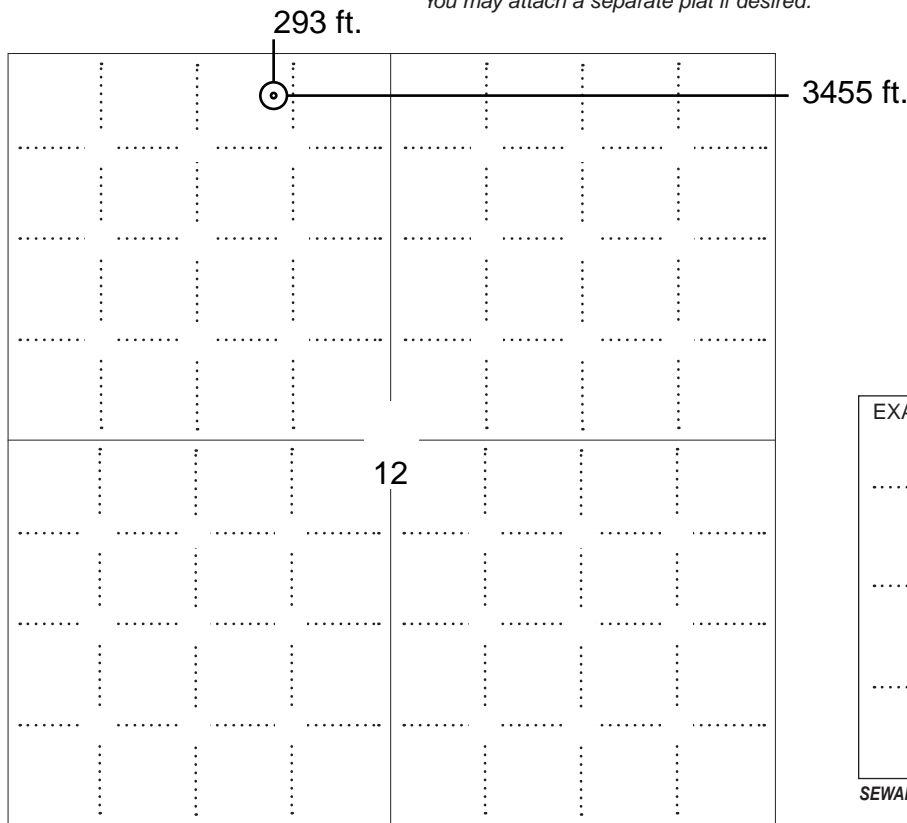
Is Section:  Regular or  Irregular

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

Section corner used:  NE  NW  SE  SW

### PLAT

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



### LEGEND

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



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

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

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.



KANSAS CORPORATION COMMISSION 1055306  
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: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <i>(If WP Supply API No. or Year Drilled)</i>		Pit is: <input type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: _____ (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: _____ mg/l <i>(For Emergency Pits and Settling Pits only)</i>	
Is the bottom below ground level? <input type="checkbox"/> Yes <input type="checkbox"/> No		Artificial Liner? <input type="checkbox"/> Yes <input type="checkbox"/> No	
How is the pit lined if a plastic liner is not used?			
Pit dimensions (all but working pits):    _____ Length (feet)    _____ Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: _____ (feet) <input type="checkbox"/> No Pit			
If the pit is lined give a brief description of the liner material, thickness and installation procedure.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.	
Distance to nearest water well within one-mile of pit: _____ feet    Depth of water well _____ feet		Depth to shallowest fresh water _____ feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input type="checkbox"/> KDWR	
<b>Emergency, Settling and Burn Pits ONLY:</b> Producing Formation: _____ Number of producing wells on lease: _____ Barrels of fluid produced daily: _____ Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> Type of material utilized in drilling/workover: _____ Number of working pits to be utilized: _____ Abandonment procedure: _____ _____ Drill pits must be closed within 365 days of spud date.	
<p><b>Submitted Electronically</b></p>			

**KCC OFFICE USE ONLY**

Liner     Steel Pit     RFAC     RFAS

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



# CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

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

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

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

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

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

### Surface Owner Information:

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

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

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

### Select one of the following:

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

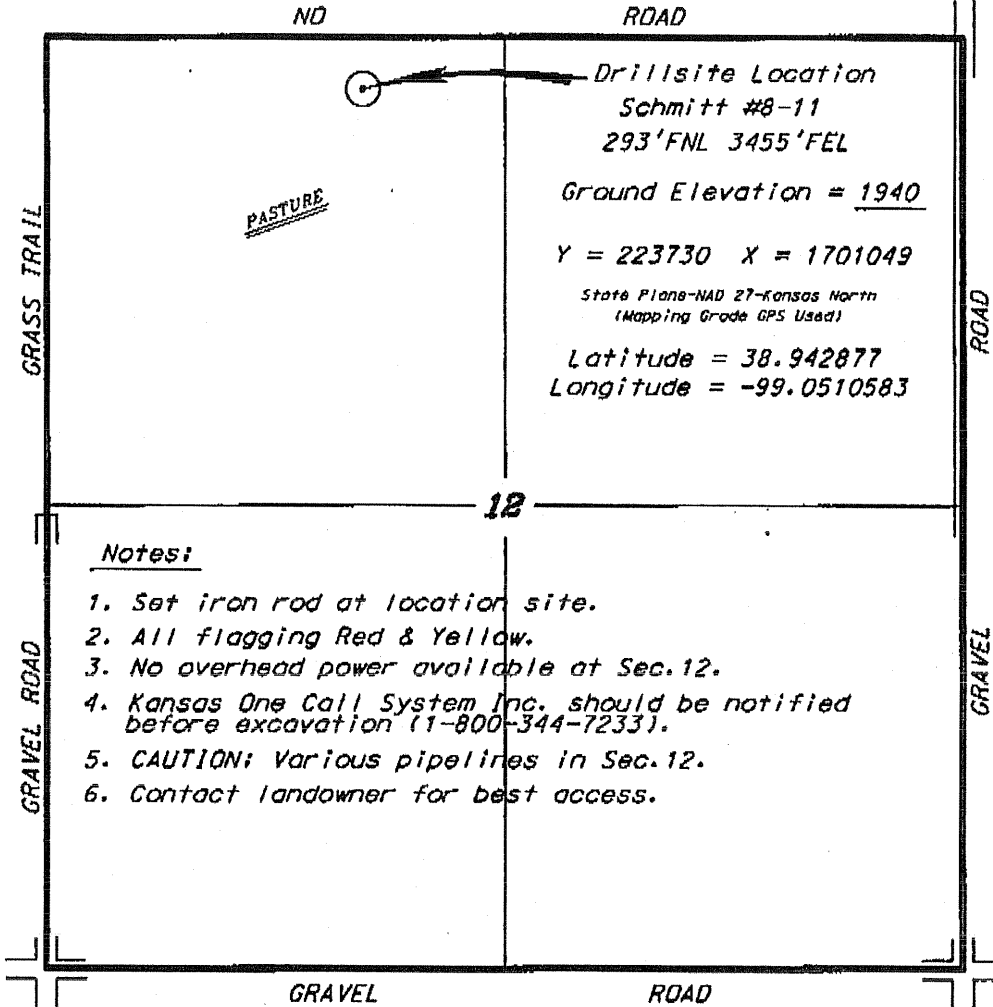
*If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.*

I Submitted Electronically

I



CITATION OIL & GAS CORPORATION  
SCHMITT LEASE  
N.1/2, SECTION 12, T13S, R16W  
ELLIS COUNTY, KANSAS

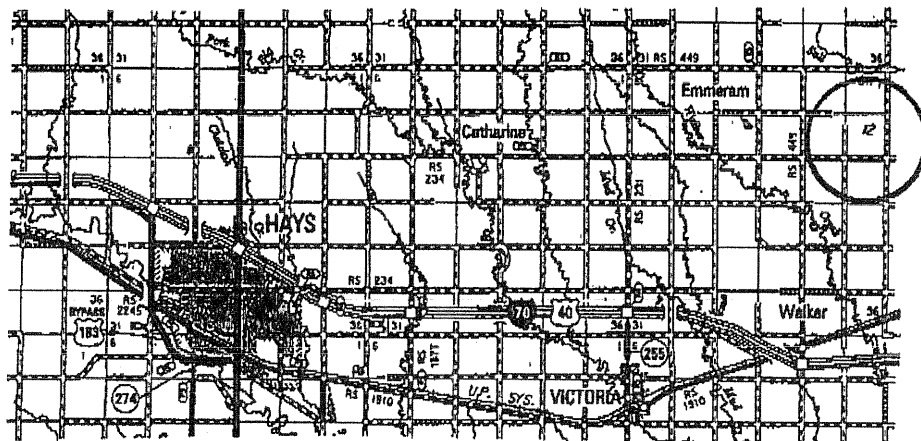


Notes:

1. Set iron rod at location site.
2. All flagging Red & Yellow.
3. No overhead power available at Sec.12.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION: Various pipelines in Sec.12.
6. Contact landowner for best access.

