



1064196

For KCC Use ONLY

API # 15 - _____

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

Operator: _____

Lease: _____

Well Number: _____

Field: _____

Number of Acres attributable to well: _____

QTR/QTR/QTR/QTR of acreage: _____ - _____ - _____ - _____

Location of Well: County: _____

_____ feet from N / S Line of Section

_____ feet from E / W Line of Section

Sec. _____ Twp. _____ S. R. _____ E W

Is Section: Regular or Irregular

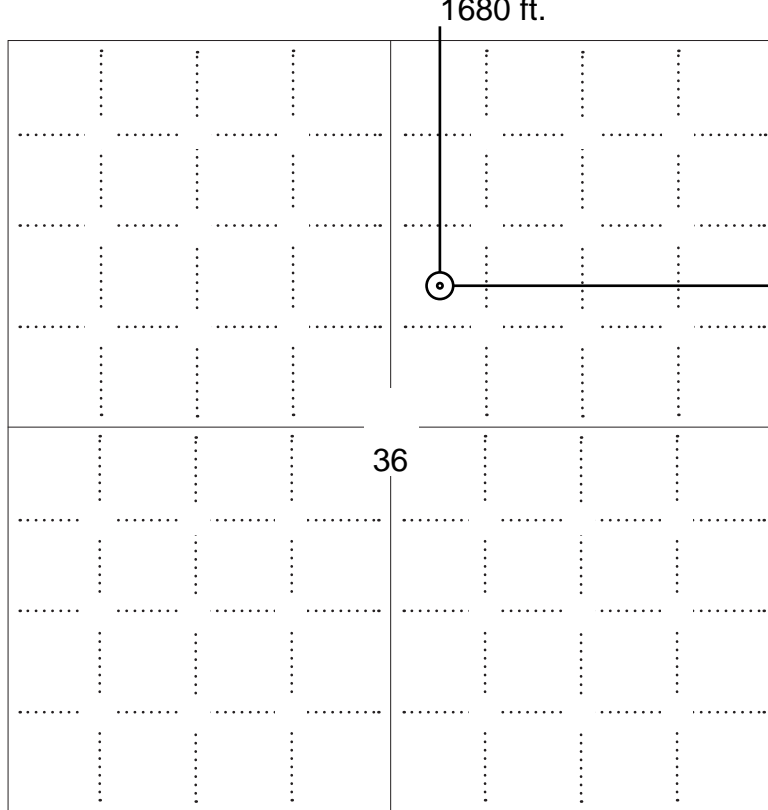
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

PLAT

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

You may attach a separate plat if desired.



LEGEND

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



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

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

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



KANSAS CORPORATION COMMISSION 1064196
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			
Date Received: _____		Permit Number: _____	
Permit Date: _____		Lease Inspection: <input type="checkbox"/> Yes <input type="checkbox"/> No	
		<input type="checkbox"/> Liner <input type="checkbox"/> Steel Pit <input type="checkbox"/> RFAC <input type="checkbox"/> RFAS	



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

OIL AND GAS LEASE

KNN KS-09

© KRAMER, NORDLING, & NORDLING, LLC

THIS AGREEMENT, entered into this 1st day of February, 2010 between Garetson Brothers, a Kansas General Partnership, by Jay R Garetson, General Partner, with a mailing address at 301 E Clifton Ave., Montezuma, KS 67867, hereinafter called Lessor, and Harris Energies, Inc., with mailing address at P. O. Box 489, Elkhart, KS 67950, hereinafter called Lessee, does witness:

1. **Grant of Leased Premises.** That Lessor, for and in consideration of the sum of Ten Dollars (\$10.00), and other good and valuable consideration, in hand paid, and of the covenants and agreements hereinafter contained to be performed by the Lessee, has this day granted and leased and hereby grants, leases and lets unto the Lessee, for the purpose of mining and operating for and producing oil and gas, liquid hydrocarbons, condensate, distillate, casinghead gas, helium, and all other gases and related liquids, including their constituent parts, ("Oil and Gas Substances") under the terms specified below, from the following described tract of land in the County of Haskell, State of Kansas, to wit:

A tract of Land in the N/2 further described in Exhibit A.

in Section 36, Township 27, Range 31, West, and containing 245.33 acres, more or less. Lessor reserves all rights to grant, lease, mine and/or produce any minerals from said lands except Oil and Gas Substances.

