

Well will not be drilled or Permit Expired Date: _

Signature of Operator or Agent:

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

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

1059904

Form C-1

March 2010

Form must be Typed

Form must be Signed

All blanks must be Filled

NOTICE OF INTENT TO DRILL

			Spot Description:
	month da	ay year	Sec Twp S. R E
DPERATOR: License#			feet from N / S Line of Section
			feet from E / W Line of Secti
			Is SECTION: Regular Irregular?
			(Note: Locate well on the Section Plat on reverse side)
		Zip: +	County:
Contact Person:			Lease Name: Well #:
Phone:			Field Name:
CONTRACTOR: License#	¥		Is this a Prorated / Spaced Field?
lame:			Target Formation(s):
W " D " " . T	14/ 11/01	.	Nearest Lease or unit boundary line (in footage):
Well Drilled For:	Well Class:	Type Equipment:	Ground Surface Elevation:feet MS
Oil Enh	Rec Infield	Mud Rotary	Water well within one-quarter mile:
Gas Stora	• =	Air Rotary	Public water supply well within one mile:
Dispo		Cable	Depth to bottom of fresh water:
Seismic ;#			Depth to bottom of usable water:
Other:			Surface Pipe by Alternate:
If OWWO: old well	Il information as follows:		Length of Surface Pipe Planned to be set:
_			
•			Projected Total Depth:
	Origin	al Total Depth:	
Original Completion D	ate Origin	ai iotai Deptii	Water Source for Drilling Operations:
Directional, Deviated or Ho	orizontal wellbore?	Yes No	Well Farm Pond Other:
f Yes, true vertical depth:			DWR Permit #:
Bottom Hole Location:			(Note: Apply for Permit with DWR)
KCC DKT #:			
			If Yes, proposed zone:
The second and second be as been	- (C (b (b		FIDAVIT
	•		ugging of this well will comply with K.S.A. 55 et. seq.
t is agreed that the follow	wing minimum requireme	ents will be met:	
	iate district office <i>prior</i> to		
	roved notice of intent to a	•	h drilling rig; t by circulating cement to the top; in all cases surface pipe shall be set
A copy of the appr			
 A copy of the appr The minimum amo 	ount of surface pipe as s	•	, , , , , , , , , , , , , , , , , , , ,
 A copy of the appr The minimum amount through all uncons 	ount of surface pipe as s solidated materials plus a	a minimum of 20 feet into th	ne underlying formation.
 A copy of the appr The minimum amounthrough all uncons If the well is dry ho 	ount of surface pipe as s solidated materials plus a ole, an agreement betwe	a minimum of 20 feet into the een the operator and the dis	, , , , , , , , , , , , , , , , , , , ,
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 A copy of the appr The minimum amouthrough all uncons If the well is dry ho The appropriate di If an ALTERNATE Or pursuant to App 	ount of surface pipe as s solidated materials plus a ole, an agreement betwe istrict office will be notifie II COMPLETION, produ pendix "B" - Eastern Kar	a minimum of 20 feet into the een the operator and the dis ed before well is either plug action pipe shall be cemente hsas surface casing order #	ne underlying formation. Strict office on plug length and placement is necessary <i>prior to plugging;</i> ged or production casing is cemented in; ed from below any usable water to surface within <i>120 DAYS</i> of spud date. 133,891-C, which applies to the KCC District 3 area, alternate II cementing
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2. A copy of the appr 3. The minimum amouthrough all uncons 4. If the well is dry ho 5. The appropriate di 6. If an ALTERNATE Or pursuant to Approve the completed Ubmitted Electro For KCC Use ONLY API # 15 - Conductor pipe required	count of surface pipe as solidated materials plus a cole, an agreement betwee istrict office will be notifice. If COMPLETION, produpendix "B" - Eastern Kard within 30 days of the sonically	a minimum of 20 feet into the en the operator and the dised before well is either pluguction pipe shall be cementensas surface casing order # spud date or the well shall be the manual of the well shall be	ne underlying formation. Strict office on plug length and placement is necessary prior to plugging; ged or production casing is cemented in; ed from below any usable water to surface within 120 DAYS of spud date. 133,891-C, which applies to the KCC District 3 area, alternate II cementing e plugged. In all cases, NOTIFY district office prior to any cementing. Remember to: - File Certification of Compliance with the Kansas Surface Owner Notification Act (KSONA-1) with Intent to Drill;
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2. A copy of the appr 3. The minimum amouthrough all uncons 4. If the well is dry ho 5. The appropriate di 6. If an ALTERNATE Or pursuant to Approve be completed ubmitted Electro For KCC Use ONLY API # 15 - Conductor pipe required Minimum surface pipe re Approved by:	count of surface pipe as so solidated materials plus a cole, an agreement betwee istrict office will be notifice. If COMPLETION, produpendix "B" - Eastern Kard within 30 days of the sonically	a minimum of 20 feet into the een the operator and the dised before well is either pluguction pipe shall be cementensas surface casing order #spud date or the well shall befeetfeetfeet per ALT I II	Remember to: File Certification of Compliance with the Kansas Surface Owner Notification Act (KSONA-1) with Intent to Drill; File Completion Form ACO-1 within 120 days of spud date; File Careage attribution plat according to field proration orders;
2. A copy of the appr 3. The minimum amouthrough all uncons 4. If the well is dry ho 5. The appropriate di 6. If an ALTERNATE Or pursuant to Approve be completed Ubmitted Electro For KCC Use ONLY API # 15 - Conductor pipe required Minimum surface pipe re Approved by: This authorization expire	count of surface pipe as so solidated materials plus a cole, an agreement betwee istrict office will be notifice. If COMPLETION, produpendix "B" - Eastern Kard within 30 days of the sonically	a minimum of 20 feet into the een the operator and the dised before well is either pluguction pipe shall be cementensas surface casing order #spud date or the well shall be feet feet per ALT I II	Remember to: File Certification of Compliance with the Kansas Surface Owner Notification Act (KSONA-1) with Intent to Drill; File Completion Form ACO-1 within 120 days of spud date; Notify appropriate district office 48 hours prior to workover or re-entry;