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

SCALE 1" = 1000'



RECEIVED  
APR 18 2011  
KCC WICHITA

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

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

- Elevations derived from National Geodetic Vertical Datum.

Date March 31, 2011

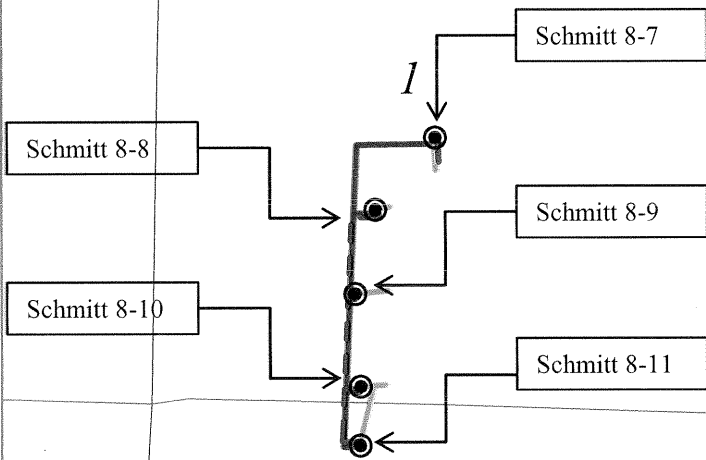
12S - 16W

Ellis County, Kansas

12S

13S - 16W

13S



6

Legend	
	Lease Roads
	Overhead Power Lines
	Underground Power Lines
	Underground Pipelines
	Well Location

12

7

**Citation**  
OIL & GAS CORP.

0 1,000  
FEET

By: J. Kull  
May 10, 2011



STATE OF KANSAS }  
ELLIS COUNTY }  
This instrument was filed for record  
10:50 o'clock A.M. recorded in

MAY 24 2010

743 of Record page 202  
Rebecca Saxe  
Fees 12.00 Register of Deeds

Producers 88-Rev. 1988  
Rocky Mountain (Colo. CBM)

### OIL AND GAS LEASE

AGREEMENT, made and entered into this 15th day of April, 2010 by and between **Roger P. Kisner as Executor of the Estate of Donald V. Schmitt, deceased**, whose mailing address is 2604 General Hays Road, Hays, KS 67601,

Party of the first part, hereinafter called lessor (whether one or more) and **Citation 1987-II Investment Limited Partnership, a Texas limited partnership, whose address is 14077 Cutten Road, Houston, Texas 77069-2212**, Party of the second part, hereinafter call lessee.

WITNESSETH, that the said lessor, for and in consideration of Ten Dollars (\$10.00) cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of the lessee to be paid, kept and performed, has granted, demised, leased, and let and by these presents does grant, demise, lease, and let exclusively unto the said lessee, its successors and assigns, for the sole and only purposes of surveying, by geological, geophysical, and all other methods, exploring, mining and operating for, and producing oil, gas, and other hydrocarbons, and all other minerals or substances, whether similar or dissimilar, including, but not limited to, coalbed methane, helium, nitrogen, carbon dioxide, and all substances produced in association therewith from coal-bearing formations or elsewhere, that may be produced from any well drilled by lessee on the leased premises hereinafter described, and laying pipelines, and building tanks, power stations and structures thereon to produce, save, and take care of said products, all that certain tract of land together with any reversionary, remainderman and springing executory rights therein, situate in the County of Ellis, State of Kansas, described as follows, to wit:

**Township 13 South, Range 16 West, 6<sup>th</sup> P.M.**  
**Section 1: NE/4NE/4SW/4, W/2E/2SW/4, W1/2SW1/4**  
**Section 12: NW/4, W1/2NE/4, SE1/4NE/4**

Area AK  
Direct AK  
in Direct AK  
Documented AK  
Checked AK

together with all strips, or parcels of land, (not, however, to be construed to include parcels comprising a regular 40-acre legal subdivision or lot of approximately corresponding size) adjoining or contiguous

to the above described land and owned or claimed by lessor, and containing 410.00 acres, more or less.

1. Without reference to the commencement, prosecution or cessation at any time of drilling or other development operations and/or to the discovery, development or cessation at any time of production of oil, gas or other hydrocarbons including coalbed methane or other minerals or substances covered hereby (herein collectively referred to as "oil or gas") or either or any of them, and without further payments other than the royalties herein provided and notwithstanding anything herein contained to the contrary, it is agreed that this lease shall remain in force for a term of **Three (3)** year from the date hereof, and as long thereafter as oil and gas, or either or any of them, is produced from said lands or premises pooled therewith or drilling operations are continued as hereinafter provided by the lessee, its successors and assigns. During the term of this lease, lessor agrees not to enter into any oil and gas lease with any other party covering any lands covered by this lease.

2. This is a PAID-UP LEASE. In consideration of the cash down payment, lessor agrees that lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

3. In consideration of the premises the said lessee covenants and agrees:  
First. The lessee shall deliver to the credit of lessor as royalty, free of cost in the pipeline to which lessee may connect its wells, the equal **twelve and one-half percent (12.5%)** part of all oil produced and saved from the leased premises, or at lessee's option, lessee may buy or sell such **twelve and one-half percent (12.5%)** royalty and pay lessor the market price for oil of like grade and gravity prevailing in the field on the day such oil is run into pipelines or into storage tanks.

Second. To pay lessor **twelve and one-half percent (12.5%)** of the net proceeds at the well from the proceeds received for gas sold from each well where gas only is found, or the market value at the well of such gas used off the premises.

Third. To pay lessor **twelve and one-half percent (12.5%)** of the market value at the well for gas produced from any oil well and used off the premises, or for the manufacture of casing-head gasoline or dry commercial gas.

Fourth. To pay lessor **twelve and one-half percent (12.5%)** of the proceeds received from the sale of any substance covered by this lease, other than oil and gas and the products thereof, which lessee may elect to produce, save, and market from the leased premises.

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

5. As a well capable of producing oil or gas is located on said land and is shut-in before production commences, or a well shut in under this lease, this lease shall continue in effect from the date such well is shut-in until the anniversary date (herein called "said anniversary date") of this lease next ensuing after the expiration of ninety (90) days from the date such well is shut-in. Lessee may thereafter pay or tender to lessor as royalty, on or before said anniversary date, an amount of \$100.00 per well per year, and if such payment or tender is made, such well shall continue this lease in effect for a further period of one year from said anniversary date, and in like manner and upon like payments or tenders annually made on or before the anniversary date hereof, this lease shall continue in effect for successive periods of twelve (12) months each. Notwithstanding any other provision to the contrary, this lease shall not terminate because of a failure to properly or timely make a shut-in well payment unless lessor shall have given lessee written notice of such failure to properly or timely make such shut-in well payment and lessee shall have failed for a period of thirty (30) days after receipt of such notice to tender such payment in the proper amount, together with a late or improper payment penalty of \$100.00.

6. 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 shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee. Any interest in the production from the above described land to which the interest of lessor may be subject shall be deducted from the royalties provided for herein.

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

8. Lessee shall pay for damages caused by its operations to growing crops on said lands. When requested by the lessor, lessee shall bury his pipelines 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 the lessor.

9. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or utilize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil or gas, or both, when in lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or re-forming of any unit shall be accomplished by lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or reworking operations, or a well shut in anywhere on a unit which includes all or part of this lease shall be treated as if it were production, drilling or reworking operations, or a well shut in under this lease. In lieu of the royalties elsewhere herein specified, excluding shut-in royalties, lessor shall receive on production from the unit so pooled royalties only on the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to lessor shall be based upon production only as so allocated. Lessor shall formally express lessor's consent to any cooperative or unit plan of development or operation adopted by lessee and approved by any governmental agency by executing the same upon request of lessee.

10. If the estate of either party hereto is assigned or sublet, and the privilege of assigning or subletting in whole or in part is expressly allowed, the express and implied covenants hereof shall extend to the sublessees, successors, and assigns of the parties; and in the event of an assignment or subletting by lessee, lessee shall be relieved and discharged as to the leasehold rights so assigned or sublet from any liability to lessor thereafter accruing upon any of the covenants or conditions of this lease, either express or implied. No change in the ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee or require separate measuring or installation of separate tanks by lessee. Notwithstanding any actual or constructive knowledge of or notice to lessee, no change in the ownership of said land or of the right to receive royalties hereunder, or of any interest therein, whether by reason of death, conveyance, or any other matter, shall be binding on lessee (except at lessee's option in any particular case) until sixty (60) days after lessee has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceeding showing appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to lessor to the full interest claimed, and all advance payments of shut-in royalties made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of lessor. It is hereby agreed in the event this lease shall be assigned as to a part or parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the shut-in royalties due from him or them, such default shall not operate to affect this lease insofar as it covers a part or parts of said lands upon which the said lessee or any assignee thereof shall make due payment of said shut-in royalties.