2. **Term of Lease.** This lease shall remain in force for a term of Eighteen (18) month(s) from the date hereof, ending August 1, 2011 (the "primary term"), and as long thereafter as Oil and Gas Substances, as defined in Paragraph 1 above, or any of them is produced (the "secondary term"). If, however, after the expiration of the primary term, production of oil or gas should cease from any cause, this lease shall not terminate if lessee commences additional drilling or reworking operations within one hundred-twenty (120) days thereafter, or if at the expiration of the primary term, oil or gas is not being produced on said land, but lessee is then engaged in drilling or reworking operations thereon, then in either event, this lease shall remain in force so long as operations are prosecuted either on the same well or any other well thereafter commenced with no cessation of more than one hundred-twenty (120) consecutive days, and if they result in production of oil or gas, this lease shall remain in effect so long thereafter as there is production of oil or gas under any provision of this lease.

3. **Royalty Payments.** Lessee shall pay Lessor, on a monthly basis, royalties on Oil and Gas Substances, as follows:

(a) Lessee shall pay Lessor, as royalty, for three-sixteenths (3/16) of all oil produced from the leased premises, at the average monthly market price for oil of like grade and gravity prevailing in the month such oil is sold, and shall be free of cost into such pipeline or storage tanks.

(b) Lessee shall pay Lessor monthly royalties for gas, condensate, distillate, casinghead gas, helium, and all other gases and related liquids, including their constituent parts, produced and sold from the leased premises or on acreage consolidated with any of the leased premises, on three-sixteenth (3/16) of the gross proceeds received by Lessee, or its affiliates, from an arms-length sale (to an unaffiliated third party).

(c) Lessee shall not charge Lessor for purchase or rentals of any equipment involved in the production of oil or gas, including, but not limited to production units, compression units or dehydrators.

4. **Shut-in Royalty.** Where gas from a well or wells capable of producing gas is not sold for a period of one (1) year from the end of the primary term and the well is "shut in", Lessee shall pay Lessor a shut-in royalty of \$10.00 per net mineral acre per year. Payment of shut-in royalty will not extend the lease for more than three (3) additional years from the date the well is shut-in, however it is understood that the well may be shut-in from time to time and that the three (3) year period provided for herein is not cumulative, but each shut-in period shall constitute the beginning of a new three (3) year period. This provision applies only to any shut-in period(s) after the primary term of this lease or any extension(s) have expired.

5. **Payment Reductions.** In the 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/her interest bears to the whole and undivided fee.

6. **Entirety Clause.** If the leased premises shall hereafter be owned in severalty or in separate tracts, the premises, nevertheless, shall be developed and operated as one lease and all royalties accruing hereunder shall be treated as an entirety and shall be divided among and paid to such separate owners in the proportion that the acreage owned by each such 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 be hereafter divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks. It is hereby agreed that, in the event this lease shall be assigned as to part or as to parts of the above described lands, and the holder or owner of any such part or parts shall fail or 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 in so far as it covers a part or parts of said land upon which the said Lessee or any assignee hereof shall make due payment of said rentals.

7. **Consolidation.** (a) In accordance with the terms of the oil and gas lease for unitization of gas. In the event Lessee drills a gas well on the leased premises and a gas unit is to be established, Lessee agrees to create a gas unit that is comprised of, no less than 50% of lessor's property, regardless of whether the contributed acreage to said unit is on this lease or in combination with another lease given by Lessor. In the event Lessee drills a gas well on offsetting acreage and a gas unit is to be established, Lessee agrees to create a gas unit that consists of, no less than 25% of Lessor's property, regardless of whether the contributed acreage to said unit is on this lease or in combination with another lease given by Lessor. Lessee agrees to consult with Lessor in regard to the gas unit to be created.