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

Spud date: _

Side Two



For KCC Use ONLY	
API # 15	

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

Operator:	Location of Well: County:
Lease:	feet from N / S Line of Section
Well Number:	feet from E / W Line of Section
Field:	SecTwpS. R
Number of Acres attributable to well:	Is Section: Regular or Irregular
	If Section is Irregular, locate well from nearest corner boundary. Section corner used: NE NW SE SW
PL. Show location of the well. Show footage to the nearest led lease roads, tank batteries, pipelines and electrical lines, as requ You may attach a sep 2570 ft.	ase or unit boundary line. Show the predicted locations of uired by the Kansas Surface Owner Notice Act (House Bill 2032).
	LEGEND
	O Well Location Tank Battery Location Pipeline Location Electric Line Location Lease Road Location
28	2301 EXAMPLE
	1980' FSL

 ${\it NOTE: In all \ cases \ locate \ the \ spot \ of \ the \ proposed \ drilling \ locaton.}$

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

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



KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

059904

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: Emergency Pit Burn Pit Settling Pit Drilling Pit Workover Pit Haul-Off Pit (If WP Supply API No. or Year Drilled)	Pit is: Proposed Existing If Existing, date constructed: Pit capacity: (bbls)		SecTwp R East WestFeet from North / South Line of SectionFeet from East / West Line of Section County		
Is the pit located in a Sensitive Ground Water A	rea? Yes	No	Chloride concentration: mg/l (For Emergency Pits and Settling Pits only)		
Is the bottom below ground level?			How is the pit lined if a plastic liner is not used?		
Pit dimensions (all but working pits):	Length (fee	et)	Width (feet) N/A: Steel Pits		
Depth from ground level to dee If the pit is lined give a brief description of the liner material, thickness and installation procedure.		Describe proce	dures for periodic maintenance and determining any special monitoring.		
Distance to nearest water well within one-mile of pit:		Depth to shallo Source of infor	west fresh water feet. mation:		
feet Depth of water well	feet	measured	well owner electric log 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? Yes No Submitted Electronically		Type of materia Number of work Abandonment p Drill pits must b	over and Haul-Off Pits ONLY: all utilized in drilling/workover: king pits to be utilized: procedure: de closed within 365 days of spud date.		
	KCC	OFFICE USE O	NLY		
Date Received: Permit Num	ber:		Liner Steel Pit RFAC RFAS t Date: Lease Inspection: Yes No		