**Citation**  
OIL & GAS CORP.

*Emi*

14077 Cutten Road  
Houston, TX 77069-2212

BOOK 743 PAGE 202

11. All provisions hereof, express or implied, shall be subject to all applicable laws, governmental orders, rules and regulations. This lease shall not be terminated in whole or in part, nor lessee held liable in damages, because of a cessation of production or of drilling operations due to the application of such laws, governmental orders, rules and regulations or breakdown of equipment or the repairing of a well or wells, or because of such a cessation or a failure to comply with any of the express or implied provisions of this lease if such cessation or failure is the result of the exercise of governmental authority, war, lack of market, act of God, strike, fire, explosion, flood, or any other cause reasonably beyond the control of lessee. If lessee shall be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction thereover, or if lessee should be unable during said period to drill a well hereunder due to equipment necessary in the drilling hereof not being available on account of any cause beyond the control of lessee, the primary term of this lease shall continue until six months after said order is suspended and/or said equipment is available.

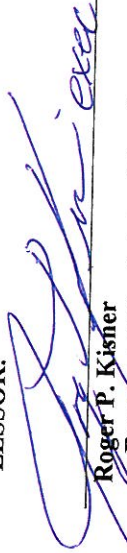
12. In the event lessor considers that the lessee has failed to comply with any obligations hereunder, express or implied, lessor shall notify lessee in writing, specifying in what respect lessor claims lessee has breached this lease. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

13. Lessor hereby releases and relinquishes any right of homestead, dower or curtesy they or either of them may have in or to the leased land.  
14. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment, any mortgage, taxes, or other liens on the above described lands in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and such payments may be deducted from any royalties which may be payable to lessor hereunder.

15. This lease and all its terms, conditions, and stipulations binds each executing lessor and shall extend to and be binding on his assigns, heirs, devisees and successors, and those of the lessee, though unsigned by other lessors named herein.

IN WITNESS WHEREOF: We sign the day and year first above written.

LESSOR:



**Roger P. Kistner**  
**as Executor of the Estate of Donald V. Schmitt,**  
**deceased**

STATE OF Kansas )  
                          ) ss.  
COUNTY OF Ellis )

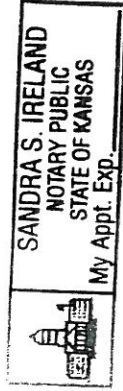
BEFORE ME, the undersigned authority, on this day personally appeared **Roger P. Kistner as Executor of the Estate of Donald V. Schmitt, deceased**, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS 19<sup>th</sup> day of April, 2010.

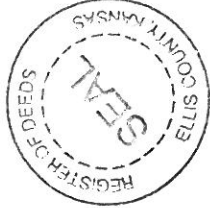
My Commission expires:

11-1-2012

  
Notary Public







STATE OF KANSAS }  
ELLIS COUNTY }  
This instrument was filed for record  
10:15 o'clock A.M. recorded in

MAY 24 2010

743 of Record page 204  
Roberta Jerome  
Fees 12.00 Register of Deeds

Producers 88-Rev. 1988  
Rocky Mountain (Colo. CBM)

### OIL AND GAS LEASE

AGREEMENT, made and entered into this 15th day of April, 2010 by and between **Edward A. Seefeld, a single man**, whose mailing address is **2150 Sparta Court, Simi Valley, CA 93065**,

Party of the first part, hereinafter called lessor (whether one or more) and **Citation 1987-II Investment Limited Partnership, a Texas limited partnership, whose address is 14077 Cutten Road, Houston, Texas 77069-2212**, Party of the second part, hereinafter call lessee.

WITNESSETH, that the said lessor, for and in consideration of Ten Dollars (\$10.00) cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of the lessee to be paid, kept and performed, has granted, demised, leased, and let and by these presents does grant, demise, lease, and let exclusively unto the said lessee, its successors and assigns, for the sole and only purposes of surveying, by geological, geophysical, and all other methods, exploring, mining and operating, for and producing oil, gas, and other hydrocarbons, and all other minerals or substances, whether similar or dissimilar, including, but not limited to, coalbed methane, helium, nitrogen, carbon dioxide, and all substances produced in association therewith from coal-bearing formations or elsewhere, that may be produced from any well drilled by lessee on the leased premises hereinafter described, and laying pipelines, and building tanks, power stations and structures thereon to produce, save, and take care of said products, all that certain tract of land together with any reversionary, remainderman and springing executory rights therein, situate in the County of Ellis, State of Kansas, described as follows, to wit:

Township 13 South, Range 16 West, 6<sup>th</sup> P.M.  
Section 1: NE/4NE/4SW/4, W/2E/2SW/4, W1/2SW1/4  
Section 12: NW/4, W1/2NE/4, SE1/4NE/4

Photo OK  
Direct OK  
In Direct OK  
Numerical RN  
Checked ✓

together with all strips, or parcels of land, (not, however, to be construed to include parcels comprising a regular 40-acre legal subdivision or lot of approximately corresponding size) adjoining or contiguous to the above described land and owned or claimed by lessor, and containing 410.00 acres, more or less.

1. Without reference to the commencement, prosecution or other development operations and/or to the discovery, development or cessation at any time of production of oil, gas or other hydrocarbons including coalbed methane or other minerals or substances covered hereby (herein collectively referred to as "oil or gas") or either or any of them, and without further payments other than the royalties herein provided and notwithstanding anything contained to the contrary, it is agreed that this lease shall remain in force for a term of Three (3) year from the date hereof, and as long thereafter as oil and gas, or either or any of them, is produced from said lands or premises pooled therewith or drilling operations are continued as hereinafter provided by the lessee, its successors and assigns. During the term of this lease, lessor agrees not to enter into any oil and gas lease with any other party covering any lands covered by this lease.

2. This is a PAM-D UP LEASE. In consideration of the cash down payment, lessor agrees that lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

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

First. The lessee shall deliver to the credit of lessor as royalty, free of cost in the pipeline to which lessee may connect its wells, the equal **twelve and one-half percent (12.5%)** part of all oil produced and saved from the leased premises, or at lessee's option, lessee may buy or sell such **twelve and one-half percent (12.5%)** royalty and pay lessor the market price for oil of like grade and gravity prevailing in the field on the day such oil is run into pipelines or into storage tanks.

Second. To pay lessor **twelve and one-half percent (12.5%)** of the net proceeds at the well from the proceeds received for gas sold from each well where gas only is found, or the market value at the well of such gas used off the premises.

Third. To pay lessor **twelve and one-half percent (12.5%)** of the market value at the well for gas produced from any oil well and used off the premises, or for the manufacture of casing-head gasoline or dry commercial gas.

Fourth. To pay lessor **twelve and one-half percent (12.5%)** of the proceeds received from the sale of any substance covered by this lease, other than oil and gas and the products thereof, which lessee may elect to produce, save, and market from the leased premises.

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

5. If a well capable of producing oil or gas is located on said land and is shut-in before production commences, or at any time thereafter, this lease shall continue in effect from the date such well is shut-in until the anniversary date (herein called "said anniversary date") of this lease next ensuing after the expiration of ninety (90) days from the date such well is shut-in. Lessee may thereafter pay or tender to lessor as royalty, on or before said anniversary date, an amount of \$100.00 per well per year, and if such payment or tender is made, such well shall continue this lease in effect for a further period of one year from said anniversary date, and in like manner and upon like payments or tenders annually made on or before the anniversary date hereof, this lease shall continue in effect for successive periods of twelve (12) months each. Notwithstanding any other provision to the contrary, this lease shall not terminate because of a failure to properly or timely make a shut-in well payment unless lessor shall have given lessee written notice of such failure to properly or timely make such shut-in well payment and lessee shall have failed for a period of thirty (30) days after receipt of such notice to tender such payment in the proper amount, together with a late or improper payment penalty of \$100.00.

6. 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 shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee. Any interest in the production from the above described land to which the interest of lessor may be subject shall be deducted from the royalties provided for herein.

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

8. Lessee shall pay for damages caused by its operations to growing crops on said lands. When requested by the lessor, lessee shall bury his pipelines 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 the lessor.

9. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil or gas, or both, when in lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or reworking operations, or a well shut in anywhere on a unit which includes all or part of this lease shall be treated as if it were production, drilling or reworking operations, or a well shut in under this lease. In lieu of the royalties elsewhere herein specified, excluding shut-in royalties, lessor shall receive on production from the unit so pooled royalties only on the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to lessor shall be based upon production only as so allocated. Lessor shall formally express lessor's consent to any cooperative or unit plan of development or operation adopted by lessee and approved by any governmental agency by executing the same upon request of lessee.