(b.) In accordance with the terms of the oil and gas lease for unitization (pooling) of oil. In the event Lessee drills an oil well on the leased premises and an oil unit is to be established, Lessee agrees to create an oil unit that is comprised of, no less than 50% of lessor's property, regardless of whether the contributed acreage to said unit is on this lease in combination with another lease given by Lessor. In the event Lessee drills an oil well on offsetting acreage and an oil unit is to be established, Lessee agrees to create an oil unit that consists of, no less than 25% of Lessor's property, regardless of whether the

contributed acreage to said unit is on this lease or in combination with another lease given by Lessor. Lessee agrees to consult with Lessor in regard to the oil unit to be created

8. Use of Surface. Subject to other provisions in this Lease, the rights granted to Lessee hereunder shall include the right of ingress and egress on the lease premises, along with the right to use so much of the surface of the leased premises as is reasonably necessary to conduct its operations for exploring for, developing, producing and marketing Oil and Gas Substances from the leased premises; provided, however, that Lessee's use of the leased premise shall be balanced with and have due regard for the rights of Lessor, or the owner of the surface estate of the leased premises if Lessor does not own the surface estate, to use the surface of the leased premise. The rights and duties of Lessee shall include:

(a) The right to lay and remove pipelines and electric lines, to construct roads, and to erect and maintain storage tanks, meters and other production and processing equipment for the sole purpose of producing Oil and Gas Substances from the leased premises.

(b) The Lessee shall have the right to use free of cost water found on said land for its operations thereon, except water from the wells of the Lessor. The use of water provided for under this lease is limited to use for drilling operations on the leased premises only. Lessee shall specifically not have any right to use fresh water from the above described premises for the purpose of water flooding or injection in any water flooding program in which the leased premises may, for any reason, be pooled or unitized.

(c) The installation of any salt water disposal equipment by Lessee in the operation of the lease shall be subject to the written approval of Lessor. Lessee shall not be permitted to use any well drilled on the leased premises as a salt water disposal well without the written consent of Lessor and without compensating Lessor for the use thereof, including the disposal of salt water produced from wells located on the leased premises.

(d) Lessee shall have the right at any time during this lease to remove all pipelines, electric lines, machinery, fixtures, buildings, and other structures placed on said premises, including the right to draw and remove all casing; provided that, in the event of the termination of this lease in its entirety, such removal shall be completed within four (4) months thereafter and, in the event of the termination of this lease as to a portion of the leased land, all such property not needed by Lessee for its operations on the land retained under this lease shall be removed from the land as to which the lease is terminated within four (4) months after such partial termination, and the remainder shall be removed within four (4) months after the termination of the lease in its entirety.

(e) As noted in sub-paragraph 9(d) below, Lessor reserves the right to approve or designate reasonable routes of ingress and egress. Lessee shall consult with Lessor before selecting or clearing sites for, or locating, constructing or installing, any roads, pipelines, tank battery installations, or installation of other equipment on the leased premises. There shall be no oil road surfaces or hard surfacing of any access roads without the written consent of Lessor.

(f) Lessee shall bury and maintain pipelines and electric lines to a depth of not less than forty-eight (48") inches below the surface.

(g) All slush pits shall be filled and leveled within sixty (60) days (or as soon as pits are completely dry, which may exceed 60 days based on weather) after well completion or abandonment unless a longer time therefore is granted by Lessor, at Lessor's option. All "dead-men" or other anchors used for drilling operations, including re-working operations, shall be promptly removed upon removal of the drilling or re-work rig.

(h) In order to cause minimal interference with any farming operations on said lands, Lessee shall build or locate any necessary meter houses, separators, heater treaters and storage tanks, used for the sole purpose of producing and saving any Oil and Gas Substances upon the above described premises shall be installed to avoid interference with any irrigation circular system. Lessee shall use reasonable efforts and accommodations so that such facility or wellsite will not impede the operation of such sprinkler irrigation system, including the installation of low-profile pumping units.

(i) Lessee shall maintain the leased premises used for its operations in a good and workmanlike manner, keeping the same reasonably free of trash and other debris, including pipe, storage tanks, and equipment which is not needed for current operations. Lessee further shall maintain any well site, storage tank location, or any other area used in its lease operations reasonably free of weeds.

(j) Lessee will use reasonable diligence in its operations to cause minimal interference with any livestock operations on said lands.

9. Reservation of Rights by Lessor. Lessor expressly reserves the full enjoyment and use of the leased premises and all rights with respect to the surface and subsurface thereof for any and all purposes except those granted and to the extent granted to Lessee hereby. Without limiting the foregoing, Lessor expressly reserves:

(a) No well shall be drilled nearer than 400 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.

(b) The right to raise livestock on the leased premises. If Lessor is currently using or elects in the future to use all or any part of the leased premises to raise livestock, Lessee will construct the necessary fence, gates and cattleguards, and fence all drill sites, pits, tanks, and other drilling or production facilities on the leased premises, and otherwise accommodate Lessor's use of the leased premises for raising livestock.