Kansas Corporation Commission Oil & Gas Conservation Division

1059904

Form KSONA-1
July 2010
Form Must Be Typed
Form must be Signed
All blanks must be Filled

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 (CB-1)	Cathodic Protection Borehole Intent) T-1 (Transfer) CP-1 (Plugging Application)		
OPERATOR: License #	Well Location:		
Name:	SecTwpS. R East		
Address 1:	County:		
Address 2:	Lease Name: Well #:		
City: State: Zip:+	If filing a Form T-1 for multiple wells on a lease, enter the legal description of		
Contact Person:	the lease below:		
Phone: () Fax: ()			
Email Address:			
Surface Owner Information:			
Name:	When filing a Form T-1 involving multiple surface owners, attach an additional		
Address 1:	sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the		
Address 2:	county, and in the real estate property tax records of the county treasurer.		
City:			
the KCC with a plat showing the predicted locations of lease roads, tank	dic Protection Borehole Intent), you must supply the surface owners and k batteries, pipelines, and electrical lines. The locations shown on the plat in the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.		
☐ I certify that, pursuant to the Kansas Surface Owner Notice A owner(s) of the land upon which the subject well is or will be to CP-1 that I am filing in connection with this form; 2) if the form to form; and 3) my operator name, address, phone number, fax, at ☐ I have not provided this information to the surface owner(s). I at KCC will be required to send this information to the surface owner(s).	cknowledge that, because I have not provided this information, the vner(s). To mitigate the additional cost of the KCC performing this		
task, I acknowledge that I am being charged a \$30.00 handling If choosing the second option, submit payment of the \$30.00 handling form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-	fee with this form. If the fee is not received with this form, the KSONA-1		
Submitted Electronically			

#1 Shipley 28AD Unit Surface Owner Names and Addresses

Gerald Shipley 717 E. 6th St. Oakley, KS 67748

Carol Baker 8052 NW 30th Towanda, KS 67044

Linda Schafer 1292 East Teal Dr. Lincoln, KS 67455

Charla Shipley 2610 Country Club Road Lot 8 El Dorado, KS 67042

(PRODUCER'S SPECIAL) (PAID-UP) FORM 88

(Rev. 1993)

OIL AND GAS LEASE

	Kansas Brue Print 700 S. Brondwy, PO Sox 783 702 S. Brondwy, PO Sox 783 316-264-5844-284-5185 fax www.kbp.com kbp@kbp.com
	Sep.
<u></u>	Reorder No. 09-115

AGREEMENT, Made and entered into the $-20th$ day of $-101y$.	<u>ih</u> day ofU11½
y and between Gera	Gerald Shipley Life Estate
Gera	Gerald H. Shipley, Trustee
717	717 E. 6th Street
Oakle	Oakley, KS. 67748
whose mailing address is	Hambright, INC., 125 N. Market, STE. 1415, Wichita, KS. 67202
	. hereinafter caller Lessec
Lessor, in consideration of Lessor, in consideration of Lessor, and solve and of the royalides herein provided and of investigating, exploring by geophysical and other means, is constituent products, injecting gas, water, other fluids, and air and things thereon to produce, save, take care of, treat, manufar yodducts manufactured therefrom, and housing and otherwise	Lessor, in consideration of
herein situated in County of	State of Kansas described as follows to-wite

part hereof

๙

made

and

***See Addendum attached hereto

Subject to the provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary form"), and as long thereafter so 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:

connect wells on said land, the equal one-eighth (%) part of all oil produced and saved may ist. To deliver to the credit of lessor, free of cost, in the pipe line to which lessee 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-cighth (%) at the manufacture of any products therefrom, one-cighth (in the manufacture of any sold by lessee, in no event more than one-cighth (in of the proceeds received by lessee from such sales), for the gas sold, used off the premises, or it 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 royally One Dollar (\$1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

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

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

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

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

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

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

If the estate of either party hereto is assigned, and the privilege of assigning in whole or assignment of remaise whall be binding on the lessee to exceutors, administrators, successors or assigns, but no change in the ownership of the land or assignment of remaise with a written transfer or assignment to a true copy thereof. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of swith 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 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.

any mortgages, taxes or other liens on the above described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment by lessor, and be subrogated to the rights of the holder thereof, and the undersigned lessors, for themselves and their, successors and assigns. hereby surrender and related herein.

