



1060597

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

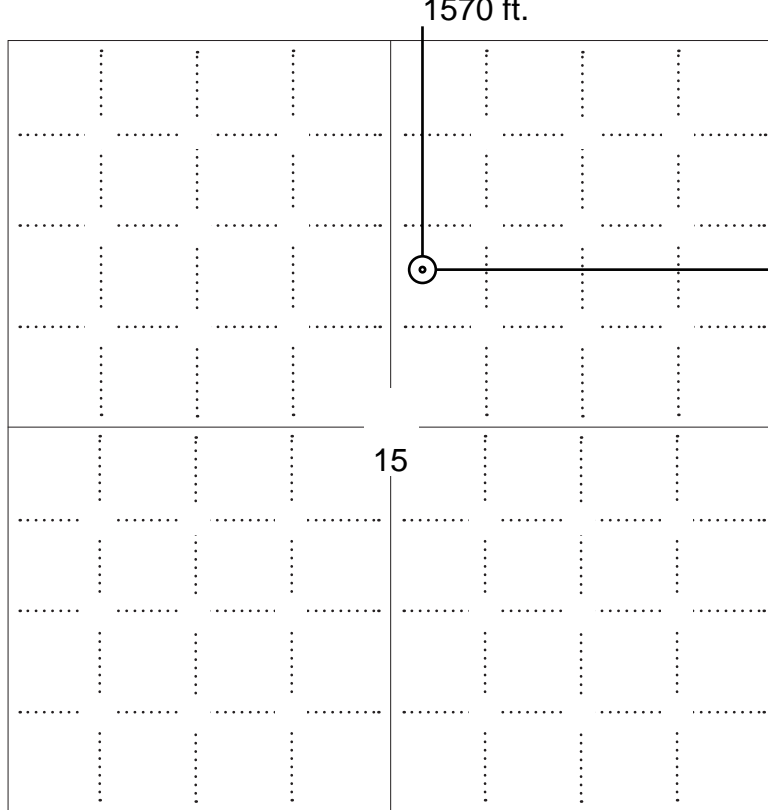
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

PLAT

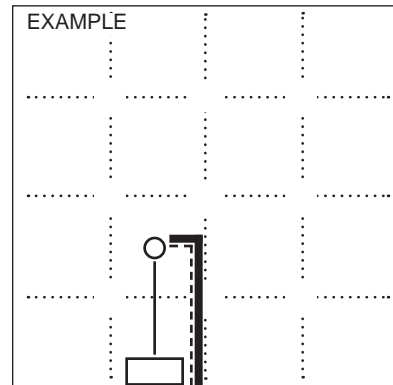
Show location of the well. Show footage to the nearest lease or unit boundary line. Show the predicted locations of lease roads, tank batteries, pipelines and electrical lines, as required by the Kansas Surface Owner Notice Act (House Bill 2032).

You may attach a separate plat if desired.



LEGEND

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



1980' FSL

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

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

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



KANSAS CORPORATION COMMISSION 1060597
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:

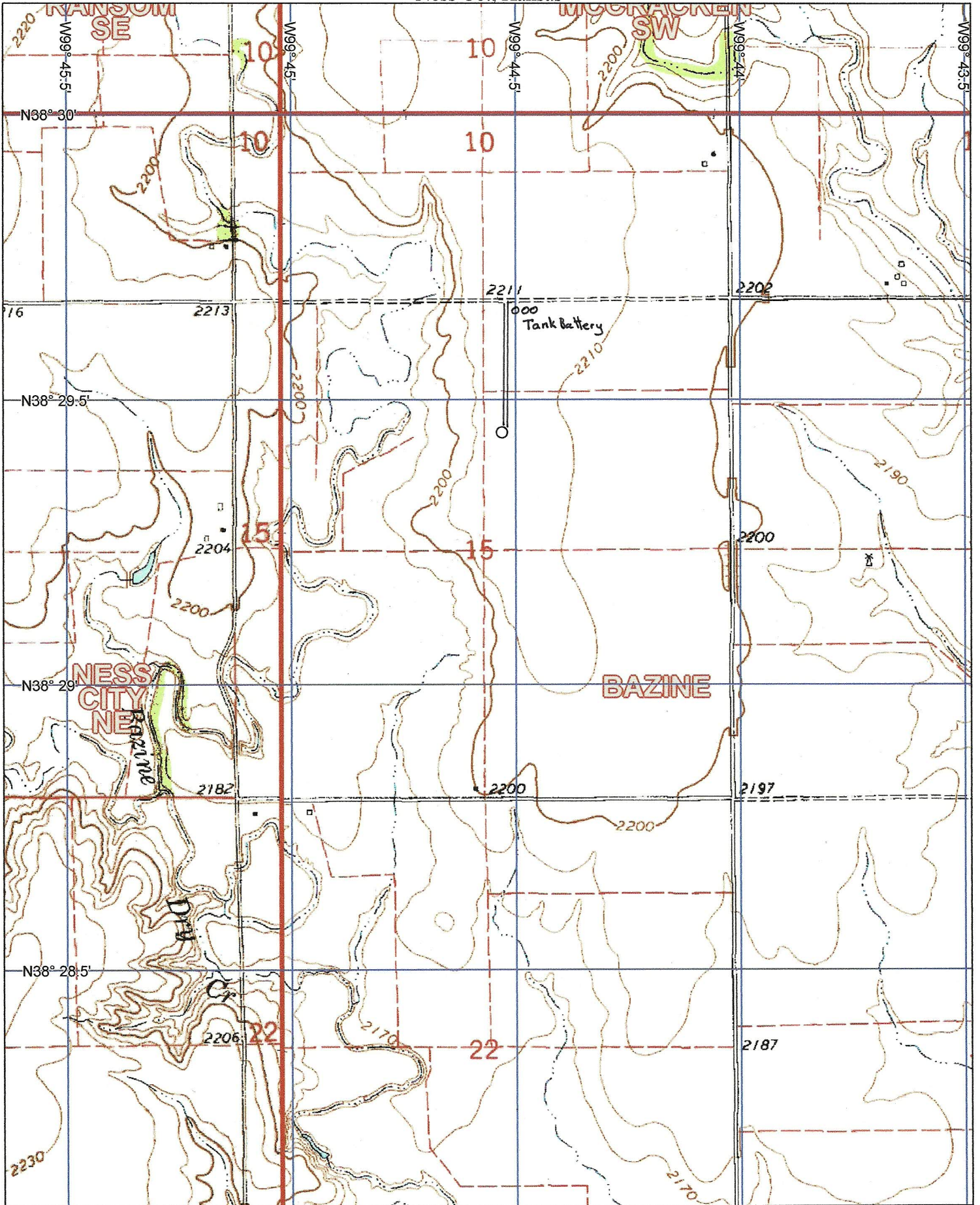
- I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this 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

Pickrell #1 Matthews-Stieben Unit
1570' FNL & 2430' FEL Sec. 15-18S-22W
Ness Co., Kansas



PICKRELL DRILLING COMPANY, INC.

100 SOUTH MAIN - SUITE 505
WICHITA, KANSAS 67202-3738
(316) 262-8427 • FAX (316) 262-0893

Date: August 2, 2011

Re: #1 Matthews-Stieben Unit
Surface Owners

Your online form through KOLAR does not allow for entry of more than one surface owners. In this case we have two. I will send this as an attachment with my Intent to Drill. They are as follows:

Matthews:

Surface Owner: D Eugene Matthews
8371 Pointe Rd
Park City, Utah 84098

Stieben:

Surface Owner: Nick J. Stieben
28090 170 Rd.
Bazine, Kansas 67516

Thank you.

PICKRELL DRILLING CO. INC.

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 21st day of March 2006 by and between Matthews Land Company, LLC

whose mailing address is 8371 Pointe Road Park City, Utah 84098 hereinafter called Lessor (whether one or more) and J. Fred Hambright Inc. 125 N. Market #1415 Wichita, Kansas 67202

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

Township 18 South, Range 22 West Section 15: E/2

Handwritten notes: EARNED + NW 1/4 NE 1/2 SW 1/4 320, Matthews Land "A", EYP 3-21-12

In Section Township Range and containing acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of Two (2) 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 an royalty One Dollar (\$1.00) 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 1-foot below depth.

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

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

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

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the 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 in 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 as far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

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

Lessee or its assigns agree to restore the surface to its original contour and condition as nearly as practicable.



