



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

KANSAS CORPORATION COMMISSION 1057924  
 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: \_\_\_\_\_

<b>Well Drilled For:</b>	<b>Well Class:</b>	<b>Type Equipment:</b>
<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
<input type="checkbox"/> 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



1057924

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

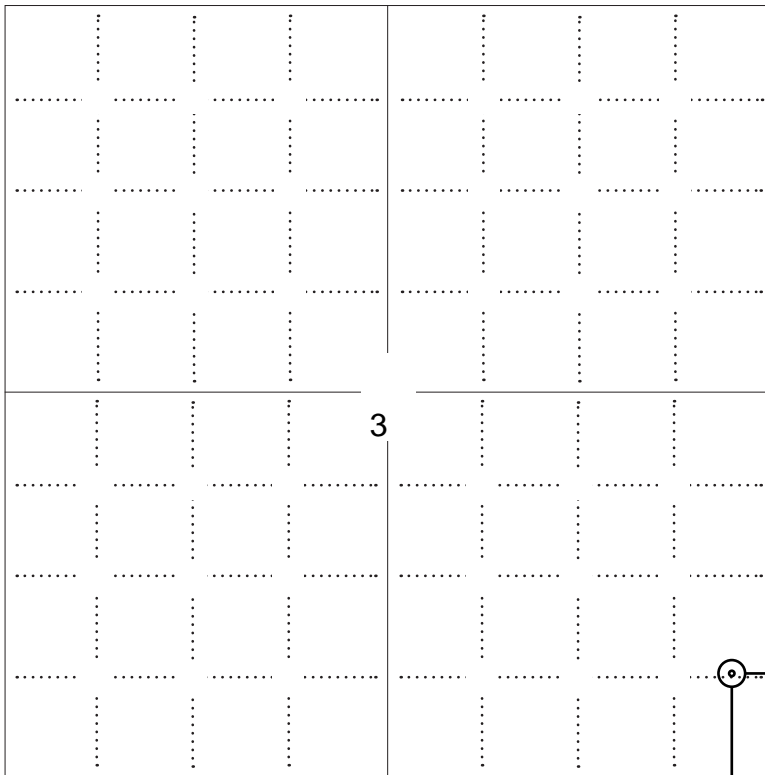
Is Section:  Regular or  Irregular

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

Section corner used:  NE  NW  SE  SW

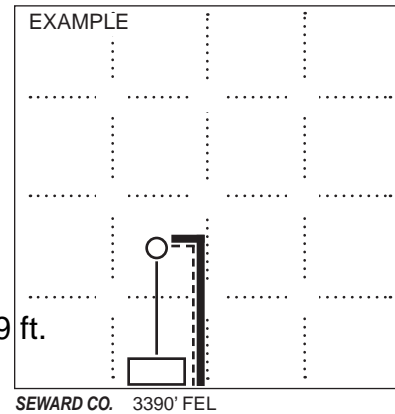
### PLAT

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.

714 ft.

#### 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 1057924  
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.*