It is said right of dower and homestead may in any way affect the purposes for which this lesse is made, as recited herein.

Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lesse or sup portion thereof with other land, lesse or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lesse premises so as to promote the conservation of oil, gas or other minerals in and under and that may be procled for one ceeding 640 acres each in the event of an oil well, or into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not acreated on the conveyance vecords of the county in which the land herein lessed is situated an instrument identifying and describing the pooled acreage. Its production from the pooled unit, as if it were included in this lesse, if production is had from this lesse, whether the well or wells be located on the premises covered by this lesse or not, in the royalty signified, lesser shall be received on an acreage basis bears to probed only such portion of the royalty signiated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

***See Addendum attached hereto and made a part hereof

S INSTRUCTOR DOMENTO S INSTRUCTOR SHAPES SHA WITNESS WHEREOF, the . See:

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ADDENDUM TO OIL & GAS LEASE

Attached to and made a part hereof an Oil and Gas Lease dated July 20th, 2006, by and between Gerald H. Shipley, Trustee, whose address is 717 E. 6th Street, Oakley, KS. 67748, as Lessors and J. Fred Hambright, INC., as Lessee, covering the following described property in Gove County, Kansas, to wit:

Township 13 South, Range 31 West

 (Tract 1)
 Section 28: NE/4

 (Tract 2)
 Section 28: NW/4

 (Tract 3)
 Section 28: SE/4

- It is understood and agreed that the above described Tracts shall constitute separate and individual Leases according to the terms herein established. Production on a Tract described above will not extend lease on other tracts. $\ddot{-}$
- for drilling or tank locations shall be restored to original height and contour as nearly as is on the surface upon completion of drilling activities. Any terraces driven over or altered When preparing development locations, the topsoil shall be segregated to be replaced practicable. α
- all slushpits, level the location and restore the surface as nearly as is practicable. Lessee or assigns agrees to pay for all damages of any nature arising from its operations on the said In the event of drilling operations on the said land, Lessee or assigns agree to backfill ω
- equipment of Lessee shall be removed within six (6) months and all sites shall be restored It is understood and agreed that upon the termination of production on the Lease, all to their original condition as nearly as is practicable. 4
- Also tank batteries and pumping grazes cattle on milo or corn stalks or wheat. Lessee or asigns agrees to comply with all A sufficient dike shall be placed around tank batteries. Also tank batteries and pumpi equipment units shall be fenced to restrain cattle in pastures or on ground that Lessor applicable Federal, State and Local laws and regulations. 5
- provisions hereof, this lease shall expire, unless Lessee on or before the end of the primary mineral acres owned by Lessor in the land herein above described and then subject to this lease; and subject to the other provisions of this lease, the primary term shall be extended for an additional term of **Three(3)** years from the end of the primary term hereof. If at the end of the primary term, this lease is not otherwise continued in force under the term shall pay or tender to Lessor the sum of \$10.00 multiplied by the number of net 6

Ferald H. Shipley, Trustee

FORM 88 — (PRODUCER'S SPECIAL) (PAID-UP)

OIL AND GAS LEASE

Nansas Bil	700 S. Broadway	Wichita, KS 672	316-264-9344-26	The same of the sa
		\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	f	
No.	;	10		