IN WITNESS WHEREOF, the undersigned execute this instrument on of the day and year first above written. Witnesses: [Signature] Matthews Land Company, LLC BY: D.Eugene Matthews, Managing Partner

State of Kansas Ness County Book: 301 Page: 169 Receipt #: 1043 Pages Recorded: 2 Recording Fee: \$12.00 Cashier Initials: PK Date Recorded: 5/3/2006 10:10:00 AM

EXTENSION OF OIL AND GAS LEASE

WHEREAS, PALOMINO PETROLEUM INC.

is the owner and holder of an oil and gas lease on the following described land in Ness County, State of Kansas

Township 18 South, Range 22 West Section 15: E/2

of Section 301, Township and recorded in book 301, Page 169 of the Records of said County, and

WHEREAS, said lease expires in the absence of drilling operations on 3-21-2008 and the said owner and holder desires to have the term of said lease extended;

NOW, THEREFORE, the undersigned, for themselves, their heirs, executors, administrators and assigns, for and in consideration of Ten and More Dollars, in hand paid, the receipt whereof is hereby acknowledged, does hereby agree: that the said term of said lease shall be and is hereby extended, with the same tenor and effect as if such extended term had been originally expressed in such lease, for a period of Two (2) years from the date of the said expiration thereof and as long thereafter as oil or gas (including casinghead gas) is produced from any well on the land covered by said lease, subject however, in all other respects, to the provisions and conditions of said lease or said lease as modified, if any modification thereof may have been heretofore executed; that no delay rental is due and payable on 3-21-2008 under the terms of this extension; and that all previous rentals due under the terms of said lease have been timely and properly paid.

IN WITNESS WHEREOF, this instrument is signed on this the 2nd day of June, 2008

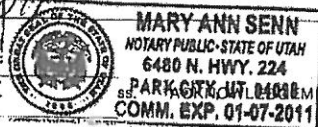
8371 Pointe Road Park City, Utah 84098

D. Eugene Matthews, Managing Partner Matthews Land Company LLC

STATE OF Utah ss. ACKNOWLEDGEMENT FOR INDIVIDUAL (Kans. Okla. and Colo.) COUNTY OF Summit Before me, the undersigned, a Notary Public, within and for said County and State, on this 02 day of June, 2008, personally appeared D. Eugene Matthews Managing Partner of Matthews Land Company LLC

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his 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. My commission expires 01/07/2011



STATE OF COUNTY OF Be it remembered that on this day of 20 before me, the undersigned, a Notary Public, duly commissioned, in and for the county and state aforesaid, came

_____ president of _____ a corporation of the State of _____ personally known to me to be such officer, and to be the same person who executed as such officer the foregoing instrument of writing in behalf of said corporation, and he duly acknowledged the execution of the same for himself and for said corporation for the uses and purposes therein set forth.

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



NOTARY PUBLIC

State of Kansas - Ness County Book: 314 Page: 147 Receipt #: 3561 Pages Recorded: 1 Recording Fee: \$8.00 Cashier Initials: MH Date Recorded: 1/11/2008 10:10:00 AM

EXTENSION OF OIL AND GAS LEASE

WHEREAS, Palomino Petroleum, Inc.

is the owner and holder of an oil and gas lease on the following described land in Ness County, State of Kansas

The East Half (E/2)

of Section 15, Township 18 South, Range 22 West and recorded in book 301, Page 169 of the Records of said County, and

as extended WHEREAS, said lease expires in the absence of drilling operations on 3-21-2010 and the said owner and holder desires to have the term of said lease extended;

NOW, THEREFORE, the undersigned, for themselves, their heirs, executors, administrators and assigns, for and in consideration of Ten and More Dollars, in hand paid, the receipt whereof is hereby acknowledged, does hereby agree: that the said term of said lease shall be and is hereby extended, with the same tenor and effect as if such extended term had been originally expressed in such lease, for a period of TWO years from the date of the said expiration thereof and as long thereafter as oil or gas (including casinghead gas) is produced from any well on the land covered by said lease, subject however, in all other respects, to the provisions and conditions of said lease or said lease as modified, if any modification thereof may have been heretofore executed; that no delay rental is due and payable on 3-21-2010 under the terms of this extension; and that all previous rentals due under the terms of said lease have been timely and properly paid.

