



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

KANSAS CORPORATION COMMISSION 1066827  
 OIL & GAS CONSERVATION DIVISION

Form C-1  
 March 2010

Form must be Typed  
 Form must be Signed  
 All blanks must be Filled

**NOTICE OF INTENT TO DRILL**

*Must be approved by KCC five (5) days prior to commencing well*

*Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act, MUST be submitted with this form.*

Expected Spud Date: \_\_\_\_\_  
month day year

OPERATOR: License# \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Address 1: \_\_\_\_\_  
 Address 2: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_\_\_\_\_  
 Contact Person: \_\_\_\_\_  
 Phone: \_\_\_\_\_

CONTRACTOR: License# \_\_\_\_\_  
 Name: \_\_\_\_\_

Well Drilled For:	Well Class:	Type Equipment:
<input type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input type="checkbox"/> Infield
<input type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Pool Ext.
	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat
<input type="checkbox"/> Seismic ; _____ # of Holes	<input type="checkbox"/> Other	<input type="checkbox"/> Mud Rotary
<input type="checkbox"/> Other: _____		<input type="checkbox"/> Air Rotary
		<input type="checkbox"/> Cable
<input type="checkbox"/> If OWWO: old well information as follows:		

Operator: \_\_\_\_\_  
 Well Name: \_\_\_\_\_  
 Original Completion Date: \_\_\_\_\_ Original Total Depth: \_\_\_\_\_

Directional, Deviated or Horizontal wellbore?  Yes  No  
 If Yes, true vertical depth: \_\_\_\_\_  
 Bottom Hole Location: \_\_\_\_\_  
 KCC DKT #: \_\_\_\_\_

Spot Description: \_\_\_\_\_  
 \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ Sec. \_\_\_\_\_ Twp. \_\_\_\_\_ S. R. \_\_\_\_\_  E  W  
(Q/Q/Q/Q) \_\_\_\_\_ feet from  N /  S Line of Section  
 \_\_\_\_\_ feet from  E /  W Line of Section

Is SECTION:  Regular  Irregular?  
 (Note: Locate well on the Section Plat on reverse side)

County: \_\_\_\_\_  
 Lease Name: \_\_\_\_\_ Well #: \_\_\_\_\_

Field Name: \_\_\_\_\_  
 Is this a Prorated / Spaced Field?  Yes  No

Target Formation(s): \_\_\_\_\_  
 Nearest Lease or unit boundary line (in footage): \_\_\_\_\_

Ground Surface Elevation: \_\_\_\_\_ feet MSL

Water well within one-quarter mile:  Yes  No

Public water supply well within one mile:  Yes  No

Depth to bottom of fresh water: \_\_\_\_\_

Depth to bottom of usable water: \_\_\_\_\_

Surface Pipe by Alternate:  I  II

Length of Surface Pipe Planned to be set: \_\_\_\_\_

Length of Conductor Pipe (if any): \_\_\_\_\_

Projected Total Depth: \_\_\_\_\_

Formation at Total Depth: \_\_\_\_\_

Water Source for Drilling Operations:  
 Well  Farm Pond  Other: \_\_\_\_\_

DWR Permit #: \_\_\_\_\_  
 (Note: Apply for Permit with DWR )

Will Cores be taken?  Yes  No  
 If Yes, proposed zone: \_\_\_\_\_

**AFFIDAVIT**

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq.

It is agreed that the following minimum requirements will be met:

1. Notify the appropriate district office **prior** to spudding of well;
2. A copy of the approved notice of intent to drill **shall be** posted on each drilling rig;
3. The minimum amount of surface pipe as specified below **shall be set** by circulating cement to the top; in all cases surface pipe **shall be set** through all unconsolidated materials plus a minimum of 20 feet into the underlying formation.
4. If the well is dry hole, an agreement between the operator and the district office on plug length and placement is necessary **prior to plugging**;
5. The appropriate district office will be notified before well is either plugged or production casing is cemented in;
6. If an ALTERNATE II COMPLETION, production pipe shall be cemented from below any usable water to surface within **120 DAYS** of spud date. Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC District 3 area, alternate II cementing must be completed within 30 days of the spud date or the well shall be plugged. **In all cases, NOTIFY district office** prior to any cementing.

