



1058670

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

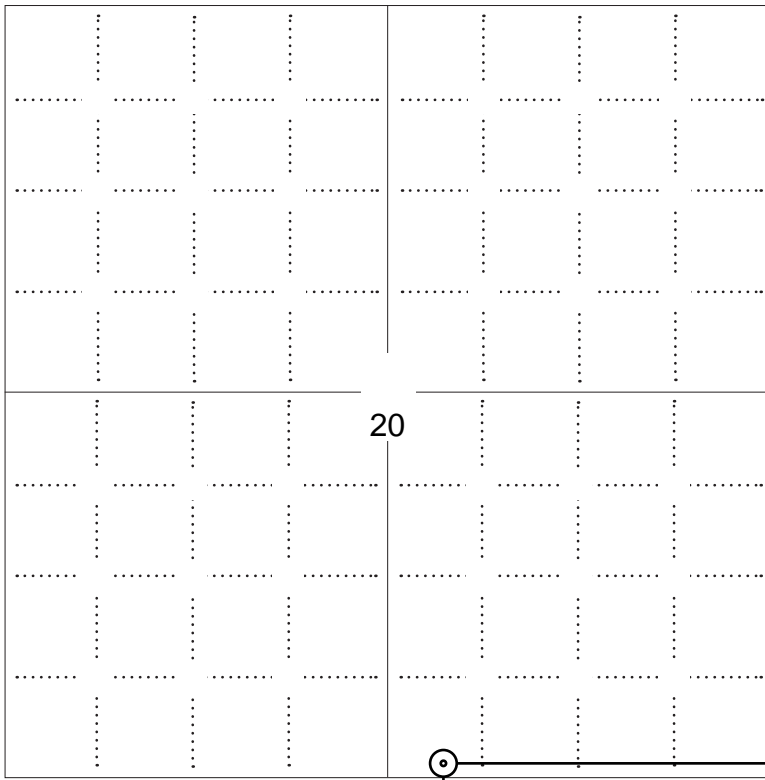
Is Section: Regular or Irregular

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.

100 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 1058670
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	
Emergency, Settling and Burn Pits ONLY: Producing Formation: _____ Number of producing wells on lease: _____ Barrels of fluid produced daily: _____ Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: _____ Number of working pits to be utilized: _____ Abandonment procedure: _____ Drill pits must be closed within 365 days of spud date.	
<p>Submitted Electronically</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



Reorder No. 09-116

Pawnee Co

THIS AGREEMENT, Entered into this 3rd day of July, 2008 between
P. J. Miller and Carol L. Miller, husband and wife,
113 S. Kent Rd., Hutchinson, KS 67501

and Downing-Nelson Oil Co., Inc. hereinafter called lessor,
and Pawnee hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of One (\$1.00) and O.V.C. Dollars in hand paid and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted, leased, and let and by these presents does hereby grant, lease and let exclusively unto the lessee the hereinafter described land, together with any reversionary rights therein, and with the right to utilize this lease of any part thereof with other oil and gas leases as to all or any part of the lands covered thereby as hereinafter provided for, including on geologic, geophysical and other exploratory work, including core drilling and the drilling, mining, and operating for, producing and saving all of the oil (including but not limited to distillate and condensate) and gas (including but not limited to casinghead gas and helium and all constituents of all gases), and for constructing roads, laying pipe lines, building tanks, storing oil, building powers, stations, telephone and electric transmission lines and other structures thereon necessary or convenient for the economical operation of said land alone or jointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, said tract of land being situated in the County of Pawnee, State of Kansas and described as follows:

Southeast Quarter (SE/4)

in Section 20 Township 20 S Range 20 W and containing 1.60 acres, more or less.

2. This lease shall remain in force for a term of five (5) years from date (herein called "primary term"), and as long thereafter as oil, gas, or any of the substances covered by this lease is or can be produced.

3. The lessee shall deliver as royalty, free of cost, to lessor at the wells, or to the credit of lessor into the pipe line to which lessee may connect its wells, the equal one-eighth (1/8) part of all oil (including but not limited to distillate and condensate) produced and saved from the leased premises, or at the lessee's option may pay to the lessor for such one-eighth (1/8) royalty the market price at the wells in the field or area for oil of like grade and gravity prevailing on the day such oil is run into the pipe line or into storage tanks.