3-21-12 Exp.

IN WITNESS WHEREOF, this instrument is signed on this the 23rd day of February, 2010

8371 Pointe Road Park City, Utah 84098

D. Eugene Matthews, Managing Partner Matthews Land Company LLC

State of Kansas - Ness County Book: 330 Page: 694 Receipt #: 6471 Pages Recorded: 1 Cashier: Initials: MH Recording Fee: \$8.00 Date Recorded: 3/1/2010 10:50:00 AM

STATE OF Utah ss. ACKNOWLEDGEMENT FOR INDIVIDUAL (Kans. Okla. and Colo.) COUNTY OF Summit Before me, the undersigned, a Notary Public, within and for said County and State, on this 23rd day of February, 2010, personally appeared D. Eugene Matthews, Managing Partner of Matthews Land Company LLC

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his 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. My commission expires July 28 2012

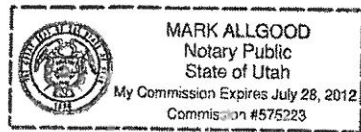
Notary Public signature and seal

STATE OF COUNTY OF ss. ACKNOWLEDGEMENT FOR CORPORATION Be it remembered that on this day of, 20, before me, the undersigned, a Notary Public, duly commissioned, in and for the county and state aforesaid, came

president of a corporation of the State of, personally known to me to be such officer, and to be the same person who executed as such officer the foregoing instrument of writing in behalf of said corporation, and he duly acknowledged the execution of the same for himself and for said corporation for the uses and purposes therein set forth.

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

NOTARY PUBLIC



OIL AND GAS LEASE



Base Lease

AGREEMENT, Made and entered into the 1st day of July 2009

by and between Nick J. Stieben and Tonetta R. Stieben, his wife

whose mailing address is HCR, Box 43 Bazine, Kansas 67516 hereinafter called Lessor (whether one or more), and Palomino Petroleum Inc.

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

Township 18 South, Range 22 West Section 2: N/2, SW/4 Section 3: SE/4, S/2SW/4 Section 11: All but tract, see Description Rider Section 15: NW/4 Section 16: S/2, NE/4 2,000

In Section Township Range and containing acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of Two (2) 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 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 pay for damages caused by lessee's operations to growing crops on said land.

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

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the 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.

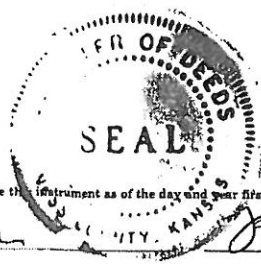
All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if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

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

See Addendum attached hereto and made a part hereof.



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

Witnesses: Nick J. Stieben

Tonetta R. Stieben

State of Kansas - Ness County Book: 324 Page: 617

Receipt #: 5719 Recording Fee: \$20.00 Pages Recorded: 4 Cashier Initials: MH

Date Recorded: 7/30/2009 12:20:00 PM

Addendum

This lease is comprised of the following tracts and each tract is a separate lease and production on any one tract shall not extend the term of any one other tract.

Tract 1: N/2SW/4 2-18-22
Tract 2: S/2SW/4 2-18-22
Tract 3: S/2NE/4 2-18-22
Tract 4: N/2NE/4 2-18-22
Tract 5: N/2NW/4 2-18-22
Tract 6: S/2NW/4 2-18-22
Tract 7: S/2SW/4 3-18-22
Tract 8: S/2SE/4 3-18-22
Tract 9: N/2SE/4 3-18-22
Tract 10: S/2SW/4 11-18-22
Tract 11: N/2SW/4 11-18-22
Tract 12: S/2NW/4 11-18-22
Tract 13: N/2NW/4 11-18-22
Tract 14: N/2NE/4 11-18-22
Tract 15: S/2NE/4 11-18-22
Tract 16: N/2SE/4 11-18-22
Tract 17: S/2SE/4 11-18-22
Tract 18: N/2NW/4 15-18-22
Tract 19: S/2NW/4 15-18-22
Tract 20: S/2SW/4 16-18-22
Tract 21: N/2SW/4 16-18-22
Tract 22: S/2SE/4 16-18-22
Tract 23: N/2SE/4 16-18-22
Tract 24: S/2NE/4 16-18-22
Tract 25: N/2NE/4 16-18-22

Lessee agrees to restore the surface to its original contour and condition as nearly as practicable.