10. If the estate of either party hereto is assigned or sublet, and the privilege of assigning or subletting in whole or in part is expressly allowed, the express and implied covenants hereof shall extend to the sublessee, successors, and assigns of the parties; and in the event of an assignment or subletting by lessee, lessee shall be relieved and discharged as to the leasehold rights so assigned or sublet from any liability to lessor thereafter accruing upon any of the covenants or conditions of this lease, either express or implied. No change in the ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee or require separate measuring or installation of separate tanks by lessee. Notwithstanding any actual or constructive knowledge of or notice to lessee, no change in the ownership of said land or of the right to receive royalties hereunder, or of any interest therein, whether by reason of death, conveyance, or any other matter, shall be binding on lessee (except at Lessee's option in any particular case) until sixty (60) days after lessee has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceeding showing appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to the full interest claimed, and all advance payments of shut-in royalties made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of lessor. It is hereby agreed in the event this lease shall be assigned as to a part or parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the shut-in royalties due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers a part or parts of said lands upon which the said lessee or any assignee thereof shall make due payment of said shut-in royalties.

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11. All provisions hereof, express or implied, shall be subject to all applicable laws, governmental orders, rules and regulations. This lease shall not be terminated in whole or in part, nor lessee held liable in damages, because of a cessation of production or of drilling operations due to the application of such laws, governmental orders, rules and regulations or breakdown of equipment or the repairing of a well or wells, or because of such a cessation or a failure to comply with any of the express or implied provisions of this lease if such cessation or failure is the result of the exercise of governmental authority, war, lack of market, act of God, strike, fire, explosion, flood, or any other cause reasonably beyond the control of lessee. If lessee shall be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction thereover, or if lessee should be unable during said period to drill a well hereunder due to equipment necessary in the drilling hereof not being available on account of any cause beyond the control of lessee, the primary term of this lease shall continue until six months after said order is suspended and/or said equipment is available.

12. In the event lessor considers that the lessee has failed to comply with any obligations hereunder, express or implied, lessor shall notify lessee in writing, specifying in what respect lessor claims lessee has breached this lease. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

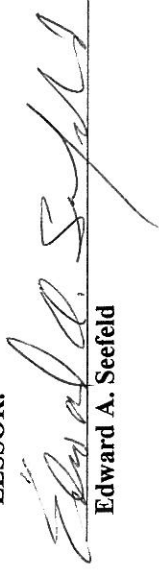
13. Lessor hereby releases and relinquishes any right of homestead, dower or curtesy they or either of them may have in or to the leased land.

14. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment, any mortgage, taxes, or other liens on the above described lands in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and such payments may be deducted from any royalties which may be payable to lessor hereunder.

15. This lease and all its terms, conditions, and stipulations binds each executing lessor and shall extend to and be binding on his assigns, heirs, devisees and successors, and those of the lessee, though unsigned by other lessors named herein.

IN WITNESS WHEREOF, We sign the day and year first above written.

LESSOR:

  
Edward A. Seefeld

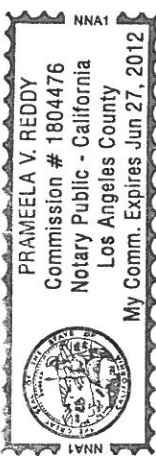
STATE OF California )  
COUNTY OF ~~Ventura~~ <sup>LOS ANGELES</sup>

BEFORE ME, the undersigned authority, on this day personally appeared Edward A. Seefeld, a single man, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS 15 day of APRIL, 2010.

My Commission expires: 06-27-2012

  
Notary Public

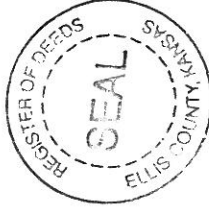


STATE OF KANSAS }  
ELLIS COUNTY }

This instrument was filed for record  
10:150'clock AM recorded in

MAY 24 2010

743 of Record page 206  
Revised & Revised  
Fees 12.00 Register of Deeds



Producers 88-Rev. 1988  
Rocky Mountain (Colo. CBM)

### OIL AND GAS LEASE

AGREEMENT, made and entered into this 15th day of April, 2010 by and between **Carla S. Hughes, a married woman dealing in her sole and separate property**, whose mailing address is 2150 Sparta Court, Simi Valley, CA 93065,

Party of the first part, hereinafter called lessor (whether one or more) and **Citation 1987-II Investment Limited Partnership, a Texas limited partnership, whose address is 14077 Cutten Road, Houston, Texas 77069-2212**, Party of the second part, hereinafter call lessee.

WITNESSETH, that the said lessor, for and in consideration of Ten Dollars (\$10.00) cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of the lessee to be paid, kept and performed, has granted, demised, leased, and let and by these presents does grant, demise, lease, and let exclusively unto the said lessee, its successors and assigns, for the sole and only purposes of surveying, by geological, geophysical, and all other methods, exploring, mining and operating for, and producing oil, gas, and other hydrocarbons, and all other minerals or substances, whether similar or dissimilar, including, but not limited to, coalbed methane, helium, nitrogen, carbon dioxide, and all substances produced in association therewith from coal-bearing formations or elsewhere, that may be produced from any well drilled by lessee on the leased premises hereinafter described, and laying pipelines, and building tanks, power stations and structures thereon to produce, save, and take care of said products, all that certain tract of land together with any reversionary, remainderman and springing, executory rights therein, situate in the County of Ellis, State of Kansas, described as follows, to wit:

Township 13 South, Range 16 West, 6<sup>th</sup> P.M.  
Section 1: NE/4NE/4SW/4, W/2E/2SW/4, W/2SW/4  
Section 12: NW/4, W/2NE/4, SE1/4NE/4

Photo PK  
Direct PK  
In Direct PK  
Numerical PKH  
Checked PK

together with all strips, or parcels of land, (not, however, to be construed to include parcels comprising a regular 40-acre legal subdivision or lot of approximately corresponding size) adjoining or contiguous

to the above described land and owned or claimed by lessor, and containing 410.00 acres, more or less.

1. Without reference to the commencement, prosecution or cessation at any time of drilling or other development operations and/or to the discovery, development or cessation at any time of production of oil, gas or other hydrocarbons including coalbed methane or other minerals or substances covered hereby (herein collectively referred to as "oil or gas") or either or any of them, and without further payments other than the royalties herein provided and notwithstanding anything herein contained to the contrary, it is agreed that this lease shall remain in force for a term of Three (3) year from the date hereof, and as long thereafter as oil and gas, or either or any of them, is produced from said lands or promises pooled therewith or drilling operations are continued as hereinafter provided by the lessee, its successors and assigns. During the term of this lease, lessor agrees not to enter into any oil and gas lease with any other party covering any lands covered by this lease.

2. This is a PAID-UP LEASE. In consideration of the cash down payment, lessor agrees that lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to lessor or by filing for record a release or releases, and be relieved of all obligations thereafter accruing as to the acreage surrendered.

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

First. The lessee shall deliver to the credit of lessor as royalty, free of cost in the pipeline to which lessee may connect its wells, the equal twelve and one-half percent (12.5%) part of all oil produced and saved from the leased premises, or at lessee's option, lessee may buy or sell such twelve and one-half percent (12.5%) royalty and pay lessor the market price for oil of like grade and gravity prevailing in the field on the day such oil is run into pipelines or into storage tanks.

Second. To pay lessor twelve and one-half percent (12.5%) of the net proceeds at the well from the proceeds received for gas sold from each well where gas only is found, or the market value at the well of such gas used off the premises.

Third. To pay lessor twelve and one-half percent (12.5%) of the market value at the well for gas produced from any oil well and used off the premises, or for the manufacture of casing-head gasoline or dry commercial gas.

Fourth. To pay lessor twelve and one-half percent (12.5%) of the proceeds received from the sale of any substance covered by this lease, other than oil and gas and the products thereof, which lessee may elect to produce, save, and market from the leased premises.

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

5. If a well capable of producing oil or gas is located on said land and is shut-in before production commences, or at any time thereafter, this lease shall continue in effect from the date such well is shut-in until the anniversary date (herein called "said anniversary date") of this lease next ensuing after the expiration of ninety (90) days from the date such well is shut-in. Lessee may thereafter pay or tender to lessor as royalty, on or before said anniversary date, an amount of \$100.00 per well per year, and if such payment or tender is made, such well shall continue this lease in effect for a further period of one year from said anniversary date, and in like manner and upon like payments or tenders annually made on or before the anniversary date hereof, this lease shall continue in effect for successive periods of twelve (12) months each. Notwithstanding any other provision to the contrary, this lease shall not terminate because of a failure to properly or timely make a shut-in well payment unless lessor shall have given lessee written notice of such failure to properly or timely make such shut-in well payment and lessee shall have failed for a period of thirty (30) days after receipt of such notice to tender such payment in the proper amount, together with a late or improper payment penalty of \$100.00.

6. 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 shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee. Any interest in the production from the above described land to which the interest of lessor may be subject shall be deducted from the royalties provided for herein.

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

8. Lessee shall pay for damages caused by its operations to growing crops on said lands. When requested by the lessor, lessee shall bury his pipelines 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 the lessor.

9. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil or gas, or both, when in Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or reworking operations, or a well shut in anywhere on a unit which includes all or part of this lease shall be treated as if it were production, drilling or reworking operations, or a well shut in under this lease. In lieu of the royalties elsewhere herein specified, excluding shut-in royalties, lessor shall receive on production from the unit so pooled royalties only on the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to lessor shall be based upon production only as so allocated. Lessor shall formally express lessor's consent to any cooperative or unit plan of development or operation adopted by lessee and approved by any governmental agency by executing the same upon request of lessee.