4. The lessee shall pay to lessor for gas of whatsoever nature or kind (with all of its constituents) produced and used by the lessee for the manufacture of gasoline or any other product, as royalty, one-eighth (1/8) of the market value of such gas at the mouth of the well; if said gas is sold by the lessee, then as royalty one-eighth (1/8) of the proceeds of the sale thereof at the mouth of the well; said payments to be made monthly. During any period (whether before or after expiration of the primary term hereof) when gas is not being so sold or used and the well or wells are shut in and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, lessee shall pay or tender a royalty of One Dollar (\$1.00) per acre net royalty acre retained hereunder, such payment to be made, on or before the anniversary date of this lease next ensuing after the expiration of ninety (90) days from the date in which the well is shut in and the tender on the anniversary date of this lease during the period such well is shut in, to the royalty owners or to the royalty owner's credit in the rental depository bank hereinafter designated. When such payment or tender is made it will be considered that gas is being produced within the meaning of the entire lease. Out of any surplus not needed for operations hereunder, the lessor may have, free of charge, gas from any gas well on the leased premises for stoves and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of such gas to be at the lessor's sole risk and expense.

5. If drilling operations or mining operations are not commenced on the leased premises on or before three (3) months from this date, this lease shall then terminate as to both parties unless lessee on or before the expiration of said period shall pay or tender to lessor, or to the credit of lessor in Bank at per net mineral acre or any successor bank, the sum of Ten Dollars (\$10.00)

the time within which drilling operations or mining operations may be commenced. Thereafter, annually, in like manner and upon like payments or tenders the commencement of drilling operations or mining operations may be further deferred for periods of twelve months each during the primary term. Payment or tender of rental may be made by check or draft of lessee delivered or mailed to the authorized depository bank or lessor (at address last known to lessee) on or before such date for payment, and the payment or tender will be deemed made when the check or draft is so delivered or mailed. If said named or successor bank (or any other bank which may, as hereinafter provided, have been designated as depository) should fail or liquidate or for any reason refuse or fail to accept rental, lessee shall not be held in default for failure to make such payment or tender until thirty days after lessor shall deliver to lessee a proper recordable instrument naming another bank to receive such payments or tenders. The above named or successor bank or any other bank which may be designated as depository shall be lessor's agent. Drilling operations or mining operations shall be deemed to be commenced when the first material is placed on the leased premises or when the first work, other than surveying or staking the location, is done hereon which is necessary for such operations.

6. If at any time prior to the discovery of oil or gas on this land and during the primary term of this lease, the lessee shall drill a dry hole or dry holes on this land, this lease shall not terminate if the lessee commences further drilling operations or commences or resumes the payment of rentals in the manner and on the amount hereinabove provided by the rental paying date, if any, next ensuing after thirty (30) days following the completion of the dry hole, or if there be no such rental paying date, commence such further operations before the expiration of the primary term.

7. In case said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein then the royalties and rentals herein provided for shall be paid the said lessor only in the proportion which his interest bears to the whole and undivided fee. However, such rental shall be increased at the next succeeding rental anniversary after any reversion occurs to cover the interest so acquired.

8. The lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water from the wells of the land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during, or after the expiration of, this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing, but lessee shall be under no obligation to do so, nor shall lessee be under any obligation to restore the surface to its original condition, where any alterations or changes were due to operations reasonably necessary under this lease.

9. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, devisees, executors, administrators, successors and assigns. However, no change of ownership in the lands, rentals, royalties, or any sum due under this lease shall be binding on the lessee until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof or a duty certified copy of the will of any deceased owner and of the probable thereof, or certified copy of the proceedings 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 rentals made hereunder before receipt of said documents shall be binding on any and all direct or indirect assignees, grantees, devisees, administrators, executors, or heirs of lessor. In the event this lease shall be assigned as to a part or as to parts of the above described land and the holder, or holders of the lease as to any such part or parts shall make default in the payment of the proportionate part of the rent 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 land upon which the lessee or any assignee hereof shall make due payment of said rentals.

10. If the leased premises are now or shall hereafter be owned in severalty or in separate tracts, the premises may nevertheless be developed and operated as one lease, and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may now or hereafter be divided by sale, devise, descent or otherwise, or to furnish separate receiving or measuring tanks or devices.

11. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge in whole or in part any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

12. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if lessee shall commence to drill a well or commence reworking operations on an existing well at any time while this lease is in force, this lease shall remain in force and its terms shall continue so long as such operations are prosecuted and, if production results therefrom, then as long as production continues.

13. Lessee may at any time and from time to time surrender or cancel this lease in whole or in part by delivering or mailing such release to the lessor, or by placing same of record in the proper county. In case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion canceled shall cease and determine and any rentals thereafter paid shall be reduced in the proportion that the acreage covered hereby is reduced by each such release, but as to the portion of the acreage not released and any provisions of this lease shall continue and remain in full force and effect for all purposes.

14. All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules or regulations (and interpretations thereof) for failure to comply with any of the express or implied provisions hereof if such failure would wholly or partially deprive the lessee of the right to produce oil or gas (plus such tolerance as may be appropriate by reason of oversize legal subdivisions), or for the production primarily of gas with or without distillate more than 640 acres (plus such tolerance as may be appropriate by reason of oversize legal subdivisions), provided that if any governmental regulation shall prescribe a spacing pattern for the development of the field or allocate a producing allowable based on acreage per well then any such unit may embrace as much additional acreage as may be so prescribed or as may be used in such allocation of allowable. Lessee shall file written designations in the county in which the leased premises are located in order to form, to reform or to dissolve a unit or units. Operations upon and production from the unit shall be treated as if such operations were upon or such production were from the leased premises whether or not the well or wells are located thereon. The entire acreage within the leased premises upon which operations were treated as if it were covered by and included in this lease except that the royalty on production from the unit shall be as below provided and except that in calculating the amount of any rentals or shut in gas royalties, only that part of the acreage or royalty lessor and then actually embraced by this lease shall be counted. In respect to production from the unit, lessee shall pay lessor, in lieu of other royalties thereon, only such proportion of the royalties stipulated herein as the amount of his acreage placed in the unit, or his royalty interest therein on an acreage basis bears to the total acreage in the unit.

15. Lessee is hereby granted the right at any time and from time to time, either before or after production is obtained to form or reform a unit or units covering the leased premises or any portion or portions thereof, as to all strata or any stratum or strata, with any other lands as to all strata on any stratum or units strata, for the production primarily of oil or primarily of gas with or without distillate. However, no unit for the production primarily of oil shall embrace more than 640 acres (plus such tolerance as may be appropriate by reason of oversize legal subdivisions), or for the production primarily of gas with or without distillate a spacing pattern for the development of the field or allocate a producing allowable based on acreage per well then any such unit may embrace as much additional acreage as may be so prescribed or as may be used in such allocation of allowable. Lessee shall file written designations in the county in which the leased premises are located in order to form, to reform or to dissolve a unit or units. Operations upon and production from the unit shall be treated as if such operations were upon or such production were from the leased premises whether or not the well or wells are located thereon. The entire acreage within the leased premises upon which operations were treated as if it were covered by and included in this lease except that the royalty on production from the unit shall be as below provided and except that in calculating the amount of any rentals or shut in gas royalties, only that part of the acreage or royalty lessor and then actually embraced by this lease shall be counted. In respect to production from the unit, lessee shall pay lessor, in lieu of other royalties thereon, only such proportion of the royalties stipulated herein as the amount of his acreage placed in the unit, or his royalty interest therein on an acreage basis bears to the total acreage in the unit.

16. Should any one or more of the parties above named as lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as lessor. The word "lessor" as used in this lease means the party or parties who execute this lease as lessor, although not named above.

See Appendix attached hereto and made a part hereof.

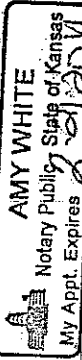
P. J. MILLER

CAROL L. MILLER

Carol L. Miller

STATE OF KANSAS ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)
COUNTY OF WAO
The foregoing instrument was acknowledged before me this 30th day of July, 2008,
by P. J. Miller and Carol L. Miller,
husband and wife.