MENT, Made and entered into the
by and between <u>Gerald Shipley Life Estate</u> by Carald H. Shinley, Trustee
6+b G+root
ley, KS
whose mailing address is hereinafter called Lessor (whether one or more) hereinafter called Lessor (whether one or more) and J. Fred Hambright, INC., 125 N. Market, STE. 1415, Wichita, KS. 67202
Lessor, in consideration of
attached hereto and made a part hereof:
In Section XXX Township XXX Range All Long and All Long a
ned, this lease shall remain in force for a term of Three (3) years from this date (called "primary ter the constituent products, or any of them, is produced from said land or land with which said land is pooled tid lessee covenants and agrees: free of cost, in the pipe line to which lessee may connect wells on said land, the equal one-circhth (%) bart of
from the leased premises. Znd. 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 (%) at the proceeds received by lesse of from such sales), for the green sold, used off the premises, or in the manufacture of producing starsefrom, and proments to be made monthly. Where gas from a well producing from an off or used, lesse may pay or tende as royalty. One Dollar (\$1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within that
This lease may be maintained during the primary term hereof without further payment or drilling operations. If the leasee shall commence to drill a well within the term of this lease or any extension thereof, the leasee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or 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 emtire 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. Lesses 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 buy lessee's pipe lines below plow depth. No well shall be drilled marker than 2006 four to the house or have some and of the state of the state of the house or have some and of the state o
Lessee shall pay for damages caused by lessee's operations to growing crops on said land. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing. If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs exceutors, administrators, successors or assigned, and the privilege of 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 lesser or place of record a release accounting any portion or portions and be relieved of all obligations as to the acreage surrendered. All express or implied coverants of this lease shall be subject to all Federal and State Laws, Excentive Orders, Rules or Regulations, and this lease shall not be terminated in whole or in part, nor lessee heid liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law. Order, Rules
Eggulation. Lessee hareby 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 by lessor, and be subrogated to the rights of the holder thereof, and the under signed lessors, to the most dead the rights of the holder thereof, and the under signed lessors, to the meeted and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so fan as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lesse or any portion thereof with other land, lease or lessors to a conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of fracts configuous to one another and to be into a unit or units not exceeding 40 acres configuous to the county in which the land herein lessed is situated an instrument identifying and describing the pooled acreage. The entire acreage fooled are tracted, for all purposes except the payment of rowelling to a tract or units shall be treated, for all purposes except the payment of expendition from the pooled are age, it shall be treated as if production is had from this lesse, whether the well or wells be located on the premises covered by this lesse or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.
***See Addendum attached hereto and made a part hereof:
THE GOLD GATE AND

ADDENDUM TO OIL & GAS LEASE

between Gerald H. Shipley Life Estate, by Gerald H. Shipley, Trustee, whose address is 717 E. 6th Street, Oakley, KS. 67748, as Lessors and J. Fred Hambright, INC., as Lessee, Attached to and made a part hereof an Oil and Gas Lease dated July 20th, 2006, by and covering the following described property in Gove County, Kansas, to wit:

Township 13 South, Range 31 West

Section 28: NE/4 Section 28: NW/4 (Tract 2)

Section 28: SE/4 (Tract 3)

It is understood and agreed that the above described Tracts shall constitute separate and individual Leases according to the terms herein established. Production on a Tract described above will not extend lease on other tracts.

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- on the surface upon completion of drilling activities. Any terraces driven over or altered for drilling or tank locations shall be restored to original height and contour as nearly as is When preparing development locations, the topsoil shall be segregated to be replaced તાં
- all slushpits, level the location and restore the surface as nearly as is practicable. Lessee or assigns agrees to pay for all damages of any nature arising from its operations on the said In the event of drilling operations on the said land, Lessee or assigns agree to backfill land. 'n
- It is understood and agreed that upon the termination of production on the Lease, all equipment of Lessee shall be removed within six (6) months and all sites shall be restored to their original condition as nearly as is practicable. 4,
- A sufficient dike shall be placed around tank batteries. Also tank batteries and pumping grazes cattle on milo or corn stalks or wheat. Lessee or asigns agrees to comply with all equipment units shall be fenced to restrain cattle in pastures or on ground that Lessor applicable Federal, State and Local laws and regulations. S
- provisions hereof, this lease shall expire, unless Lessee on or before the end of the primary mineral acres owned by Lessor in the land herein above described and then subject to this lease; and subject to the other provisions of this lease, the primary term shall be extended If at the end of the primary term, this lease is not otherwise continued in force under the term shall pay or tender to Lessor the sum of \$10.00 multiplied by the number of net for an additional term of Three(3) years from the end of the primary term hereof. 6

Gerald H. Shipley, Trustee