(c) The right to initiate or continue irrigation and agricultural activities on the leased premises. If Lessor decides to conduct agricultural activities on the leased premises, to include irrigation and recognized soil conservation practices, Lessee will accommodate Lessor's agricultural use of the leased premises, while not agreeing to anything that would curtail, inhibit, bar or place undue burden on Lessee's operations. Further, it is the intention of the parties hereto to cause as little interference with farming operations on the leased premises as possible.

(d) The right to approve or designate all routes of ingress and egress, which shall not be unreasonably withheld.

(e) No right is granted to the Lessee to erect on any part of the leased premises any plant or facility for gasoline extraction or for the processing of gas or petroliferous substances, except the normal and necessary heater treater and separator customarily used.

(f) Lessee does have the right to conduct geophysical or seismograph operations on the leased premises, however the seismograph operations shall be covered by a separate agreement with the seismograph survey company which shall cover any damage considerations and cover other terms and conditions for the surface operations and the terms in that agreement shall be consistent with the going rate and terms for seismograph agreements in the area.

(g) All of the rights retained by Lessor and the rights granted the Lessee herein shall be exercised in such manner that neither shall unduly interfere with the operations of the other upon the leased premises.

(h) Should any well completed as a gas well on the leased premises produce a volume less than the Lessee, in its sole discretion, deem advisable to produce, and for such reason intends to plug and abandon the same, Lessee agrees to give Lessor the first right, privilege and option to purchase any such well, together with the casing and connections in the well necessary for containment of the gas thereof. Thereupon, Lessor shall assume all responsibility, liability and expense in connection with the well or plugging of any such well, and lessor agrees to indemnify Lessee in connection with all of Lessor's operations of said well. The option to purchase must be exercised within thirty (30) days after written notice is given to Lessor by Lessee of such intention to abandon the well. If Lessor elects to purchase such well, the price shall be based on the Lessee's value of the casing and connections in and around the well and necessary for the containment of the gas therein. The provisions of this paragraph are contingent upon no working-interest partner of Lessee exercising a prior right of refusal to purchase such well and further that Lessor agrees to obtain all licensing required to show evidence to the Lessee that the Lessor is an operator and can

operate said well or wells in compliance with all applicable regulations of the Kansas Corporation Commission prior to any such transfer or assignment. It further agreed that the purchase provided for herein as to the well, equipment, fixtures, are sold on an "AS IS, WHERE IS", basis. Lessee makes representation or warranty regarding the fitness for a particular purpose of such well, equipment, fixtures, etc.

10. Compensation for Damages. Lessee hereby agrees to pay for all damages occasioned by its operation hereunder, including damages caused to pipelines installed on or removed from the premises. Lessee shall pay Lessor a reasonable amount, which includes crop damages, but not less than \$5,000.00 for each drill-site locations on the leased premises. Upon completion of Lessee's operations on each well, Lessee agrees to restore the premises to as nearly as practical the same condition they were in prior to the commencement of operations hereunder. All trash and debris shall be removed before the surface of the premises is restored. In the event Lessee should cause a well to be drilled on this lease during the "growing season" of whatever crop is planted and should Lessee's or his agent's equipment prohibit the use of any irrigation system on this land during that time the well is being drilled, Lessee agrees to pay Lessor the difference in the value of the crop produced on that strip of land that could not be watered. The field average shall be used as the maximum producing capability of the land, and the price per unit shall be the cash price at the local elevator in the town nearest to this land as of the first of the normally accepted harvest month.

11. Continuous Operations. If after the expiration of the primary term, production of oil or gas should cease from any cause, this lease shall not terminate if lessee commences additional drilling or reworking operations within one hundred-twenty (120) days thereafter, or if at the expiration of the primary term, oil or gas is not being produced on said land, but lessee is then engaged in drilling or reworking operations thereon, then in either event, this lease shall remain in force so long as operations are prosecuted either on the same well or any other well thereafter commenced with no cessation of more than one hundred-twenty (120) days consecutive days, and if they result in production of oil or gas, this lease shall remain in effect so long thereafter as there is production of oil or gas under any provision of this lease.