My commission expires 2-21-2011
Amy White
Notary Public
Amy White



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

My commission expires _____
Notary Public

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

My commission expires _____
Notary Public

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

My commission expires _____
Notary Public

OIL AND GAS LEASE

No. _____ FROM _____ TO _____
Date _____ Section _____ Twp. _____ Rge. _____
No. of Acres _____ Term _____ County _____
No. 20081241 Book M110 Page 115
Pawnee County, State of Kansas
RECORDED
Sep 2, 2008 10:40 AM Fees \$16.00
Jacqueline Gennizez
Jacqueline Gennizez, Register of Deeds
By _____
When recorded, return to _____
Register of Deeds



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

ADDENDUM

This Addendum is made and entered into this 3rd day of July, 2008, with regard to that certain Oil and Gas Lease dated the date hereof and executed herewith which Oil and Gas Lease covers the following described real property located in Pawnee County, Kansas, to-wit:

Southeast Quarter (SE/4) of Section Twenty (20), Township Twenty (20) South, Range Twenty (20) West of the 6th P.M.

In addition to the terms of such Oil and Gas Lease the parties agree as follows:

1. This Lease is for a term of five (5) years with the first three (3) years being paid-up at the time of granting the Lease. The Lessee may, at it's option, extend the term of this lease for an additional two (2) years by payment of the delay rental called for in paragraph 5 of the Lease. If the Lessor does not specify a depository for the payment of delay rentals the Lessee may tender to Lessor such delay rental payments at Lessors last known address or such other address as Lessor may designate to Lessee, in writing. Payment of such delay rental payment shall be deemed to be made by Lessee to Lessor on the date that such payment is deposited in the United States Mail by certified mail from the Lessee to the Lessor.
2. Lessor hereby grants to the Lessee, its successors or assigns, the exclusive right to perform three dimensional seismic exploration on the leased premises for the consideration paid by the Lessee to the Lessor for the granting of this Oil and Gas Lease. Lessee shall pay to Lessor or to Lessor's agricultural tenant, whenever it is appropriate, an additional \$5.00 per acre as liquidated damages for 3-D seismic exploration activities on the property.
3. Lessee acknowledges and agrees that upon abandonment of this Oil and Gas Lease the Lessee will plug all wells drilled thereon by Lessee according to KCC regulations.
4. The Parties agree that minimum damages in the amount of \$500.00 will be paid for each well drilled on the above described property.

FURTHER PROVIDED that it is understood that the damages indicated represent liquidated damages for the activities contemplated on the property which damages are reasonable under the circumstances. It is not intended that this amount of liquidated damages will include unreasonable or unnecessary damages that might be caused to the property as a result of the Lessees activities thereon.

Except for and to the extent of the provisions contained in this Addendum the Oil and Gas Lease referred to hereinabove shall be in full force and effect and its terms shall control the operations of the Lessee on the leased property.

P. J. Miller
P. J. MILLER

Carol L. Miller
CAROL L. MILLER

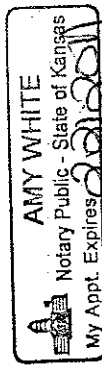
STATE OF KANSAS
COUNTY OF WAD, ss:

BE IT REMEMBERED, that on this 3rd day of July, 2008, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came P. J. Miller and Carol L. Miller, husband and wife, who are personally known to me to be the same persons who executed the within instrument of writing and such persons duly acknowledged the execution of the same.

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

My Appointment Expires: 2-21-2011

Amy White
Notary Public
Amy White



Ver DL
Num DL
Scan DL
Copy J
Ck DL

Ver JS
Num 16
Scan 16
Copy 16
CK

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 5th day of December, 2008, by and between **SHIRLEY R. SAXTON, a single person**, hereinafter called Lessor, and , **DOWNING-NELSON OIL CO., INC.**, hereinafter called Lessee.

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

Northeast Quarter (NE/4)

in **Section Twenty-nine (29), Township Twenty (20) South, Range Twenty (20) West**, and containing **One Hundred Sixty (160)** acres, more or less, and all accretions thereto.

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

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

- 1st. To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.
- 2nd. To pay Lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8) at the market price at the well, (but, as to gas sold by Lessee, in no event more than one-eighth (1/8) of the proceeds received by Lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. Where gas from a well producing gas only is not sold or used, Lessee may pay or tender as royalty per Schedule "A" per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of this paragraph.

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

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

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

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

No well shall be drilled nearer than 300 feet to the house or barn now on said premises without written consent of Lessor.

Lessee shall pay for damages caused by Lessee's operations on said land.