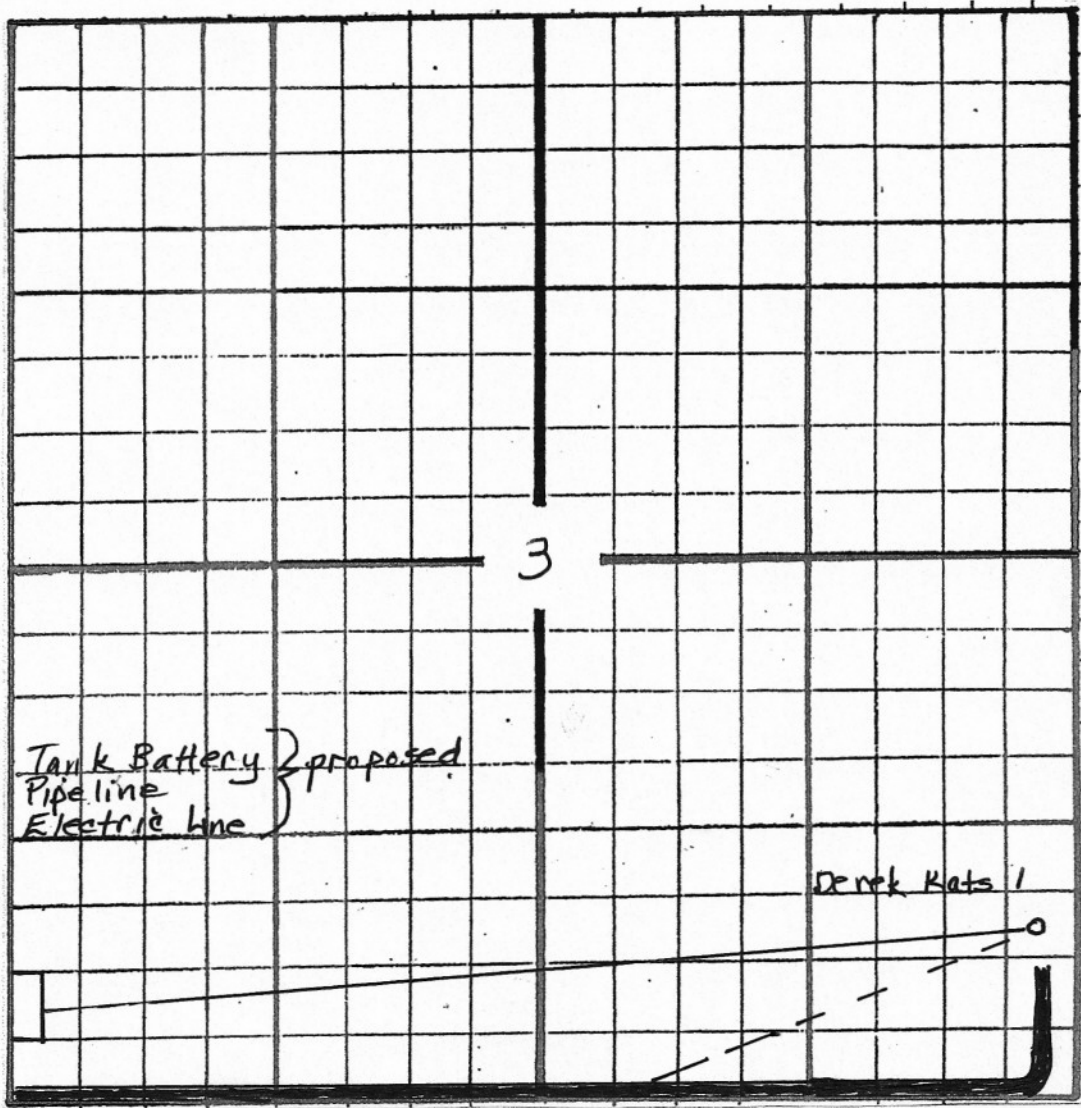
**Select one of the following:**

- 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



Kansas Prod 88 (Rev 9/99)  
(Paid-up/Pooling)

#### OIL, GAS, AND MINERAL LEASE

This Oil, Gas, and Mineral Lease (the "Lease") is dated the 20<sup>th</sup> day of October, 2010, (the "Effective Date"). The parties to this Lease are DEREK T. KATS AND SHIRLEY KATS, TRUSTEES FOR THE DEREK T. KATS REVOCABLE TRUST DTD 1/1/98 AND THE SHIRLEY KATS REVOCABLE TRUST DTD 1/1/98, AND ALAN WOODSIDE AND SHERRY D. WOODSIDE, husband and wife, as Lessor (whether one or more), whose address is (KATS) 242 Fischer Dr., Phillipsburg, Kansas, 67661 and (WOODSIDE) 837 W. Kiowa Rd., Prairie View, Kansas, 67664, and BECK ENERGY CORP., as Lessee, whose address is 4857 Harding Avenue, Ravenna, Ohio, 44266.