12. Restoration of Premises. Lessee shall restore the surface of the leased premises in or to as near its natural state as practicable under the circumstances immediately after the particular surface involved has served its purpose. Such restoration shall be completed within a reasonable time, not to exceed one hundred eighty (180) days, without written consent of Lessor. Restoration, as used in this paragraph shall mean to substantially restore that part of the surface affected by oil and gas operations to the condition that existed prior to those operations, and shall include the removal of all surface equipment, structures, closure of any pits and ponds. Events which trigger restoration include, but are not limited to: completion of a dry hole; due to lack of production from any well for more than one year, absent payment of shut-in royalties for such lack of production, as provided in this lease; due to abandonment any wellsite; or due to termination of this lease.

13. Operations Indemnification. Lessee shall conduct all its operations on the said lands in a careful, workmanlike manner and in accordance with good oil and gas field practice and the provisions of law relating thereto. The Lessee shall indemnify the Lessor against all actions, claims and demands in respect of any loss or damage arising out of the operations of the Lessee on the said lands.

14. Environmental Damages. (a) Lessee agrees that it will comply with all regulations and statutes of all governmental entities having jurisdiction over compliance with environmental legislation. Lessee further agrees to accept the leased premises in its "as is" condition. It is acknowledged that Lessee has been advised to inspect the property to determine that it is suitable for the purpose intended and to ascertain that no environmental hazards or toxins are now present.

(b) Lessee shall indemnify and hold Lessor harmless from any claims, damages, actions or causes of action from any environmental damage or contamination caused or contributed to by Lessee subsequent to the commencement of this lease.

(c) After abandonment or expiration of this lease, Lessee shall have a continuing duty for environmental or hazardous damages caused by its operations on the leased premises.

15. Recording of Lease. Lessee shall file this lease, in its entirety, of record in the local Office of the Register of Deeds, and provide Lessor a copy of such recorded lease within ninety (90) days of its execution. *RJ*

16. Ownership Changes. (a) The interest of Lessor hereunder may be assigned, devised or otherwise transferred in whole or in part, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change of ownership in the land or minerals or in the rentals or royalties shall be binding on the Lessee until after notice to the Lessee and Lessee has been furnished with the written transfer or assignment or a copy of the recorded instrument evidencing same.

(b) The interest of Lessee hereunder may be assigned, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. Except with respect to a portion of the property covered by this lease, any partial assignment of the Lease, such as any right to "lay pipelines," shall be void. Lessee shall file such assignment of record in the local Office of the Register of Deeds, and provide Lessor with a copy of such recorded assignment within ninety (90) days of its execution.

17. Release of Lease. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released; provided, however, Lessee shall have a continuing duty to restore the surface of such released area and a continuing duty for environmental or hazardous damages caused by its operations on the leased premises. If Lessee releases less than all of the interest or area covered hereby, Lessee's obligation to pay or tender royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

18. Pugh Clause. It is expressly agreed, notwithstanding anything to the contrary herein, if this lease be in force and effect at the expiration of the primary term or any extension of the primary term, this lease shall thereupon terminate as to all formations 100 feet below the deepest penetrated formation by the drilling of a test well or wells on the leased premises or land pooled or consolidated therewith, except if drilling is in progress at the end of the primary term or any extension of the primary term.

19. Warranty of Title. Lessor hereby warrants and agrees to defend the title to the land hereto described and agrees that the Lessee, at its option, may pay and discharge any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in the 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 mortgage, tax or other lien, any royalty or rentals accruing hereunder. Any abstracting charges or title examination fees for drilling operations by Lessee

under the terms of this lease or for division order title opinions shall be paid by Lessee.

20. Whenever necessary in this lease and addendum and where the context requires, the singular term and the related pronoun shall include the plural, the masculine and the feminine.

21. The paragraph headings herein used are for the convenience only and shall not be resorted to for an interpretation of this agreement.

22. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all the heirs, grantees, administrators, executors, trustees, successors or assigns of said Lessor or Lessee.

23. Further terms and conditions: **SEE ADDENDUM ATTACHED HERETO FOR ADDITIONAL PROVISIONS.**

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

By: Jay R. Garetson Partner
(Jay R. Garetson, General Partner)

By: _____

CORPORATE ACKNOWLEDGEMENT

State of KANSAS)
) SS.
County of GRAY)

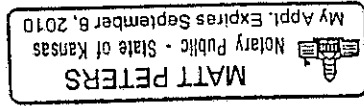
On this 2nd day of February, 2010, before me, the undersigned, a Notary Public in and for the county and state aforesaid, came **Garetson Brothers, a Kansas General Partnership**, duly organized, incorporated and existing under and by virtue of the laws of the State of Kansas, by Jay R. Garetson, General Partner, who is personally known to me to be such officers, and who is personally known to me to be the same persons who executed, as such officers, the within instrument of writing on behalf of said General Partnership and such persons duly acknowledged the execution of the same to be the act and deed of the General Partnership

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year last above mentioned.