10. If the estate of either party hereto is assigned or sublet, and the privilege of assigning or subletting in whole or in part is expressly allowed, the express and implied covenants hereof shall extend to the sublessees, successors, and assigns of the parties; and in the event of an assignment or subletting by lessee, lessee shall be relieved and discharged as to the leasehold rights so assigned or sublet from any liability to lessor thereafter accruing upon any of the covenants or conditions of this lease, either express or implied. No change in the ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee or require separate measuring or installation of separate tanks by lessee. Notwithstanding any actual or constructive knowledge of or notice to lessee, no change in the ownership of said land or of the right to receive royalties hereunder, or of any interest therein, whether by reason of death, conveyance, or any other matter, shall be binding on lessee (except at lessee's option in any particular case) until sixty (60) days after lessee has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceeding showing appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to lessor to the full interest claimed, and all advance payments of shut-in royalties made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of lessor. It is hereby agreed in the event this lease shall be assigned as to a part or parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the shut-in royalties due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers a part or parts of said lands upon which the said lessee or any assignee thereof shall make due payment of said shut-in royalties.



11. All provisions hereof, express or implied, shall be subject to all applicable laws, governmental orders, rules and regulations. This lease shall not be terminated in whole or in part, nor Lessee held liable in damages, because of a cessation of production or of drilling operations due to the application of such laws, governmental orders, rules and regulations or breakdown of equipment or the repairing of a well or wells, or because of such a cessation or a failure to comply with any of the express or implied provisions of this lease if such cessation or failure is the result of the exercise of governmental authority, war, lack of market, act of God, strike, fire, explosion, flood, or any other cause reasonably beyond the control of Lessee. If Lessee shall be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction thereover, or if Lessee should be unable during said period to drill a well hereunder due to equipment necessary in the drilling hereof not being available on account of any cause beyond the control of Lessee, the primary term of this lease shall continue until six months after said order is suspended and/or said equipment is available.

12. In the event Lessor considers that the Lessee has failed to comply with any obligations hereunder, express or implied, Lessor shall notify Lessee in writing, specifying in what respect Lessor claims Lessee has breached this lease. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder.

13. Lessor hereby releases and relinquishes any right of homestead, dower or curtesy they or either of them may have in or to the leased land.

14. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgage, taxes or other liens on the above described lands in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof, and such payments may be deducted from any royalties which may be payable to Lessor hereunder.

15. This lease and all its terms, conditions, and stipulations binds each executing Lessor and shall extend to and be binding on his assigns, heirs, devisees and successors, and those of the Lessee, though unsigned by other Lessors named herein.

IN WITNESS WHEREOF, We sign the day and year first above written.

LESSOR:

*Carla S. Hughes*

Carla S. Hughes, a married woman dealing in her sole and separate property

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

STATE OF California )  
                                  ) ss. LOS ANGELES  
COUNTY OF ~~Santa~~ )

BEFORE ME, the undersigned authority, on this day personally appeared **Carla S. Hughes, a married woman dealing in her sole and separate property**, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS 15 day of April, 2010.

My Commission expires: 06-27-2012

*Prameela V. Reddy*  
Notary Public





STATE OF KANSAS }  
ELLIS COUNTY }  
This instrument was filed for record  
10:15 O'clock A.M. recorded in

MAY 24 2010

743 of Records page 208  
Rebecca Stevens  
Fees 16.00 Register of Deeds

Photo *pk*  
Street *pk*  
In Direct *pk*  
Numerical *pk*  
Checked *pk*

Producers 88-Rev. 1988  
Rocky Mountain (Colo. CBM)

**OIL AND GAS LEASE**

AGREEMENT, made and entered into this 20th day of April, 2010 by and between **William J. Wegrich, a single man**, whose mailing address is **1880 South Balsam Street, Lakewood, CO 80232**,

Party of the first part, hereinafter called lessor (whether one or more) and **Citation 1987-II Investment Limited Partnership, a Texas limited partnership, whose address is 14077 Cutten Road, Houston, Texas 77069-2212**, Party of the second part, hereinafter call lessee.

WITNESSETH, that the said lessor, for and in consideration of Ten Dollars (\$10.00) cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of the lessee to be paid, kept and performed, has granted, demised, leased, and let and by these presents does grant, demise, lease, and let exclusively unto the said lessee, its successors and assigns, for the sole and only purposes of surveying, by geological, geophysical, and all other methods, exploring, mining and operating, for and producing oil, gas, and other hydrocarbons, and all other minerals or substances, whether similar or dissimilar, including, but not limited to, coalbed methane, helium, nitrogen, carbon dioxide, and all substances produced in association therewith from coal-bearing formations or elsewhere, that may be produced from any well drilled by lessee on the leased premises hereinafter described, and laying pipelines, and building tanks, power stations and structures thereon to produce, save, and take care of said products, all that certain tract of land together with any reversionary, remainderman and springing executory rights therein, situate in the County of Ellis, State of Kansas, described as follows, to wit:

**Township 13 South, Range 16 West, 6<sup>th</sup> P.M.**  
**Section 1: NE/4NE/4SW/4, W/2E/2SW/4, W1/2SW1/4**  
**Section 12: NW/4, W1/2NE/4, SE1/4NE/4**

together with all strips, or parcels of land, (not, however, to be construed to include parcels comprising a regular 40-acre legal subdivision or lot of approximately corresponding size) adjoining or contiguous

to the above described land and owned or claimed by lessor, and containing 410.00 acres, more or less.

1. Without reference to the commencement, prosecution or cessation at any time of drilling or other development operations and/or to the discovery, development or cessation at any time of production of oil, gas or other hydrocarbons including coalbed methane or other minerals or substances covered hereby (herein collectively referred to as "oil or gas") or either or any of them, and without further payments other than the royalties herein provided and notwithstanding anything herein contained to the contrary, it is agreed that this lease shall remain in force for a term of **Three (3)** year from the date hereof, and as long thereafter as oil and gas, or either or any of them, is produced from said lands or premises pooled therewith or drilling operations are continued as hereinafter provided by the lessee, its successors and assigns. During the term of this lease, lessor agrees not to enter into any oil and gas lease with any other party covering any lands covered by this lease.

2. This is a PAID-UP LEASE. In consideration of the cash down payment, lessor agrees that he shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

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

First. The lessee shall deliver to the credit of lessor as royalty, free of cost in the pipeline to which lessee may connect its wells, the equal **twelve and one-half percent (12.5%)** part of all oil produced and saved from the leased premises, or at lessee's option, lessee may buy or sell such **twelve and one-half percent (12.5%)** royalty and pay lessor the market price for oil of like grade and gravity prevailing in the field on the day such oil is run into pipelines or into storage tanks.

Second. To pay lessor **twelve and one-half percent (12.5%)** of the net proceeds at the well from the proceeds received for gas sold from each well where gas only is found, or the market value at the well of such gas used off the premises.

Third. To pay lessor **twelve and one-half percent (12.5%)** of the market value at the well for gas produced from any oil well and used off the premises, or for the manufacture of casing-head gasoline or dry commercial gas.

Fourth. To pay lessor **twelve and one-half percent (12.5%)** of the proceeds received from the sale of any substance covered by this lease, other than oil and gas and the products thereof, which lessee may elect to produce, save, and market from the leased premises.

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

5. If a well capable of producing oil or gas is located on said land and is shut-in before production commences, or at any time thereafter, this lease shall continue in effect from the date such well is shut-in until the anniversary date (herein called "said anniversary date") of this lease next ensuing after the expiration of ninety (90) days from the date such well is shut-in. Lessee may thereafter pay or tender to lessor as royalty, on or before said anniversary date, an amount of \$100.00 per well per year, and if such payment or tender is made, such well shall continue this lease in effect for a further period of one year from said anniversary date, and in like manner and upon like payments or tenders annually made on or before the anniversary date hereof, this lease shall continue in effect for successive periods of twelve (12) months each. Notwithstanding any other provision to the contrary, this lease shall not terminate because of a failure to properly or timely make a shut-in well payment unless lessor shall have given lessee written notice of such failure to properly or timely make such shut-in well payment and lessee shall have failed for a period of thirty (30) days after receipt of such notice to tender such payment in the proper amount, together with a late or improper payment penalty of \$100.00.

6. 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 shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee. Any interest in the production from the above described land to which the interest of lessor may be subject shall be deducted from the royalties provided for herein.

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

8. Lessee shall pay for damages caused by its operations to growing crops on said lands. When requested by the lessor, lessee shall bury his pipelines 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 the lessor.

9. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production as to all or any part of the land described herein and as to one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil or gas, or both, when in lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or re-forming of any unit shall be accomplished by lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or reworking operations, or a well shut in anywhere on a unit which includes all or part of this lease shall be treated as if it were production, drilling or reworking operations, or a well shut in under this lease. In lieu of the royalties elsewhere herein specified, excluding shut-in royalties, lessor shall receive on production from the unit so pooled royalties only on the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to lessor shall be based upon production only as so allocated. Lessor shall formally express lessor's consent to any cooperative or unit plan of development or operation adopted by lessee and approved by any governmental agency by executing the same upon request of lessee.

10. If the estate of either party hereto is assigned or sublet, and the privilege of assigning or subletting in whole or in part is expressly allowed, the express and implied covenants hereof shall extend to the sublessee, successors, and assigns of the parties; and in the event of an assignment or subletting by lessee, lessee shall be relieved and discharged as to the leasehold rights so assigned or sublet from any liability to lessor thereafter accruing upon any of the covenants or conditions of this lease, either express or implied. No change in the ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee or require separate measuring or installation of separate tanks by lessee. Notwithstanding any actual or constructive knowledge of or notice to lessee, no change in the ownership of said land or of the right to receive royalties hereunder, or of any interest therein, whether by reason of death, conveyance, or any other matter, shall be binding on lessee (except at lessee's option in any particular case) until sixty (60) days after lessee has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceeding showing appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to lessor to the full interest claimed, and all advance payments of shut-in royalties made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of lessor. It is hereby agreed in the event this lease shall be assigned as to a part or parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the shut-in royalties due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers a part or parts of said lands upon which the said lessee or any assignee thereof shall make due payment of said shut-in royalties.

11. All provisions hereof, express or implied, shall be subject to all applicable laws, governmental orders, rules and regulations. This lease shall not be terminated in whole or in part, nor Lessee held liable in damages, because of a cessation of production or of drilling operations due to the application of such laws, governmental orders, rules and regulations or breakdown of equipment or the repairing of a well or wells, or because of such a cessation or a failure to comply with any of the express or implied provisions of this lease if such cessation or failure is the result of the exercise of governmental authority, war, lack of market, act of God, strike, fire, explosion, flood, or any other cause reasonably beyond the control of lessee. If lessee shall be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction thereover, or if lessee should be unable during said period to drill a well hereunder due to equipment necessary in the drilling hereof not being available on account of any cause beyond the control of lessee, the primary term of this lease shall continue until six months after said order is suspended and/or said equipment is available.

12. In the event lessor considers that the lessee has failed to comply with any obligations hereunder, express or implied, lessor shall notify lessee in writing, specifying in what respect lessor claims lessee has breached this lease. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

13. Lessor hereby releases and relinquishes any right of homestead, dower or curtesy they or either of them may have in or to the leased land.

14. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment, any mortgage, taxes, or other liens on the above described lands in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and such payments may be deducted from any royalties which may be payable to lessor hereunder.

15. This lease and all its terms, conditions, and stipulations binds each executing lessor and shall extend to and be binding on his assigns, heirs, devisees and successors, and those of the lessee, though unsigned by other lessors named herein.

IN WITNESS WHEREOF, We sign the day and year first above written.

LESSOR:

*William J. Wegrich*

William J. Wegrich

STATE OF Colorado )  
                                  ) ss.  
COUNTY OF Jefferson

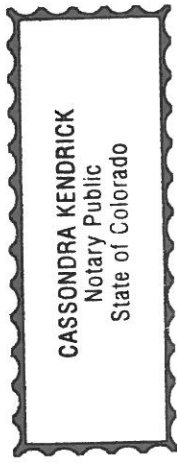
BEFORE ME, the undersigned authority, on this day personally appeared William J. Wegrich, a single man, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS 19<sup>th</sup> day of April, 2010.

My Commission expires:

02-10-13

*Cassandra Kendrick*  
Notary Public



**AFFIDAVIT REGARDING MINERAL INTERESTS**

STATE OF COLORADO                    }  
  } ss  
COUNTY OF \_\_\_\_\_ }  
  }

On this 19 day of April, 2010, before me, the undersigned Notary Public, personally appeared William J. Wegrich, a single man, Affiant, of legal age and a resident of 1880 South Balsam Street, Lakewood, CO 80232, who after being duly sworn did depose and say the following:

Affiant owns an undivided interest in the oil, gas and minerals, along with rights appurtenant thereto, in the following described lands in Ellis County, Kansas:

Township 13 South, Range 16 West, 6<sup>th</sup> P.M.

Section 1: NE/4NE/4SW/4; W2E2SW/4; W/2SW/4; ✓

Section 12: NW/4; W/2NE/4; SE/4NE/4; containing 410 acres, more or less, ✓

Affiant is to be a beneficiary under the Estate of Florence M. Wegrich, deceased, and has entered into a certain Asset Distribution Agreement with other beneficiaries of said Estate, which covers, among other things, the distribution of an undivided interest in the oil, gas and minerals in the above described land which is currently held by said Estate.

Affiant, as lessor, has entered into a certain oil and gas lease dated April 20, 2010, with Citation 1987-II Investment Limited Partnership, a Texas limited partnership, whose address is 14077 Cutten Road, Houston, TX 77069-2212, as lessee, covering the above described lands.

Affiant hereby declares that it is the intent of Affiant that the said oil and gas lease covers all right, title and interest of Affiant in the above described lands, whether presently owned by Affiant, or hereafter acquired, including all interest to which Affiant succeeds as a beneficiary under the Estate of Florence M. Wegrich and/or the aforementioned Asset Distribution Agreement.

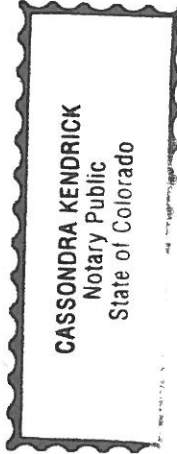
Further, Affiant saith naught.

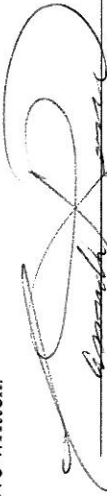
Affiant:

  
William J. Wegrich

Subscribed and sworn before me this date first above written.

Witness my hand and official seal.



  
Notary Public  
My commission expires: 8/26/13



STATE OF KANSAS }  
ELLIS COUNTY }  
This instrument was filed for record  
10:15:0'clock AM recorded in

MAY 24 2010

743 of Record page 211  
Rebecca D. Dyer  
Fees 16.00 Registrar of Deeds



Producers 88-Rev. 1988  
Rocky Mountain (Colo. CBM)

**OIL AND GAS LEASE**

AGREEMENT, made and entered into this 20th day of April, 2010 by and between **Catherine E. Grow, a married woman dealing in her sole and separate property**, whose mailing address is 4018 Sunstone Drive, Fort Collins, CO 80525-5619,

Partly of the first part, hereinafter called lessor (whether one or more) and **Citation 1987-II Investment Limited Partnership, a Texas limited partnership, whose address is 14077 Cutten Road, Houston, Texas 77069-2212**, Party of the second part, hereinafter call lessee.

WITNESSETH, that the said lessor, for and in consideration of Ten Dollars (\$10.00) cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of the lessee to be paid, kept and performed, has granted, demised, leased, and let and by these presents does grant, demise, lease, and let exclusively unto the said lessee, its successors and assigns, for the sole and only purposes of surveying, by geological, geophysical, and all other methods, exploring, mining and operating for, and producing oil, gas, and other hydrocarbons, and all other minerals or substances, whether similar or dissimilar, including, but not limited to, coalbed methane, helium, nitrogen, carbon dioxide, and all substances produced in association therewith from coal-bearing formations or elsewhere, that may be produced from any well drilled by lessee on the leased premises hereinafter described, and laying pipelines, and building tanks, power stations and structures thereon to produce, save, and take care of said products, all that certain tract of land together with any reversionary, remainderman and springing executory rights therein, situate in the County of Ellis, State of Kansas, described as follows, to wit:

**Township 13 South, Range 16 West, 6<sup>th</sup> P.M.**  
**Section 1: NE/4NE/4SW/4, W/2E/2SW/4, W1/2SW1/4** ✓  
**Section 12: NW/4, W1/2NE/4, SE1/4NE/4** ✓

together with all strips, or parcels of land, (not, however, to be construed to include parcels comprising a regular 40-acre legal subdivision or lot of approximately corresponding size) adjoining or contiguous

to the above described land and owned or claimed by lessor, and containing 410.00 acres, more or less.

1. Without reference to the commencement, prosecution or cessation at any time of drilling or other development operations and/or to the discovery, development or cessation at any time of production of oil, gas or other hydrocarbons including coalbed methane or other minerals or substances covered hereby (herein collectively referred to as "oil or gas") or either or any of them, and without further payments other than the royalties herein provided and notwithstanding anything contained to the contrary, it is agreed that this lease shall remain in force for a term of **Three (3)** year from the date hereof, and as long thereafter as oil and gas, or either or any of them, is produced from said lands or premises pooled therewith or drilling operations are continued as hereinafter provided by the lessee, its successors and assigns. During the term of this lease, lessor agrees not to enter into any oil and gas lease with any other party covering any lands covered by this lease.