1. For the consideration of One Dollar (\$1.00) and other valuable consideration, the receipt of which Lessor acknowledges, and the covenants and agreements of Lessee in this Lease, Lessor grants, demises, leases and lets exclusively to Lessee, the lands described below (the "Lands"), for the purposes of mining, exploring by geological, geophysical and other methods, operating for, producing, and taking care of, removing and selling all oil, gas, and all of the products of oil and gas, with rights of way and easements for laying pipelines, and the erection of structures necessary or convenient to produce, save, store, make merchantable and transport all the oil or gas produced from the Lands or any adjacent lands. The Lands covered by this Lease are located in Norton County, Kansas, and are described as follows:

TOWNSHIP 3 SOUTH, RANGE 22 WEST  
Section 3: SW4 & SE4  
Section 10: W2

The Lands are deemed to contain 640 acres, more or less and shall include any lands of Lessor in the same survey or adjacent surveys.

2. This Lease shall remain in full force and effect for a primary term of Three (3) years (the "Primary Term") from the Effective Date, and as long thereafter as oil, gas or the products of oil or gas are produced from the Lands or leases or lands pooled with the Lands, or drilling or reworking operations are continued as provided in this Lease.

3. This is a PAID-UP LEASE. For the consideration of Nine Thousand Six Hundred Dollars (\$9,600.00) paid to Lessor within Forty five (45) days of the date of this lease, Lessee is not obligated to make any other rental payments during the paid up Primary Term of this lease. Lessee may at any time or times during or after the Primary Term surrender this Lease as to all or a portion of the Lands by delivering to Lessor, or by filing for record in the county where the Lands are located a release or releases of the Lease, and then be relieved of all accruing obligations as to the portion of the Lands surrendered. The Lease shall continue in force and effect as to all of the Lands not surrendered.

4. Lessee agrees to pay Lessor a royalty on production as follows:

a. Lessee shall deliver to the credit of Lessor as royalty, free of cost, in the pipeline to which Lessee may connect its wells, or into Lessee's storage tanks, One Eighth (1/8 th) of the proceeds of the sale of oil at the storage tanks or derived from Lessee's pipeline.

b. Lessee shall pay Lessor, as royalty on gas sold from each well One Eighth (1/8 th) of the proceeds if gas is sold at the well, or if marketed by Lessee off the Lands, One Eighth (1/8 th) of the value received for the gas sold off the Lands.

c. Lessee shall pay Lessor One Eighth (1/8 th) of the proceeds received by Lessee from the sale of casinghead gas produced from any oil well and One Eighth (1/8 th) of the value, at the mouth of the well, computed at the prevailing market price, of the casinghead gas produced from any oil well and used by Lessee off the Lands for any purpose or used on the Lands by Lessee for purposes other than the development and operation of the Lease.

d. Lessee will pay Lessor One Eighth (1/8 th) of the proceeds from the sale of all other products of oil and gas not provided for above. In no event, in the payment of proceeds for royalty, shall Lessee ever be obligated to pay to Lessor, a sum greater than One Eighth (1/8 th) of the sum Lessee actually receives for the sale of oil and/or gas or other products.

5. If at any time, there is a gas well (one or more), on the Lands, or acreage pooled with the Lands, whether before or after the Primary Term, and the well is shut-in, with no other production, drilling operations or other operations being conducted on the Lands capable of maintaining this Lease in force under any of its provisions, Lessee shall pay Lessor as royalty the sum of One Dollar (\$1.00) per year per acre for each acre of the Lands then subject to this Lease. This payment is to be made on or before the anniversary date of this Lease following the expiration of 90 days from the date the well is shut-in, and thereafter on the anniversary date of this Lease during the period the well is shut-in. When the payment is made it shall be considered that this Lease is maintained in full force and effect until production resumes or the next shut-in royalty payment is due.

6. If the Lessor owns a lesser interest in the Lands than the entire and undivided fee simple estate in the minerals, the royalties (including any shut-in gas royalty) shall be paid to Lessor only in the proportion which Lessor's interest in the Lands bear to the whole and undivided fee simple in the Lands.

7. Despite anything in this Lease to the contrary, Lessor expressly agrees that if Lessee commences operations for drilling a well at any time while this Lease is in force, this Lease shall remain in force and its term shall continue as long as the operations are prosecuted as provided in this paragraph 7. If production results from the well, this Lease shall remain valid and in force as long as production continues from the Lands.