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

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

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

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

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

SEE SCHEDULE "A" ATTACHED HERETO AND MADE A PART HERETO FOR ADDITIONAL TERMS AND PROVISIONS.

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

Shirley R. Saxton
SHIRLEY R. SAXTON
LESSOR



No. 20081943 Book M111 Page 252
Pawnee County, State of Kansas
R. S. C. A. D. D.

Dec 12, 2008 10:10 AM Fee \$24.00

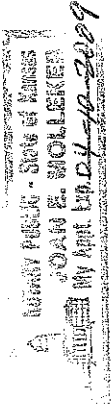
Shirley R. Saxton
JULIE SCHULZ, REGISTER OF DEEDS

ACKNOWLEDGMENT FOR INDIVIDUAL

STATE OF KANSAS, COUNTY OF Lawhee, SS:

The foregoing instrument was acknowledged before me this 8th day of December, 2008, by SHIRLEY R. SAXTON, a single person.

(Seal)



Joan E. Mollerker
Notary Public
Joan E. Mollerker

ACKNOWLEDGMENT FOR INDIVIDUAL

STATE OF KANSAS, COUNTY OF _____, SS:

The foregoing instrument was acknowledged before me this _____ day of _____, 2008, by _____

(Seal)

Notary Public

ACKNOWLEDGMENT FOR INDIVIDUAL

STATE OF KANSAS, COUNTY OF _____, SS:

The foregoing instrument was acknowledged before me this _____ day of _____, 2008, by _____

(Seal)

Notary Public

ACKNOWLEDGMENT FOR INDIVIDUAL

STATE OF KANSAS, COUNTY OF _____, SS:

The foregoing instrument was acknowledged before me this _____ day of _____, 2008, by _____

(Seal)

Notary Public

OIL AND GAS LEASE

No. _____

FROM _____

TO _____

Date _____

State of _____ County of _____

Section _____ Township _____ Range _____

Number of Acres _____ Term _____

Comments:

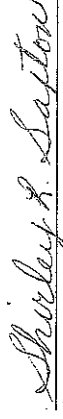
Reserved for Register of Deeds

SCHEDULE "A"