**Submitted Electronically**

<p><b>For KCC Use ONLY</b></p> <p>API # 15 - _____</p> <p>Conductor pipe required _____ feet</p> <p>Minimum surface pipe required _____ feet per ALT. <input type="checkbox"/> I <input type="checkbox"/> II</p> <p>Approved by: _____</p> <p><b>This authorization expires:</b> _____  <small>(This authorization void if drilling not started within 12 months of approval date.)</small></p> <p>Spud date: _____ Agent: _____</p>
--

**Remember to:**

- File Certification of Compliance with the Kansas Surface Owner Notification Act (KSONA-1) with Intent to Drill;
- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spud date;
- File acreage attribution plat according to field proration orders;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CP-4) after plugging is completed (within 60 days);
- Obtain written approval before disposing or injecting salt water.
- If well will not be drilled or permit has expired (See: authorized expiration date) please check the box below and return to the address below.

**Well will not be drilled or Permit Expired** Date: \_\_\_\_\_  
 Signature of Operator or Agent: \_\_\_\_\_

E  
 W



1066827

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

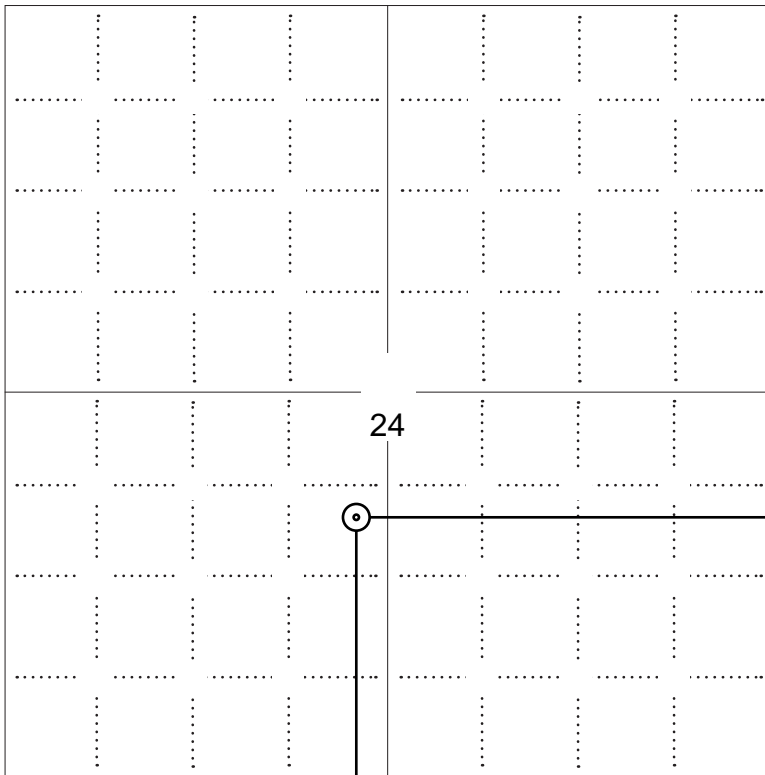
Is Section:  Regular or  Irregular

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

Section corner used:  NE  NW  SE  SW

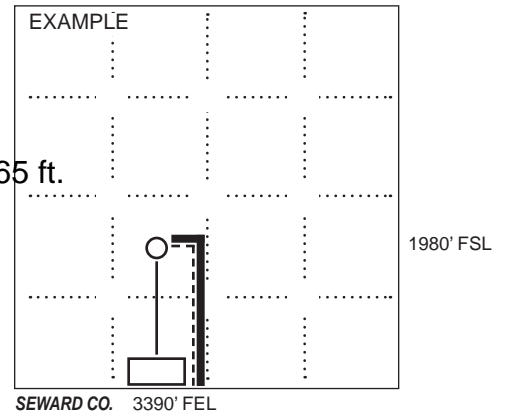
### PLAT

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 location.**

1780 ft.