8. If at the expiration of the Primary Term oil, gas or the products of oil and gas are not being produced but Lessee is engaged in drilling or reworking operations on the Lands, this Lease shall continue in force so long as those operations are being continuously prosecuted on the Lands. Drilling Operations shall be considered to be continuously prosecuted if not more than 60 days elapse between the completion or the abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after the discovery of oil or gas or the products of oil or gas on the Lands or on acreage pooled with the Lands, production should

cease, from any cause, after the Primary Term, this Lease shall not terminate if Lessee commences additional drilling or reworking operations or resumes production from wells already drilled within Ninety (90) days from the date of cessation of production, or from the date of completion of a dry hole. If oil, gas or the products of oil or gas are discovered and produced as a result of operations at or after the expiration of the Primary Term, this Lease shall continue in force so long as oil, gas, or the products of oil or gas are produced from the Lands.

9. Lessor grants Lessee the right to use, free of cost, gas, oil, and water produced on or from the Lands, for Lessee's operations, except water from Lessor's wells. When requested by the owner of the surface of the Lands, Lessee will bury pipelines across cultivated lands below normal plow depth. No well shall be drilled nearer than 200 feet to any house or barn located on the Lands as of the Effective Date of this Lease without the written consent of Lessor. Lessee will pay for damages caused by Lessee's operations to growing crops on the Lands. Lessee shall have the right, at any time, but not the obligation, to remove all machinery, equipment, and fixtures placed on the Lands, including the right to draw and remove casing.

10. The rights of Lessor and Lessee may be assigned in whole or in part. However, no change in ownership of Lessor's interest in the Lands shall be binding on Lessee until 60 days after Lessee has been furnished with written notice, accompanied by certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of title to Lessor's interest, and then only with respect to payments made after Lessee's actual receipt of the notice. No other notice of any kind, actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of the Lands shall operate to enlarge the obligations or diminish the rights of Lessee. All of Lessee's operations may be conducted without regard to any division of ownership by Lessor. If all or any part of this Lease is assigned by Lessee, no leasehold owner shall be liable for any act or omission on the part of any other leasehold owner.

11. Lessee is granted, at its option, the right and power to voluntarily pool or combine all or any portion of the Lands covered by this Lease, as to either oil, gas, or both, with any other lands, or leases adjacent to the Lands when, in Lessee's judgment, it is necessary or advisable to do so to properly develop and operate the combined lands as a unit or units. Lessee may pool the Lands forming units not exceeding eighty (80) acres for an oil well, plus a tolerance of 10%, and not exceeding 640 acres for a gas well, plus a tolerance of 10%, except that if larger units are required or permitted under any governmental rule or order for the drilling or operation of a well at a regular location, or for obtaining the maximum production allowable from any well drilled or to be drilled, larger units may be formed. Lessee, or Lessee's designee, shall execute and record in the county where the Lands are located an instrument identifying and describing the lands included in a unit. All acreage pooled into a unit shall be treated for all purposes, except the payment of royalty, as if it were included in this Lease, and drilling or reworking operations on any land in a unit or production of oil or gas, or the completion of a well as a shut-in gas well, shall be considered for all purposes, except the payment of royalty, as if the operation were on, production is from, or the completion was on the Lands covered by this Lease, whether or not the well or wells on the unit are located on the Lands covered by this Lease. In lieu of the royalty or shut-in gas royalty provided above, Lessor shall receive from production from a unit a portion of the royalty provided in this Lease as the amount, in acres, of the Lands included in the unit or the Lessor's royalty interest in the Lands included in the unit, bears to the total amount of acreage included in a unit.

At Lessee's discretion, or in the absence of production, Lessee or Lessee's designee may terminate any unit by filing in the county records a notice of termination of the unit.

12. All express or implied covenants of this Lease shall be subject to all federal and state laws, executive orders, rules, or regulations of governmental bodies having jurisdiction. This Lease shall not terminate in whole or in part, nor shall Lessee be held liable in damages, for failure to comply with any Lease terms if compliance is prevented as the result of any law, order, rule, or regulation.

Lessor expressly warrants and agrees to defend the title to the Lands and agrees Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes, or other liens on the Lands in the event of failure of payment by the Lessor, and Lessee shall be subrogated to the rights of the holder of any mortgage, taxes or other liens. Lessee may reimburse itself for payments out of any royalties or rentals payable to a Lessor for any amounts paid by Lessee for Lessor for or on any mortgage, taxes, or liens.