2. This is a PAID-UP LEASE. In consideration of the cash down payment, lessor agrees that lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

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

First. The lessee shall deliver to the credit of lessor as royalty, free of cost in the pipeline to which lessee may connect its wells, the equal **twelve and one-half percent (12.5%)** part of all oil produced and saved from the leased premises, or at lessee's option, lessee may buy or sell such **twelve and one-half percent (12.5%)** royalty and pay lessor the market price for oil of like grade and gravity prevailing in the field on the day such oil is run into pipelines or into storage tanks.

Second. To pay lessor **twelve and one-half percent (12.5%)** of the net proceeds at the well from the proceeds received for gas sold from each well where gas only is found, or the market value at the well of such gas used off the premises.

Third. To pay lessor **twelve and one-half percent (12.5%)** of the market value at the well for gas produced from any oil well and used off the premises, or for the manufacture of casing-head gasoline or dry commercial gas.

Fourth. To pay lessor **twelve and one-half percent (12.5%)** of the proceeds received from the sale of any substance covered by this lease, other than oil and gas and the products thereof, which lessee may elect to produce, save, and market from the leased premises.

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

5. If a well capable of producing oil or gas is located on said land and is shut-in before production commences, or at any time thereafter, this lease shall continue in effect from the date such well is shut-in until the anniversary date (herein called "said anniversary date") of this lease next ensuing after the expiration of ninety (90) days from the date such well is shut-in. Lessee may thereafter pay or tender to lessor as royalty, on or before said anniversary date, an amount of \$100.00 per well per year, and if such payment or tender is made, such well shall continue this lease in effect for a further period of one year from said anniversary date, and in like manner and upon like payments or tenders annually made on or before the anniversary date hereof, this lease shall continue in effect for successive periods of twelve (12) months each. Notwithstanding any other provision to the contrary, this lease shall not terminate because of a failure to property or timely make a shut-in well payment unless lessor shall have given lessee written notice of such failure to property or timely make such shut-in well payment and lessee shall have failed for a period of thirty (30) days after receipt of such notice to tender such payment in the proper amount, together with a late or improper payment penalty of \$100.00.

6. 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 shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee. Any interest in the production from the above described land to which the interest of lessor may be subject shall be deducted from the royalties provided for herein.

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

8. Lessee shall pay for damages caused by its operations to growing crops on said lands. When requested by the lessor, lessee shall bury his pipelines 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 the lessor.

9. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil or gas, or both, and in lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or re-forming of any unit shall be accomplished by lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or reworking operations, or a well shut in anywhere on a unit which includes all or part of this lease shall be treated as if it were production, drilling or reworking operations, or a well shut in under this lease. In lieu of the royalties elsewhere herein specified, excluding shut-in royalties, lessor shall receive on production from the unit so pooled royalties only on the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, in such event, the terms, conditions and provisions of this lease shall be lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to lessor shall be based upon production only as so allocated. Lessor shall formally express lessor's consent to any cooperative or unit plan of development or operation adopted by lessee and approved by any governmental agency by executing the same upon request of lessee.

10. If the estate of either party hereto is assigned or sublet, and the privilege of assigning or subletting in whole or in part is expressly allowed, the express and implied covenants hereof shall extend to the sublessees, successors, and assigns of the parties; and in the event of an assignment or subletting by lessee, lessee shall be relieved and discharged as to the leasehold rights so assigned or sublet from any liability to lessor thereafter accruing upon any of the covenants or conditions of this lease, either express or implied. No change in the ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee or require separate measuring or installation of separate tanks by lessee. Notwithstanding any actual or constructive knowledge of or notice to lessee, no change in the ownership of said land or of the right to receive royalties hereunder, or of any interest therein, whether by reason of death, conveyance, or any other matter, shall be binding on lessee (except at lessee's option in any particular case) until sixty (60) days after lessee has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceeding showing appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to lessor to the full interest claimed, and all advance payments of shut-in royalties made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of lessor. It is hereby agreed in the event this lease shall be assigned as to a part or parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the shut-in royalties due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers a part or parts of said lands upon which the said lessee or any assignee thereof shall make due payment of said shut-in royalties.

11. All provisions hereof, express or implied, shall be subject to all applicable laws, governmental orders, rules and regulations. This lease shall not be terminated in whole or in part, nor Lessee held liable in damages, because of a cessation of production or of drilling operations due to the application of such laws, governmental orders, rules and regulations or breakdown of equipment or the repairing of a well or wells, or because of such a cessation or a failure to comply with any of the express or implied provisions of this lease if such cessation or failure is the result of the exercise of governmental authority, war, lack of market, act of God, strike, fire, explosion, flood, or any other cause reasonably beyond the control of Lessee. If Lessee shall be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction thereover, or if Lessee should be unable during said period to drill a well hereunder due to equipment necessary in the drilling hereof not being available on account of any cause beyond the control of Lessee, the primary term of this lease shall continue until six months after said order is suspended and/or said equipment is available.

12. In the event Lessor considers that the Lessee has failed to comply with any obligations hereunder, express or implied, Lessor shall notify Lessee in writing, specifying in what respect Lessor claims Lessee has breached this lease. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder.

13. Lessor hereby releases and relinquishes any right of homestead, dower or curtesy they or either of them may have in or to the leased land.

14. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgage, taxes, or other liens on the above described lands in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof, and such payments may be deducted from any royalties which may be payable to Lessor hereunder.

15. This lease and all its terms, conditions, and stipulations binds each executing Lessor and shall extend to and be binding on his assigns, heirs, devisees and successors, and those of the Lessee, though assigned by other Lessors named herein.

IN WITNESS WHEREOF, We sign the day and year first above written.

LESSOR:

*Catherine E. Grow*  
Catherine E. Grow

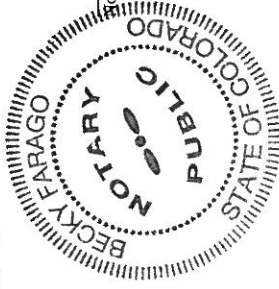
STATE OF Colorado )  
                                  ) ss.  
COUNTY OF Larimer )

BEFORE ME, the undersigned authority, on this day personally appeared Catherine E. Grow, a married woman dealing in her sole and separate property, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS 19th day of April, 2010.

My Commission expires:

7/13/2013



*Becky Farago*  
Notary Public



**AFFIDAVIT REGARDING MINERAL INTERESTS**

STATE OF COLORADO }  
                                  } ss  
COUNTY OF LARIMER }

On this 19 day of April, 2010, before me, the undersigned Notary Public, personally appeared Catherine E. Grow, a married woman dealing in her sole and separate property, Affiant, of legal age and a resident of 4018 Sunstone Drive, Fort Collins, CO 80525-5619, who after being duly sworn did depose and say the following:

Affiant owns an undivided interest in the oil, gas and minerals, along with rights appurtenant thereto, in the following described lands in Ellis County, Kansas:

Township 13 South, Range 16 West, 6<sup>th</sup> P.M.

Section 1: NE/4NE/4SW/4, W2E2SW/4, W/2SW/4, ✓

Section 12: NW/4, W/2NE/4, SE/4NE/4; containing 410 acres, more or less,

Affiant is to be a beneficiary under the Estate of Florence M. Wegrich, deceased, and has entered into a certain Asset Distribution Agreement with other beneficiaries of said Estate, which covers, among other things, the distribution of an undivided interest in the oil, gas and minerals in the above described land which is currently held by said Estate.

Affiant, as lessor, has entered into a certain oil and gas lease dated April 20, 2010, with Citation 1987-II Investment Limited Partnership, a Texas limited partnership, whose address is 14077 Cutten Road, Houston, TX 77069-2212, as lessee, covering the above described lands.

Affiant hereby declares that it is the intent of Affiant that the said oil and gas lease covers all right, title and interest of Affiant in the above described lands, whether presently owned by Affiant, or hereafter acquired, including all interest to which Affiant succeeds as a beneficiary under the Estate of Florence M. Wegrich and/or the aforementioned Asset Distribution Agreement.

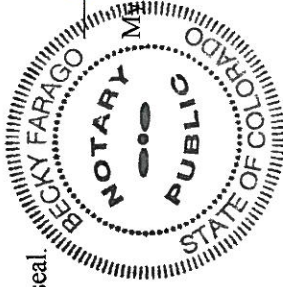
Further, Affiant saith naught.

Affiant:

Catherine E. Grow  
Catherine E. Grow

Subscribed and sworn before me this date first above written.

Witness my hand and official seal.