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

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



**APPLICATION FOR SURFACE PIT**

*Submit in Duplicate*

Operator Name:		License Number:	
Operator Address:			
Contact Person:		Phone Number:	
Lease Name & Well No.:		Pit Location (QQQQ): ____ - ____ - ____ - ____	
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <i>(If WP Supply API No. or Year Drilled)</i>		Pit is: <input type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: _____ (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: _____ mg/l <i>(For Emergency Pits and Settling Pits only)</i>	
Is the bottom below ground level? <input type="checkbox"/> Yes <input type="checkbox"/> No		Artificial Liner? <input type="checkbox"/> Yes <input type="checkbox"/> No	
How is the pit lined if a plastic liner is not used?			
Pit dimensions (all but working pits):    _____ Length (feet)    _____ Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: _____ (feet) <input type="checkbox"/> No Pit			
If the pit is lined give a brief description of the liner material, thickness and installation procedure.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.	
Distance to nearest water well within one-mile of pit: _____ feet    Depth of water well _____ feet		Depth to shallowest fresh water _____ feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input type="checkbox"/> KDWR	
<b>Emergency, Settling and Burn Pits ONLY:</b> Producing Formation: _____ Number of producing wells on lease: _____ Barrels of fluid produced daily: _____ Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> Type of material utilized in drilling/workover: _____ Number of working pits to be utilized: _____ Abandonment procedure: _____ _____ Drill pits must be closed within 365 days of spud date.	
<p><b>Submitted Electronically</b></p>			

**KCC OFFICE USE ONLY**

Liner     Steel Pit     RFAC     RFAS

Date Received: \_\_\_\_\_ Permit Number: \_\_\_\_\_ Permit Date: \_\_\_\_\_ Lease Inspection:     Yes     No



### CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

*This form must be submitted with all Forms C-1 (Notice of Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); T-1 (Request for Change of Operator Transfer of Injection or Surface Pit Permit); and CP-1 (Well Plugging Application). Any such form submitted without an accompanying Form KSONA-1 will be returned.*

Select the corresponding form being filed:  C-1 (Intent)  CB-1 (Cathodic Protection Borehole Intent)  T-1 (Transfer)  CP-1 (Plugging Application)

OPERATOR: License # \_\_\_\_\_  
Name: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_\_\_\_\_  
Contact Person: \_\_\_\_\_  
Phone: ( \_\_\_\_\_ ) \_\_\_\_\_ Fax: ( \_\_\_\_\_ ) \_\_\_\_\_  
Email Address: \_\_\_\_\_

Well Location:  
\_\_\_\_ - \_\_\_\_ - \_\_\_\_ - \_\_\_\_ Sec. \_\_\_\_ Twp. \_\_\_\_ S. R. \_\_\_\_  East  West  
County: \_\_\_\_\_  
Lease Name: \_\_\_\_\_ Well #: \_\_\_\_\_

*If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:*

**Surface Owner Information:**

Name: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_\_\_\_\_

*When filing a Form T-1 involving multiple surface owners, attach an additional sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the county, and in the real estate property tax records of the county treasurer.*

*If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary non-binding estimates. The locations may be entered on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.*

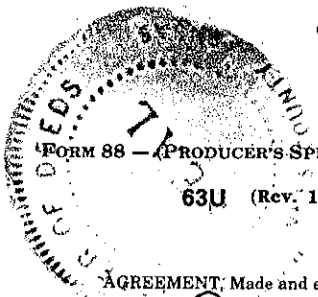
**Select one of the following:**

- I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this form; 2) if the form being filed is a Form C-1 or Form CB-1, the plat(s) required by this form; and 3) my operator name, address, phone number, fax, and email address.
- I have not provided this information to the surface owner(s). I acknowledge that, because I have not provided this information, the KCC will be required to send this information to the surface owner(s). To mitigate the additional cost of the KCC performing this task, I acknowledge that I am being charged a \$30.00 handling fee, payable to the KCC, which is enclosed with this form.

*If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.*

I Submitted Electronically





HAPPY VALLEY

State of Kansas - Ness County Book: 341 Page: 454

Recorded at request, KSA 58-2221.

Receipt #: 8213 Pages Recorded: 2 Cashier Initials: MH Recording Fee: \$12.00 Date Recorded: 5/27/2011 3:00:00 PM

Reorder No. 09-115 Kansas Blue Print 700 S. Broadway PO Box 793 Wichita, KS 67201-0793 316-264-9344-264-5165 fax www.kbp.com kbp@kbp.com

OIL AND GAS LEASE

AGREEMENT Made and entered into the 20th day of September 2011

by and between RAYMOND D FRITZ, TRUSTEE for THE RAYMOND D FRITZ, TRUST

whose mailing address is 3123 NORTH JUANITA DRIVE, BUCKNER, MO hereinafter called Lessor (whether one or more), and G AND T PETROLEUM CONSULTING AND MANAGEMENT LLC, PO BOX 8, MCCracken, KS 67556 hereinafter called Lessee:

Lessor, in consideration of TEN DOLLARS & OTHER VALUABLE CONSIDERATION Dollars (\$ 10.00 ) 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:

SW 1/4

In Section 24 Township 17 S Range 22 W and containing 160 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of SIX (6) MONTHS 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.