13. All the provisions of this Lease shall be binding on the heirs, successors, assigns, and legal representatives of the Lessor and Lessee.

This Lease is executed by Lessor as of the date of acknowledgment of Lessor's signature, but shall be effective for all purposes as of the Effective Date stated above.

Lessors:

DEREK T. KATS REVOCABLE TRUST DTD 1/1/98  
DEREK T. KATS TRUSTEE,  
SHIRLEY KATS, TRUSTEE

*Derek T. Kats*  
*Shirley Kats, Trustee*

*Alan Woodside*  
ALAN WOODSIDE

SHIRLEY KATS REVOCABLE TRUST DTD 1/1/98  
SHIRLEY KATS TRUSTEE,  
DEREK T. KATS, TRUSTEE

*Shirley Kats*  
*Derek T. Kats, Trustee*

*Shirley Woodside*  
SHIRLEY WOODSIDE

MEMORANDUM OF OIL & GAS LEASE

STATE: KANSAS
COUNTY: NORTON
TOWNSHIP: BELLE PLAINE
LESSOR(s): DONALD E. LOWRY and MARILYN S. LOWRY, husband and wife
ADDRESS: 21884 State Hwy. 383, Almena, Kansas, 67622
LESSEE: Beck Energy Corp.
ADDRESS: 4857 Harding Avenue, Ravenna, Ohio 44266

STATE OF KANSAS, NORTON COUNTY, SS-FILED
FOR RECORD AT 3:30 O'CLOCK P M
OCT 19 2010
AND RECORDED IN BOOK 167A PAGE 480
Wanda M. Duvick
REG. OF DEEDS - NORTON COUNTY, KS

Date Executed: October 19, 2010
Effective Date of Lease: October 19, 2010
Primary Term of Lease: Three (3) years

As of the Effective Date stated above, Lessor(s), named above, executed and delivered to Lessee, named above, an Oil and Gas Lease (the "Lease") in which Lessor(s) granted, leased, and let to Lessee, lands (the "Lands") containing 240 acres, more or less and located in the above named Town, County and State, and described as follows:

TOWNSHIP 3 SOUTH RANGE 22 WEST
Section 2: W2SE4 & SW4

The lease grants Lessee the exclusive right to explore for, drill, produce and market oil, gas and other hydrocarbons from the lands during the term of the lease. This Memorandum is executed and placed of record in the County in which the lands are located for the purpose of placing all persons on notice of the existence of the lease.

IF THIS LEASE BECOMES FORFEITED, TERMINATED OR EXPIRES, THE LESSEE, OR IF THE LEASE HAS BEEN ASSIGNED, THE ASSIGNEE IS REQUIRED TO PROVIDE A DOCUMENT CANCELLING THE LEASE AS OF RECORD, AT NO COST TO THE CURRENT LANDOWNER.

Executed this 19TH day of OCTOBER, 2010.

WITNESS:

LESSOR(s)

Donald E. Lowry
DONALD E. LOWRY

Marilyn S. Lowry
MARILYN S. LOWRY

ACKNOWLEDGMENT

STATE OF KANSAS
COUNTY OF NORTON

Before me, the undersigned, a Notary Public, within and for said county and state, on this 19TH day of OCTOBER, 2010, personally appeared DONALD E. LOWRY AND MARILYN S. LOWRY, HUSBAND AND WIFE to me personally known to be the identical person(s) who executed the within and foregoing instrument and acknowledged to me that (he/she/they) executed the same as (his/her/their) free and voluntary act and deed for the uses and purposes therein set forth.

In witness whereof, I have hereunto set my hand and official seal the day and year last above written.

SAMANTHA M. FULTON
Notary Public - State of Kansas
My App. Expires 11-16-10

Samantha M. Fulton
Notary Public SAMANTHA M. FULTON

STATE OF
COUNTY OF

Before me, the undersigned, a Notary Public, within and for said county and state, on this \_\_\_ day of \_\_\_, 2010, personally appeared \_\_\_ to me personally known to be the identical person(s) who executed the within and foregoing instrument and acknowledged to me that (he/she/they) executed the same as (his/her/their) free and voluntary act and deed for the uses and purposes therein set forth.