Becky Farago Notary Public  
My commission expires: 7/3/2013



STATE OF KANSAS }  
ELLIS COUNTY }  
This instrument was filed for record  
8:00 o'clock A.M. recorded in



JAN 20 2011

763 of Records page 362  
Rebecca Dorsey  
Fees 12.00 Register of Deeds

Producers 88-Rev. 1988  
Rocky Mountain (Colo. CBM)

**OIL AND GAS LEASE**

AGREEMENT, made and entered into this 8th day of **December, 2010** by and between **Geraldine P. Lewis, a married woman dealing in her sole and separate property**, whose mailing address is 1103 Valley View Drive, Vermillion, SD 57069,

Party of the first part, hereinafter called lessor (whether one or more) and **Citation 1987-II Investment Limited Partnership, a Texas limited partnership, whose address is 14077 Cutten Road, Houston, Texas 77069-2212**, Party of the second part, hereinafter call lessee.

WITNESSETH, that the said lessor, for and in consideration of Ten Dollars (\$10.00) cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of the lessee to be paid, kept and performed, has granted, demised, leased, and let and by these presents does grant, demise, lease, and let exclusively unto the said lessee, its successors and assigns, for the sole and only purposes of surveying, by geologist, geophysical, and all other methods, exploring, mining and operating for, and producing oil, gas, and other hydrocarbons, and all other minerals or substances, whether similar or dissimilar, including, but not limited to, coalbed methane, helium, nitrogen, carbon dioxide, and all substances produced in association therewith from coal-bearing formations or elsewhere, that may be produced from any well drilled by lessee on the leased premises hereinafter described, and laying pipelines, and building tanks, power stations and structures thereon to produce, save, and take care of said products, all that certain tract of land together with any reversionary, remainderman and springing executory rights therein, situate in the County of Ellis, State of Kansas, described as follows, to wit:

**Township 13 South, Range 16 West, 6<sup>th</sup> P.M.**  
**Section 1: NE1/4NE1/4SW1/4, W1/2E1/2SW1/4, W1/2SW1/4**  
**Section 12: NW1/4, W1/2NE1/4, SE1/4NE1/4**

together with all strips, or parcels of land, (not, however, to be construed to include parcels comprising a regular 40-acre legal subdivision or lot of approximately corresponding size) adjoining or contiguous

to the above described land and owned or claimed by lessor, and containing 410.00 acres, more or less.

1. Without reference to the commencement, prosecution or cessation at any time of drilling or other development operations and/or to the discovery, development or cessation at any time of production of oil, gas or other hydrocarbons including coalbed methane or other minerals or substances covered hereby (herein collectively referred to as "oil or gas") or either or any of them, and without further payments other than the royalties herein provided and notwithstanding anything herein contained to the contrary, it is agreed that this lease shall remain in force for a term of **Three (3)** year from the date hereof, and as long thereafter as oil and gas, or either or any of them, is produced from said lands or premises pooled therewith or drilling operations are continued as hereinafter provided by the lessee, its successors and assigns. During the term of this lease, lessor agrees not to enter into any oil and gas lease with any other party covering any lands covered by this lease.

2. This is a PAID-UP LEASE. In consideration of the cash down payment, lessor agrees that lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

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

First. The lessee shall deliver to the credit of lessor as royalty, free of cost in the pipeline to which lessee may connect its wells, the equal **twelve and one-half percent (12.5%)** part of all oil produced and saved from the leased premises; or at lessee's option, lessee may buy or sell such **twelve and one-half percent (12.5%)** royalty and pay lessor the market price for oil of like grade and gravity prevailing in the field on the day such oil is run into pipelines or into storage tanks.

Second. To pay lessor **twelve and one-half percent (12.5%)** of the net proceeds at the well from the proceeds received for gas sold from each well where gas only is found, or the market value at the well of such gas used off the premises.

Third. To pay lessor **twelve and one-half percent (12.5%)** of the market value at the well for gas produced from any oil well and used off the premises, or for the manufacture of casing-head gasoline or dry commercial gas.

Fourth. To pay lessor **twelve and one-half percent (12.5%)** of the proceeds received from the sale of any substance covered by this lease, other than oil and gas and the products thereof, which lessee may elect to produce, save, and market from the leased premises.

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

5. If a well capable of producing oil or gas is located on said land and is shut-in before production commences, or at any time thereafter, this lease shall continue in effect from the date such well is shut-in until the anniversary date (herein called "said anniversary date") of this lease next ensuing after the expiration of ninety (90) days from the date such well is shut-in. Lessee may thereafter pay or tender to lessor as royalty, on or before said anniversary date, an amount of \$100.00 per well per year, and if such payment or tender is made, such well shall continue this lease in effect for a further period of one year from said anniversary date, and in like manner and upon like payments or tenders annually made on or before the anniversary date hereof, this lease shall continue in effect for successive periods of twelve (12) months each. Notwithstanding any other provision to the contrary, this lease shall not terminate because of a failure to properly or timely make a shut-in well payment unless lessor shall have given lessee written notice of such failure to properly or timely make such shut-in well payment and lessee shall have failed for a period of thirty (30) days after receipt of such notice to tender such payment in the proper amount, together with a late or improper payment penalty of \$100.00.

6. 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 shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee. Any interest in the production from the above described land to which the interest of lessor may be subject shall be deducted from the royalties provided for herein.

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

8. Lessee shall pay for damages caused by its operations to growing crops on said lands. When requested by the lessor, lessee shall bury his pipelines 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 the lessor.

9. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production as to all or any part of the land described herein and production of oil or gas, or both, when in lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or re-forming of any unit shall be accomplished by lessee executing and filing of record a declaration of such unitization or re-formation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or reworking operations, or a well shut in under this lease. In lieu of the royalties elsewhere herein specified, excluding shut-in royalties, lessor shall receive as if it were production, drilling or reworking operations, or a well shut in under this lease. In addition to the foregoing, lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to lessor shall be based upon production only as so allocated. Lessor shall formally express lessor's consent to any cooperative or unit plan of development or operation adopted by lessee and approved by any governmental agency by executing the same upon request of lessee.

10. If the estate of either party hereto is assigned or sublet, and the privilege of assigning or subletting in whole or in part is expressly allowed, the express and implied covenants hereof shall extend to the sublessees, successors, and assigns of the parties; and in the event of an assignment or subletting by lessee, lessee shall be relieved and discharged as to the leasehold rights so assigned or sublet from any liability to lessor thereafter accruing upon any of the covenants or conditions of this lease, either express or implied. No change in the ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee or require separate measuring or installation of separate tanks by lessee. Notwithstanding any actual or constructive knowledge of or notice to lessee, no change in the ownership of said land or of the right to receive royalties hereunder, or of any interest therein, whether by reason of death, conveyance, or any other matter, shall be binding on lessee (except at lessee's option in any particular case) until sixty (60) days after lessee has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceeding showing appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary, in showing a complete chain of title back to lessor to the full interest claimed, and all advance payments of shut-in royalties made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of lessor. It is hereby agreed in the event this lease shall be assigned as to a part or parts of the above described lands and the assignee or assignees of such part or parts shall make default in the payment of the proportionate part of the shut-in royalties due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers a part or parts of said lands upon which the said lessee or any assignee thereof shall make due payment of said shut-in royalties.

Noted   
Direct   
in Direct   
Numerical   
Checked

BOOK 763 PAGE 362

**Citation**  
OIL & GAS CORP.

14077 Cutten Road  
Houston, TX 77069-2212

gnd

11. All provisions hereof, express or implied, shall be subject to all applicable laws, governmental orders, rules and regulations. This lease shall not be terminated in whole or in part, nor lessee held liable in damages, because of a cessation of production or of drilling operations due to the application of such laws, governmental orders, rules and regulations or breakdown of equipment or the repairing of a well or wells, or because of such a cessation or a failure to comply with any of the express or implied provisions of this lease if such cessation or failure is the result of the exercise of governmental authority, war, lack of market, act of God, strike, fire, explosion, flood, or any other cause reasonably beyond the control of lessee. If lessee shall be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction thereover, or if lessee should be unable during said period to drill a well hereunder due to equipment necessary in the drilling hereof not being available on account of any cause beyond the control of lessee, the primary term of this lease shall continue until six months after said order is suspended and/or said equipment is available.

12. In the event lessor considers that the lessee has failed to comply with any obligations hereunder, express or implied, lessor shall notify lessee in writing, specifying in what respect lessor claims lessee has breached this lease. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

13. Lessor hereby releases and relinquishes any right of homestead, dower or curtesy they or either of them may have in or to the leased land.  
14. 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 from lessor, by payment, any mortgage, 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 such payments may be deducted from any royalties which may be payable to lessor hereunder.

15. This lease and all its terms, conditions, and stipulations binds each executing lessor and shall extend to and be binding on his assigns, heirs, devisees and successors, and those of the lessee, though unsigned by other lessors named herein.

IN WITNESS WHEREOF, We sign the day and year first above written.

LESSOR:

Geraldine P. Lewis  
Geraldine P. Lewis

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

STATE OF South Dakota )  
  ) ss.  
COUNTY OF Clay       )

BEFORE ME, the undersigned authority, on this day personally appeared Geraldine P. Lewis, a married woman dealing in her sole and separate property, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS 8th day of December 2010.

My Commission expires: 6-3-2012

[Signature]  
Notary Public