My Commission Expires: 9/8/10

Matt Peters

Notary Public



ADDENDUM to Oil & Gas lease dated the 1st of February, 2010 between Garetson Brothers, a Kansas General Partnership, by Jay R. Garetson General Partner, 301 E. Clifton Ave., Montezuma, KS 67867, hereinafter collectively referred to as Lessor, and Harris Energies, Inc., as Lessee.

This Addendum is a part of that certain oil and gas lease, hereinafter sometimes referred to as the "Base Lease," and identified above by date and parties covering a Tract of Land in the N/2 of Section 36, Township 27South, Range 31 West, further described as follows: Beginning at the northeast corner of the said Section 36; thence west a distance of approximately 4,240.5 feet to the center of the northwest-southeast bench line; thence generally southeast a distance of 1,478.4 to a point 3,519.78 feet west of the east section line of said Section 36; thence east a distance of 3,519.78 feet to the east section line; thence north along the said east section line a distance of 2,640 feet to a point of beginning, except that tract of 2.06 acres on the north line that is held and occupied by and as the Colusa Cemetery, which tract conveyed hereby contains 245.33 acres, more or less in Haskell County, Kansas, to the same extent as if the provisions hereof had originally been written in said lease. In the event of conflict between the lease provisions and the provisions provided in this Addendum, the provisions of this Addendum shall be binding.

A-1. Notification of Oil and Gas Operations. Lessee shall provide Lessor with written notice in accordance with the prevailing laws in Kansas regarding surface owner notification. Further, as provided for and detailed in paragraph 8 of the Base Lease, Lessee shall consult with Lessor prior to engaging in actions that will substantially alter the surface.

A-2. Irrigation Gas. Lessor shall have the right to purchase from Lessee gas at the wellhead price from any gas well located on the leased premises, or any land unitized or pooled therewith, for his or his tenant's use in farming operations, including fuel for pumping water wells for irrigation both on and off the land covered by this lease and grain drying, subject to the following: Lessor shall have the right to purchase from any gas well up to Lessor's proportionate share of 3/16ths of the gas produced from such gas well at a price not to exceed the same price per MCF received by Lessor as royalty;

(a) Notwithstanding anything in sub-paragraph (a) above, to the extent that any gas well is located on lands that are unitized or pooled, Lessor shall only be allowed to take up to Lessor's proportionate share of royalty for such unitized or pooled production. Further, if the well is on land other than that owned by Lessor, Lessor must first obtain permission to enter such land and perform necessary operations by the owner thereof.

(b) Any gas purchased by Lessor shall be purchased at a point to be designated by Lessee at or near the mouth of the well;

(c) If the use of the gas taken is for lands not covered by this lease, such lands shall nonetheless be owned or leased by Lessor.

(d) The Lessor shall install, operate and maintain at or near said designated point all connections, regulator and meters necessary to control and measure such gas at the sole cost and liability of Lessor;

(e) All such meters and appurtenant equipment installed by Lessor shall remain the property of Lessor. Lessor at his own risk and expense and at locations that will not interfere with Lessee's lease operations, shall install, operate and maintain the line necessary to service the engine operating the pump equipment.

(f) The equipment and facilities used in the purchase, measurement and transportation of such gas and utilization and operation thereof shall at all times be in compliance with all reasonable current requirements of the Lessee. Lessor will at all times hold Lessee harmless from all claims and liabilities arising from the taking, transportation and use of such gas.

(g) Nothing herein contained shall operate by implication or enlarge or increase the obligations which Lessee would have in the absence of this section as to the operation of said well or impair any right it would otherwise have to determine the quantity of gas it shall produce at any particular time and the purchase, transportation and use of such gas shall be without interference or danger to Lessee's property or its rights and operations under the lease.

(h) Should a breach of Lessor's obligation occur under this paragraph A-2, Lessee shall notify Lessor in writing of such breach and Lessor shall remedy same within thirty (30) days, or Lessor's privilege hereunder to purchase such gas shall be revoked.