Nick J. Stieben



Tonetta R. Stieben

DESCRIPTION RIDER

A tract of land in the Southeast Quarter (SE/4) of Section Eleven (11), Township Eighteen (18) South, Range Twenty-two (22) West of the 6th P.M., more fully described as follows: Beginning at a point on the South line of said SE/4, 1403.30 feet west of the Southeast corner of said SE/4; thence N74o28'00"W a distance of 117.95 feet to a point; thence N48o51'57"W a distance of 190.37 feet to a point; thence N50o38'36"W a distance of 398.52 feet to a point; thence N76o46'32"W a distance of 88.87 feet to a point; thence N88o54'34"W a distance of 142.21 feet to a point; thence S87o22'21"W a distance of 161.66 feet to a point; thence S89o16'22"W a distance of 68.56 feet to a point; thence S45o59'46"W a distance of 72.28 feet to a point; thence S31o42'52"W a distance of 90.21 feet to a point; thence S17o21'27"W a distance of 103.47 feet to a point; thence S12o20'29"W a distance of 80.92 feet to a point; thence S28o22'38"W a distance of 29.08 feet to a point; thence S 38o21'39" W a distance of 89.96 feet to the Southwest corner of said Southeast Quarter; thence N90o00'00"E along the South line of said SE/4, a distance of 1236.70 feet to the point of beginning, said tract containing 7.867 acres more or less. All bearings are assumed.

EXTENSION OF OIL AND GAS LEASE

WHEREAS, PALOMINO PETROLEUM, INC.

_____ is the owner and holder of an oil and gas lease on
the following described land in Ness County, State of Kansas
Township 18 South, Range 22 West
Section 15: NW/4
of Section _____ Township _____ Range _____ and recorded in book 324 Page 617
of the Records of said County, and

WHEREAS, said lease expires in the absence of drilling operations on 7-1-11
and the said owner and holder desires to have the term of said lease extended;

NOW, THEREFORE, the undersigned, for themselves, their heirs, executors, administrators and assigns, for and in consideration of
Ten and More Dollars, in hand paid, the receipt whereof is hereby acknowledged, does hereby
agree: that the said term of said lease shall be and is hereby extended, with the same tenor and effect as if such extended term had been
originally expressed in such lease, for a period of 90 days years from the date
of the said expiration thereof and as long thereafter as oil or gas (including casinghead gas) is produced from any well on the land covered
by said lease, subject however, in all other respects, to the provisions and conditions of said lease or said lease as modified, if any
modification thereof may have been heretofore executed; that no delay rental is due and payable on 7-1-11
under the terms of this extension; and that all previous rentals due under the terms of said lease have been timely and properly paid.

IN WITNESS WHEREOF, this instrument is signed on this the 21
day of May, 20 11

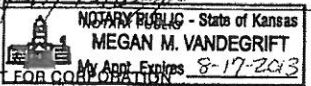
Nick J. Stieben
Nick J. Stieben
Tonetta R. Stieben
Tonetta R. Stieben, his wife
28090 170 Road
Bazine, KS 67516

Stieben "A"
Exp. 7-1-11
30 July
31 Aug
29 Sep
90

STATE OF Kansas
COUNTY OF NESS ss. ACKNOWLEDGEMENT FOR INDIVIDUAL (Kans. Okla. and Colo.)
Before me, the undersigned, a Notary Public, within and for said County and State, on this 21st
day of May, 20 11, personally appeared Nick J. Stieben
and Tonetta R. Stieben, his wife

to me personally known to be the identical person s who executed the within and foregoing instrument and acknowledged to me
that they executed the same as 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.
My commission expires 8-17-2013



STATE OF _____ ss. ACKNOWLEDGEMENT FOR CORPORATION
Be it remembered that on this _____ day of _____, 20 _____, before me, the undersigned, a
Notary Public, duly commissioned, in and for the county and state aforesaid, came _____
_____ president of

_____ a corporation of the State of _____, personally known to me to be such officer,
and to be the same person who executed as such officer the foregoing instrument of writing in behalf of said corporation, and he duly
acknowledged the execution of the same for himself and for said corporation for the uses and purposes therein set forth.
IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day and year last above written.

My commission expires _____