In witness whereof, I have hereunto set my hand and official seal the day and year last above written.

Notary Public



Kansas Prod 88 (Rev 9/99)  
(Paid-up/Pooling)

### OIL, GAS, AND MINERAL LEASE

This Oil, Gas, and Mineral Lease (the "Lease") is dated the 19<sup>th</sup> day of October, 2010, (the "Effective Date"). The parties to this Lease are **DONALD E. LOWRY and MARILYN S. LOWRY, husband and wife**, as Lessor (whether one or more), whose address is 21884 State Hwy. 383, Alma, Kansas, 67622, and **BECK ENERGY CORP.**, as Lessee, whose address is 4857 Harding Avenue, Ravenna, Ohio, 44266.

1. For the consideration of One Dollar (\$1.00) and other valuable consideration, the receipt of which Lessor acknowledges, and the covenants and agreements of Lessee in this Lease, Lessor grants, demises, leases and lets exclusively to Lessee, the lands described below (the "Lands"), for the purposes of mining, exploring by geological, geophysical and other methods, operating for, producing, and taking care of, removing and selling all oil, gas, and all of the products of oil and gas, with rights of way and easements for laying pipelines, and the erection of structures necessary or convenient to produce, save, store, make merchantable and transport all the oil or gas produced from the Lands or any adjacent lands. The Lands covered by this Lease are located in Norton County, Kansas, and are described as follows:

TOWNSHIP 3 SOUTH RANGE 22 WEST  
Section 2: W2SE4 & SW4

The Lands are deemed to contain 240 acres, more or less and shall include any lands of Lessor in the same survey or adjacent surveys.

2. This Lease shall remain in full force and effect for a primary term of Three (3) years (the "Primary Term") from the Effective Date, and as long thereafter as oil, gas or the products of oil or gas are produced from the Lands or leases or lands pooled with the Lands, or drilling or reworking operations are continued as provided in this Lease.

3. This is a **PAID-UP LEASE**. For the consideration of Three Thousand Six Hundred Dollars (\$ 3,600.00) paid to Lessor within Forty five (45) days of the date of this lease, Lessee is not obligated to make any other rental payments during the paid up Primary Term of this lease. Lessee may at any time or times during or after the Primary Term surrender this Lease as to all or a portion of the Lands by delivering to Lessor, or by filing for record in the county where the Lands are located a release or releases of the Lease, and then be relieved of all accruing obligations as to the portion of the Lands surrendered. The Lease shall continue in force and effect as to all of the Lands not surrendered.

4. Lessee agrees to pay Lessor a royalty on production as follows:

a. Lessee shall deliver to the credit of Lessor as royalty, free of cost, in the pipeline to which Lessee may connect its wells, or into Lessee's storage tanks, One Eighth (1/8 th) of the proceeds of the sale of oil at the storage tanks or derived from Lessee's pipeline.

b. Lessee shall pay Lessor, as royalty on gas sold from each well One Eighth (1/8 th) of the proceeds if gas is sold at the well, or if marketed by Lessee off the Lands, One Eighth (1/8 th) of the value received for the gas sold off the Lands.

c. Lessee shall pay Lessor One Eighth (1/8 th) of the proceeds received by Lessee from the sale of casinghead gas produced from any oil well and One Eighth (1/8 th) of the value, at the mouth of the well, computed at the prevailing market price, of the casinghead gas produced from any oil well and used by Lessee off the Lands for any purpose or used on the Lands by Lessee for purposes other than the development and operation of the Lease.

d. Lessee will pay Lessor One Eighth (1/8 th) of the proceeds from the sale of all other products of oil and gas not provided for above. In no event, in the payment of proceeds for royalty, shall Lessee ever be obligated to pay to Lessor, a sum greater than One Eighth (1/8 th) of the sum Lessee actually receives for the sale of oil and/or gas or other products.