1. The provisions of this lease are hereby amended to include in the granting clause, helium and other extractions.
2. The royalty clause is hereby amended to include a royalty payment on helium and other extractions at the mouth of the well.
3. It is agreed that if the Lessee owns any interest in the pipeline to which is delivered the gas produced from this premises, the Lessor shall bear no costs of gas treatment, dehydration, compression, transportation or water hauling charged to this lease by Lessee in its operations thereon after the point of diversion. It is further agreed that Lessor shall receive their proportionate royalty share of all monies received by Lessee for oil and/or gas production attributable to this lease, including any premiums, rebates and refunds of any kind or nature paid to Lessee and any take or pay payments, production payments, contract buy outs or contract buy downs, which directly reduce the amount of royalty revenue Lessor would otherwise receive from oil and/or gas production from this lease.
4. Lessor reserves the right to purchase gas for farm purposes, including but not limited to irrigation purposes from wells located on the above-described real estate or from any real estate unitized with the above-described real estate. Lessor shall make all connections for these purposes at their sole cost, expense and liability, and Lessor shall conform to the engineering specifications of Lessee's production department. Lessor shall pay Lessee for any gas purchased for farm purposes in the amount per MCF equal to the price then in effect under any contract under which Lessee is selling gas from the gas well on the above-described real estate or any unitized real estate to a third party. The amount of gas which the Lessor may purchase hereunder shall be limited to one-eighth (1/8) of the entire amount of gas produced from wells located upon the above-described real estate or from the real estate unitized therewith.
5. Lessee agrees to return the land as nearly as possible to its present condition after any drilling operations.
6. Any tanks or gun barrels shall be placed by mutual agreement of Lessor and Lessee.
7. Before building any roads, Lessee and Lessor shall mutually agree as to the site for the roads. No road ditches shall be constructed and roads shall not obstruct the natural or established flow of water.
8. The Lessee shall not, notwithstanding any other provisions of this Oil and Gas Lease, inject any gas, water or other fluid and air into any subsurface stratum which contains water suitable for irrigation purposes or for domestic consumption or livestock consumption.
9. Lessee shall not drill any salt water disposal well upon the above-described real estate without the express written consent of the Lessor being first obtained, provided Lessee shall have the right to drill a salt water disposal well for disposition of salt water from wells drilled on the real estate described in this lease.
10. At the option of Lessors, surface pipe will be set below the fresh water formation, per Kansas Corporation Commission regulations.
11. In the event of gas production hereunder in commercial quantities and said well is not shut-in, Lessor is to receive a minimum of five dollars (\$5.00) per net mineral acre per year royalty for entire acreage covered by this lease in order to perpetuate this lease. Lessee shall have ninety (90) days after written notification by certified mail by Lessor of insufficient royalty to tender said deficiency or this lease shall terminate.
12. If the primary term of this lease is perpetuated by production of oil or gas, notwithstanding anything to the contrary contained in this lease, it is expressly agreed that this lease shall terminate as of two (2) years after expiration of the primary term hereof, insofar, and only insofar, as to all of the formations lying below 100 feet below the total depth of the deepest test drilled by the Lessee or its assigns on the above-described premises or on any lands unitized or pooled therewith. Upon the written request of the Lessor the Lessee shall be obligated to file of record in the applicable office of the Register of Deeds a release of such lower zones or formations within sixty (60) days after the expiration of the two-year period following the primary term hereof. If such release is not filed within said 60-day period, Lessee shall be subject to damages and for any attorney's fees incurred by Lessors in obtaining such release.
13. Lessee shall bury all pipelines at least forty (40) inches below the surface of the above-described real estate.
14. Lessee shall haul trash to the landfill and shall dump no trash in any pits.
15. The Lessee shall not have the right to use fresh water produced from the above-described real estate for the purpose of secondary recovery by water flood, pressure maintenance or other similar operations.
16. Before commencing any drilling operations upon portions of the above-described real estate, the Lessee shall pay the sum of one thousand dollars (\$1,000.00) to the Lessor as a deposit to be applied against damages to land and crops caused by the operations of the Lessee. If the described real estate, is damaged (physical and/or loss to crop production capability or loss to grazing rights) to an amount greater than the amount paid prior to drilling operations, then Lessee shall promptly pay Lessor such additional damages.
17. In the event of production of only gas in commercial quantities and in the further event said gas well is shut-in, the Lessee shall pay shut-in gas royalties of three hundred twenty dollars (\$320.00) per year for the three (3) year period after such gas well is completed and thereafter, the shut-in royalty payments shall be one thousand dollars (\$1,000.00) per year. If gas has not been sold from said premises within six (6) years from completion of said gas well, this lease shall expire six (6) years from the date of completion of said gas well.