(i) Lessor shall only be able to use gas produced from the leased premises on the leased premises or on lands unitized with the above described leased premises. Lessee shall bill Lessor monthly, quarterly, semi-annually, or annually, at Lessee's option, for gas so taken by Lessor.

(j) Lessor shall not resell the gas to any other party.

A-3. Miscellaneous Surface Use Issues. (a) Lessor shall not permit the dumping of any toxic or hazardous chemicals or waste on the leased premises.

A-4. No Hunting or Use of Firearms. None of Lessee's employees or authorized agents or any other person under the direction or control of Lessee shall be permitted to carry firearms, cross bows, bows and arrows, or any other weapon while upon Lessor's property. No such person shall be permitted to hunt or fish on Lessor's property and shall not trespass on the leased premises for the purpose of hunting or fishing or recreational purposes without the written consent of Lessor. No dogs will be permitted on the leased premises at any time. No explosives shall be used on the leased premises. It shall be the responsibility of Lessee to notify all of its employees, contractors and agents that no dogs, firearms, weapons, hunting, fishing or other recreational activities will be allowed on the leased premises.

A-5. Lease Extension. At the end of the primary term, Lessee may elect to extend the term of this lease for an additional two (2) years by paying or tendering to the Lessor herein \$25.00 per net mineral acre. Such election can only be exercised by Lessee in the event that Lessee has conducted seismic operations on the leased property within the primary term. Further, Lessee will release the lease for the 2nd year of the extension if they have not drilled at least one well in the 1st year of the extension, on any of the following tracts of land in Haskell County Kansas: The N/2 or SE/4 of Section 36-T27S-R31W, the SE/4 of Section 35-T27S-R31W or the W/2 of Section 1-T28S-R31W.

A-6. Conflict with Base Lease. In the event of a conflict or inconsistency between the terms of the main body of the Lease Agreement and this Addendum to the Lease Agreement, the terms of this Addendum shall control and be deemed to supersede the terms of the main body of the Lease Agreement.

This lease and Addendum, and all its terms, conditions and stipulations shall extend to and be binding on all of the heirs, administrators, executors, trustees, successors and assigns of Lessor and Lessee.

IN WITNESS WHEREOF, we sign the day and year first above written. SIGNED FOR IDENTIFICATION

SIGNED FOR IDENTIFICATION

Jay R. Garetson - partner
(Jay R. Garetson, General Partner)

Kans. - Okla. - Colo.

OIL AND GAS LEASE

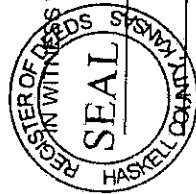
THIS AGREEMENT, Entered into this 7th day of October, 2009, between, American Assurance 2000, L.P., P. O. Box 41027, Houston, TX 77241-1027, hereinafter called lessor, and Harris Energies, Inc., P. O. Box 489, Elkhart, KS 67950, hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of Ten and More Dollars (\$10.00) 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, with any reversionary rights therein, and with the right to utilize this lease or any part thereof with other oil and gas leases as to all or any part of the lands covered thereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work thereon, including core drilling and the drilling, mining, and operating for, producing and saving all of the oil, gas, gas condensate, gas distillate, casinghead gasoline and their respective constituent vapors, and all other gases, found thereon, the exclusive right of injecting water, brine, and other fluids and substances into the subsurface strata, and for constructing roads, laying pipe lines, building tanks, storing oil, building power stations, electrical lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and the injection of water, brine, and other substances into the subsurface strata, said tract of land being situated in the County of Haskell, State of Kansas, and described as follows:

The Northeast Quarter (NE/4) of Section 36, Township 27 South, Range 31 West.

containing 160.00 acres, more or less.