5. If at any time, there is a gas well (one or more), on the Lands, or acreage pooled with the Lands, whether before or after the Primary Term, and the well is shut-in, with no other production, drilling operations or other operations being conducted on the Lands capable of maintaining this Lease in force under any of its provisions, Lessee shall pay Lessor as royalty the sum of One Dollar (\$1.00) per year per acre for each acre of the Lands then subject to this Lease. This payment is to be made on or before the anniversary date of this Lease following the expiration of 90 days from the date the well is shut-in, and thereafter on the anniversary date of this Lease during the period the well is shut-in. When the payment is made it shall be considered that this Lease is maintained in full force and effect until production resumes or the next shut-in royalty payment is due.

6. If the Lessor owns a lesser interest in the Lands than the entire and undivided fee simple estate in the minerals, the royalties (including any shut-in gas royalty) shall be paid to Lessor only in the proportion which Lessor's interest in the Lands bear to the whole and undivided fee simple in the Lands.

7. Despite anything in this Lease to the contrary, Lessor expressly agrees that if Lessee commences operations for drilling a well at any time while this Lease is in force, this Lease shall remain in force and its term shall continue as long as the operations are prosecuted as provided in this paragraph 7. If production results from the well, this Lease shall remain valid and in force as long as production continues from the Lands.

8. If at the expiration of the Primary Term oil, gas or the products of oil and gas are not being produced but Lessee is engaged in drilling or reworking operations on the Lands, this Lease shall continue in force so long as those operations are being continuously prosecuted on the Lands. Drilling Operations shall be considered to be continuously prosecuted if not more than 60 days elapse between the completion or the abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after the discovery of oil or gas or the products of oil or gas on the Lands or on acreage pooled with the Lands, production should cease, from any cause, after the Primary Term, this Lease shall not terminate if Lessee commences additional drilling or reworking operations or resumes production from wells already drilled within Ninety (90) days from the date of cessation of production, or from

the date of completion of a dry hole. If oil, gas or the products of oil or gas are discovered and produced as a result of operations at or after the expiration of the Primary Term, this Lease shall continue in force so long as oil, gas, or the products of oil or gas are produced from the Lands.

9. Lessor grants Lessee the right to use, free of cost, gas, oil, and water produced on or from the Lands, for Lessee's operations, except water from Lessor's wells. When requested by the owner of the surface of the Lands, Lessee will bury pipelines across cultivated lands below normal plow depth. No well shall be drilled nearer than 200 feet to any house or barn located on the Lands as of the Effective Date of this Lease without the written consent of Lessor. Lessee will pay for damages caused by Lessee's operations to growing crops on the Lands. Lessee shall have the right, at any time, but not the obligation, to remove all machinery, equipment, and fixtures placed on the Lands, including the right to draw and remove casing.

10. The rights of Lessor and Lessee may be assigned in whole or in part. However, no change in ownership of Lessor's interest in the Lands shall be binding on Lessee until 60 days after Lessee has been furnished with written notice, accompanied by certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of title to Lessor's interest, and then only with respect to payments made after Lessee's actual receipt of the notice. No other notice of any kind, actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of the Lands shall operate to enlarge the obligations or diminish the rights of Lessee. All of Lessee's operations may be conducted without regard to any division of ownership by Lessor. If all or any part of this Lease is assigned by Lessee, no leasehold owner shall be liable for any act or omission on the part of any other leasehold owner.

11. Lessee is granted, at its option, the right and power to voluntarily pool or combine all or any portion of the Lands covered by this Lease, as to either oil, gas, or both, with any other lands, or leases adjacent to the Lands when, in Lessee's judgment, it is necessary or advisable to do so to properly develop and operate the combined lands as a unit or units. Lessee may pool the Lands forming units not exceeding eighty (80) acres for an oil well, plus a tolerance of 10%, and not exceeding 640 acres for a gas well, plus a tolerance of 10%, except that if larger units are required or permitted under any governmental rule or order for the drilling or operation of a well at a regular location, or for obtaining the maximum production allowable from any well drilled or to be drilled, larger units may be formed. Lessee, or Lessee's designee, shall execute and record in the county where the Lands are located an instrument identifying and describing the lands included in a unit. All acreage pooled into a unit shall be treated for all purposes, except the payment of royalty, as if it were included in this Lease, and drilling or reworking operations on any land in a unit or production of oil or gas, or the completion of a well as a shut-in gas well, shall be considered for all purposes, except the payment of royalty, as if the operation were on, production is from, or the completion was on the Lands covered by this Lease, whether or not the well or wells on the unit are located on the Lands covered by this Lease. In lieu of the royalty or shut-in gas royalty provided above, Lessor shall receive from production from a unit a portion of the royalty provided in this Lease as the amount, in acres, of the Lands included in the unit or the Lessor's royalty interest in the Lands included in the unit, bears to the total amount of acreage included in a unit.