18. Notwithstanding anything to the contrary contained in this Lease, if during the three (3) year primary term hereof, a well is drilled and oil is produced therefrom in commercial quantities, Lessee agrees either to commence drilling operations for an additional oil well and complete said operations within four (4) years from the date of this Lease or release all acreage in said Lease except the forty (40) acres immediately surrounding the first producing well. If no well is drilled producing oil in commercial quantities during the three (3) year primary term of this Lease and pursuant to Paragraph 34 of this Lease, the primary term is extended for an additional two (2) year period, if a well is drilled and oil is produced in commercial quantities during said extended two (2) year period, the Lessee agrees either to commence drilling operations for an additional oil well and complete said operations within seventy-two (72) months from the date of this Lease or release all acreage in said Lease except the forty (40) acres immediately surrounding the first producing well.
19. Lessee shall use plastic lined pits on water pits but shall not be required to use plastic lined working and reserve pits. Within ninety (90) days after the pits are dry, Lessee shall then close the pit and restore the premises. All free fluids will be removed and the pits closed in such fashion as to protect from standing water and ponding, and pursuant to the Kansas Corporation Commission regulations. Notwithstanding anything herein contained to the contrary, the Lessee or any assignee of the Lessee shall be responsible for restoring the surface, as near as practicable, to its original condition within ninety (90) days after pits are dry following the drilling of a dry hole or within ninety (90) days after the pits are dry and following termination of production from a producing well. The obligation to restore the surface shall not apply to the Lessee in the event the Lessee shall no longer be the operator of the Lease and the Lessee shall have assigned it's interest in this Lease to other parties. In the event of an assignment by the Lessee, the Assignee shall be obligated to fulfill the obligations created by this paragraph.
20. The Lessee agrees that in connection with its operations upon the above-described real estate, the shale and reserve pits will be dug in such a manner as to remove and preserve the Lessor's topsoil and to segregate the topsoil from the subsoil and after use, said pits will be backfilled by Lessee pursuant to this lease at such time as the Lessor shall direct.
21. The Lessee agrees to comply with all rules and regulations of the United States Department of Agriculture, Natural Resources Conservation Services and appropriate Farm Service Agency with respect to any conservation Reserve Program covering the above-described real estate. In particular, when drilling and operations have terminated, the Lessee shall restore the surface to its present condition, including the reseeded of grass acceptable to the Natural Resources Conservation Services and Farm Service Agency.
22. Lessee shall not enter or attempt to enter onto the leased land during muddy conditions, except as may be agreed by Lessor. In the event Lessee shall already be on and conducting seismic or drilling operations when muddy conditions develop, then Lessee shall use reasonable efforts to minimize damage to land, but Lessee shall not be required to stop operations due to muddy conditions.
23. Notwithstanding any other provision of this lease, the Lessor and Lessee agrees that this lease does not provide Lessee with a pipeline right of way and/or easement for carrying or transporting gas, oil, or other oil and gas related materials that are solely produced from locations not originating on the leased land or on land to which the leased land is unitized.
24. The Lessee upon request shall allow Lessor or Lessor's representative(s) to view copies of any logs in its possession or under its control relative to the geologic structure of the above-described real estate. Such information shall be kept strictly confidential by the Lessor.
25. Notwithstanding anything herein contained to the contrary, no well shall be drilled nearer than three hundred feet (300') to the house, barn or any other structure on said premises without the written consent of the Lessor.
26. Notwithstanding the provisions of this lease to the contrary, if the Lessee determines that the appropriate drill site for a well on either a contiguous tract or on the real estate covered by this lease is closer than three hundred thirty feet (330') to the property line between the two (2) real estate tracts, the Lessee is hereby authorized to drill such well within three hundred thirty feet (330') of the property line between the two (2) real estate tracts.
27. In the event a well producing oil in commercial quantities is drilled under the provisions of Paragraph 26 of this lease, then and in such event, the Lessors agree that an oil unit of forty (40) acres may be established by pooling twenty (20) acres in a square form around the well bore on the property covered by this lease and twenty (20) acres contiguous property. The unit shall consist of twenty (20) acres from this lease and twenty (20) acres from the contiguous property.
28. In the event a well producing gas in commercial quantities is drilled under the provisions of Paragraph 26 of this lease, then and in such event, the Lessors agree that a gas unit of one hundred sixty (160) acres, consisting of eighty (80) acres in a square or rectangular form on the contiguous real estate and eighty (80) acres in a square or rectangular form on the real estate covered by this lease. Said gas unit shall consist of one hundred sixty (160) contiguous acres in a square or rectangular form.
29. Any pumping units shall be lowered so as not to interfere with any center pivot irrigation system, now or hereafter installed upon the above-described real estate.
30. If the Lessee conducts any drilling operations upon any portion of the above-described real estate which is irrigated land, the Lessee shall either use tanks and shall permit no free fluids to remain on said premises or, at the option of the Lessee, pits may be dug but as soon as the pits are dry, all free fluids will be removed and the pits closed as herein provided.

- 31. Lessee shall make all reasonable efforts not to go upon or conduct operations upon the irrigated portion of the above described real estate during unusually wet conditions and shall further take all reasonable and necessary steps to restore the premises, following such operations, to its original condition. Crop damages shall be based upon the average crop yield for the field upon which such damages occur at the price of such crops at the time of harvest, including any resulting loss of profits as a result of Lessee's operations to the extent that they prevent timely irrigation of crops on the damaged property.
- 32. Lessee shall pay to Lessor or to Lessor's agricultural tenant, whenever it is appropriate, an additional \$5.00 per acre for 3-D seismic exploration activities on the property. If crop damages resulting from said 3-D seismic exploration exceed \$800.00 for the quarter section covered by this Lease, the Lessee shall pay such additional amount of crop damages which exceeds \$800.00.
- 33. Lessor and Lessee have participated jointly in the negotiation and drafting of this lease. In the event an ambiguity or questions of intent or interpretation arises, this lease shall be construed as if drafted jointly by both parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this lease.
- 34. Lessee, its successors and assigns, shall have sole and exclusive options, but not the obligation, ending upon the expiration date of the primary term of this lease, to elect to extend the term of all or any part of said lease for a term of two (2) years by tendering to Lessor hereunder the sum of fifteen dollars (\$15.00) per net mineral acre owned by Lessor and selected by Lessee. Lessee shall file an Affidavit of Extension in the records of Pawnee County, Kansas upon its election to exercise the foregoing option.