2. This lease shall remain in force for a term of Three (3) years (called "primary term") and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of the products covered by this lease is or can be produced.
3. The lessee shall deliver to lessor as royalty, free of cost, on the lease, or into the pipe line to which lessee may connect its wells the equal three-sixteenths part of all oil produced and saved from the leased premises, or at the lessee's option may pay to the lessor for such three-sixteenths royalty the market price at the wellhead 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 the lessor, as a royalty, three-sixteenths (3/16ths) of the proceeds received by the lessee from the sale of gas, gas condensate, gas distillate, casinghead gas, gas used for the manufacture of gasoline or any other product, and all other gases, including their constituent parts, produced from the land herein leased. If such gas is not sold by the lessee, lessee may pay or tender annually at or before the end of each yearly period during which such gas is not sold, as a shut-in royalty, whether one or more wells, an amount equal to one dollar per net mineral acre, and while shut in said royalty is so paid or tendered, it will be considered under all provisions of this lease that gas is being produced in paying quantities. The first yearly period during which such gas is not sold shall begin on the date the first well is completed for production of gas.
5. This lease is a paid-up lease and may be maintained during primary term without further payments or drilling operations.
6. In the event 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 to said lessor only in the proportion which his interest bears to the whole and undivided fee; however, in the event the title to any interest in said land should revert to lessor, or his heirs, or his or their grantee, this lease shall cover such reversion.
7. 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 existing wells of the lessor. When required by lessor, the lessee shall bury its pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said 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 the lease to remove all machinery fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.
8. 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 the heirs, devisees, executors, administrators, successors, and assigns, but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee, and no change of ownership in the land or in the 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 certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing appointment of an administrator of 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 of the full interest claimed, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, or administrator, executor, or heir of lessor.
9. If the leased premises are now or shall hereafter be owned in severalty or in separate tracts, the premises may nonetheless 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 obligations on the part of the lessee to offset wells on separate tracts into which the land covered by the lease may now or hereafter be divided by sale, devisee, descent or otherwise, or to furnish separate measuring or receiving tanks.
10. 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 options 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 accruing hereunder.
11. If after the expiration of the primary term, production of oil or gas should cease from any cause, this lease shall not terminate if lessee commences additional drilling or reworking operations within one hundred-twenty (120) days thereafter, or if as the expiration of the primary term, oil or gas is not being produced on said land, but lessee is then engaged in drilling or reworking operations thereon, then in either event, this lease shall remain in force so long as operations are prosecuted either on the same well or any other well thereafter commenced with no cessation of more than one hundred-twenty (120) consecutive days, and if they result in production of oil or gas, this lease shall remain in effect so long thereafter as there is production of oil or gas under any provision of this lease.
12. Lessee may at any 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, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes.
13. All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules, or regulations (and interpretations thereof) of all governmental agencies administering the same, and this lease shall not be in any way terminated wholly or partially nor shall the lessee be liable in damages for failure to comply with any of the express or implied provisions hereof if such failure accords with any such laws, orders, rules or regulations (or interpretations thereof). If lessee should be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction thereover, the primary term of this lease shall continue until six months after said order is suspended.
14. Lessee, at its option, is hereby given the right and power to pool or combine into one or more units the land covered by this lease, or any portion thereof, with other land covered by another lease, or leases 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 such minerals in and under said land, such pooling to be in a unit or units not exceeding 80 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 and/or condensate or distillate well, plus a tolerance of ten percent (10%) to conform to Governmental Survey quarter sections. Lessee shall execute in writing and file for record in the county in which the land is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a unit or units shall be treated for all purposes, except the payments of royalties on production from the pooled unit, as if it were included in this lease. If production is found on any part of the pooled acreage it shall be treated as if production is had from this lease whether any well is located on the land covered by this lease or not. Any well drilled on any such unit shall be and constitute a well hereunder. In lieu of the royalties elsewhere herein specified lessor shall receive on production from the unit so pooled only such portion of the royalty stipulated herein as the amount of his net royalty interest therein on an acreage basis bears to the total mineral acreage so pooled in the particular unit involved.
15. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor and lessee.



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

AMERICAN ASSURANCE 2000, L.P.

By: X

TERREN GEIGER, COO

STATE OF KANSAS)
HASKELL COUNTY)

This instrument was filed for recording

October 22, 2009

at 10:00 o'clock A.M. and recorded in Vol. 198

on page 223 of 284

2009 11/11

12.00

ADVANTAGE ELEVATIONS

OIL FIELD SURVEYORS

BOX 8604 - PRATT, KS 67124
(620) 672-6491

928115
INVOICE NO.

FALCON EXPLORATION INC. OPERATOR 1-36 NO Garretson FARM

Haskell COUNTY 36 S 27s T 31w R 1680' ENL. & 2310' FEL of Sec. LOCATION

ELEVATION: 2845' GR



FALCON EXPLORATION, INC.
125 N Market St. Ste 1252
Wichita, KS 67202

AUTHORIZED BY: Jason Mitchell