At Lessee's discretion, or in the absence of production, Lessee or Lessee's designee may terminate any unit by filing in the county records a notice of termination of the unit.

12. All express or implied covenants of this Lease shall be subject to all federal and state laws, executive orders, rules, or regulations of governmental bodies having jurisdiction. This Lease shall not terminate in whole or in part, nor shall Lessee be liable in damages, for failure to comply with any Lease terms if compliance is prevented as the result of any law, order, rule, or regulation.

Lessor expressly warrants and agrees to defend the title to the Lands and agrees Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes, or other liens on the Lands in the event of failure of payment by the Lessor, and Lessee shall be subrogated to the rights of the holder of any mortgage, taxes or other liens. Lessee may reimburse itself for payments out of any royalties or rentals payable to a Lessor for any amounts paid by Lessee for Lessor for or on any mortgage, taxes, or liens.

13. All the provisions of this Lease shall be binding on the heirs, successors, assigns, and legal representatives of the Lessor and Lessee.

This Lease is executed by Lessor as of the date of acknowledgment of Lessor's signature, but shall be effective for all purposes as of the Effective Date stated above.

Witnesses:

Lessor

\_\_\_\_\_

*Donald E. Lowry*  
DONALD E. LOWRY

\_\_\_\_\_

*Marilyn S. Lowry*  
MARILYN S. LOWRY

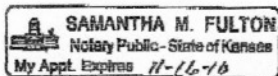
\_\_\_\_\_

Individual Acknowledgment

STATE OF KANSAS  
COUNTY OF NORTON

Before me, the undersigned, a Notary Public, within and for said county and state, on this 19TH day of OCTOBER, 2010, personally appeared DONALD E. LOWRY AND MARILYN S. LOWRY, HUSBAND AND WIFE to me personally known to be the identical person(s) who executed the within and foregoing instrument and acknowledged to me that (he/she/they) executed the same as (his/her/their) free and voluntary act and deed for the uses and purposes therein set forth.

In witness whereof, I have hereunto set my hand and official seal the day and year last above written.



Samantha M. Fulton  
Notary Public in and for the State of KANSAS  
Printed Name: SAMANTHA M. FULTON  
Commission Expires: 11/16/2010

Individual Acknowledgment

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

Before me, the undersigned, a Notary Public, within and for said county and state, on this \_\_\_\_\_ day of \_\_\_\_\_, 2010, personally appeared \_\_\_\_\_ to me personally known to be the identical person(s) who executed the within and foregoing instrument and acknowledged to me that (he/she/they) executed the same as (his/her/their) free and voluntary act and deed for the uses and purposes therein set forth.

In witness whereof, I have hereunto set my hand and official seal the day and year last above written.

\_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Commission Expires: \_\_\_\_\_

Individual Acknowledgment

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

Before me, the undersigned, a Notary Public, within and for said county and state, on this \_\_\_\_\_ day of \_\_\_\_\_, 2010, personally appeared \_\_\_\_\_ to me personally known to be the identical person(s) who executed the within and foregoing instrument and acknowledged to me that (he/she/they) executed the same as (his/her/their) free and voluntary act and deed for the uses and purposes therein set forth.

In witness whereof, I have hereunto set my hand and official seal the day and year last above written.

\_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Commission Expires: \_\_\_\_\_

Corporate Acknowledgment

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, 2010, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared \_\_\_\_\_ to me personally known to be the identical person who signed the name of the maker thereof to the within and foregoing instrument as its \_\_\_\_\_ and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

\_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Commission Expires: \_\_\_\_\_