 SHIRLEY R/SAXTON

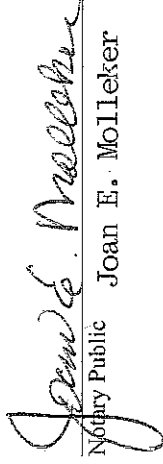
ACKNOWLEDGMENT FOR INDIVIDUAL

STATE OF KANSAS, COUNTY OF Pawnee, SS:

The foregoing instrument was acknowledged before me this 8th day of December, 2008, by SHIRLEY R. SAXTON, a single person.

(Seal)





 Notary Public Joan E. Mollerker

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: Downing Nelson Oil Company Inc.

Lease: Miller-Saxton Unit

Well Number: 1-20

Field: Steffen

Number of Acres attributable to well: 40

QTR/QTR/QTR/QTR of acreage: SE - SW - SW - SE

Location of Well: County: Pawnee

100 feet from N / S Line of Section

2,265 feet from E / W Line of Section

Sec. 20 Twp. 20 S. R. 20 E W

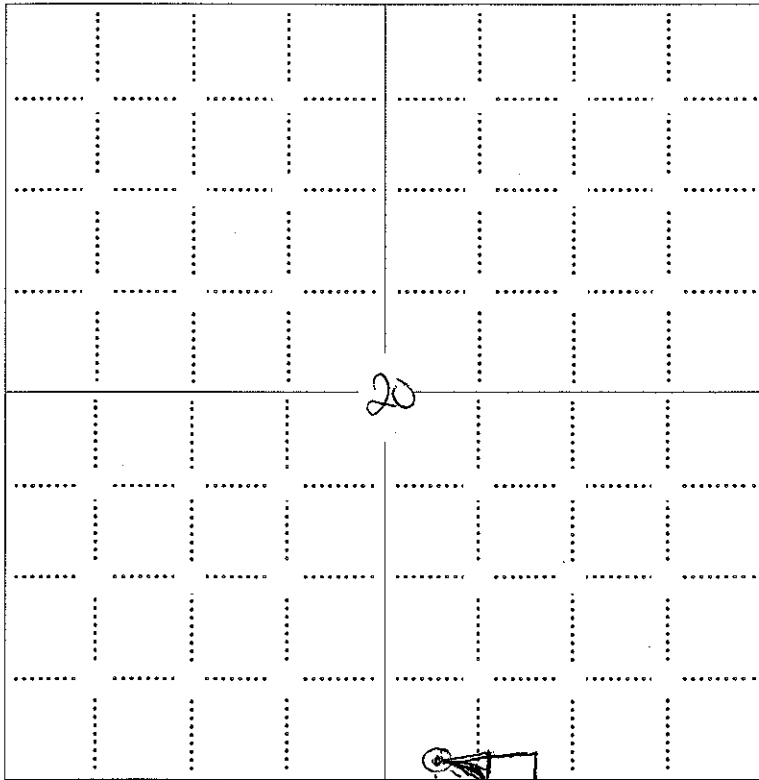
Is Section: Regular or Irregular

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

Section corner used: NE NW SE SW

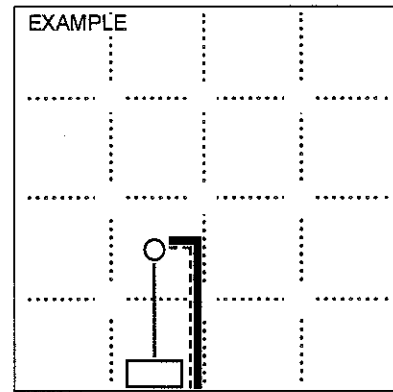
PLAT

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



1980' FSL

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

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

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