ALL PIPELINES AND POWERLINES WHICH SHALL BE CONSTRUCTED UNDER THIS LEASE SHALL BE BURIED TO A MINIMUM DEPTH OF THIRTY-SIX INCHES (36") BELOW THE SURFACE AND SHALL THEREAFTER BE MAINTAINED BELOW THE DEPTH OF FARMING OPERATIONS AT LESSEE'S SOLE EXPENSE

LESSEE SHALL CONSULT WITH LESSOR CONCERNING THE LOCATION OF ROADS, PIPE LINES, TANK BATTERIES, AND OTHER EQUIPMENT EXTENDING ABOVE GROUND, PRIOR TO CONSTRUCTION AND INSTALLATION.

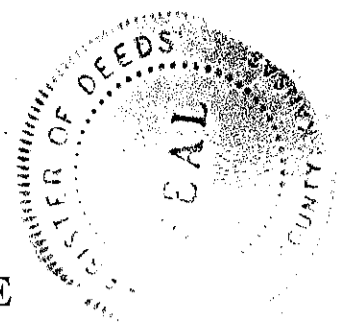
UPON ABANDONMENT OF THE WELL LOCATION, THE SURFACE PITE SHALL BE CUT OFF AT LEAST FORTY INCHES (40") BELOW THE SURFACE OF THE GROUND

Witnesses:

The ground surface shall be left x Raymond Fritz in a smooth condition as it was before drilling commenced RAYMOND FRITZ, TRUSTEE

HARRY VALCEV

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



## OIL, GAS, AND MINERAL LEASE

This Oil, Gas, and Mineral Lease (the "Lease") is dated August 16, 2010 (the "Effective Date"). The parties to this Lease are David L. Albers & Sharla K. Albers, husband and wife, as Lessor (whether one or more), whose address is 30077 240RD, Brownell, KS 67521, and G and T Petroleum Consulting and Management LLC, as Lessee, whose address is PO Box 8, Mc.Cracken, KS 67556.

1. For the consideration of Ten Dollars ( \$ 10.00) and other valuable consideration, the receipt of which Lessor acknowledges, and the covenants and agreements of Lessee in this Lease, Lessor grants, demises, leases and lets exclusively to Lessee, the lands described below (the "Lands"), for the purposes of mining, exploring by geological, geophysical and other methods, operating for, producing, and taking care of, removing and selling all oil, gas, and all of the products of oil and gas, with rights of way and easements for laying pipelines, and the erection of structures necessary or convenient to produce, save, store, make merchantable and transport all the oil or gas produced from the Lands or any adjacent lands. The Lands covered by this Lease are located in Ness County, Kansas, and are described as follows:

SE ¼ of Sec 24, T17S, R22W

The lands are deemed to contain 160 acres, more or less and shall include any lands of Lessor in the same survey or adjacent surveys.

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

3. This is a **PAID-UP LEASE**. For the consideration paid to Lessor, Lessee is not obligated to commence or continue any operations on the Lands during the Primary Term, or to make any rental payments during the Primary Term. Lessee may at any time or times during or after the Primary Term surrender this Lease as to all or a portion of the Lands by delivering to Lessor, or by filing for record in the county where the Lands are located a release or releases of the Lease, and then be relieved of all accruing obligations as to the portion of the Lands surrendered. The Lease shall continue in force and effect as to all of the Lands not surrendered.

4. Lessee agrees to pay Lessor a royalty on production as follows:
  - a. Lessee shall deliver to the credit of Lessor as royalty, free of cost, in the pipeline to which Lessee may connect its wells, or into Lessee's storage tanks a One-eighth (1/8<sup>th</sup>) part of all oil produced and saved from the Lands. At Lessee's option, Lessee may pay to Lessor as royalty One-eighth (1/8<sup>th</sup>) of the proceeds of the sale of oil at the storage tanks.
  - b. Lessee shall pay Lessor, as royalty on gas sold from each well, One-eighth (1/8<sup>th</sup>) of the proceeds if gas is sold at the well, or if marketed by Lessee off the Lands, One-eighth (1/8<sup>th</sup>) of the value received for the gas sold off the Lands.
  - c. Lessee shall pay Lessor One-eighth (1/8<sup>th</sup>) of the proceeds received by Lessee from the sale of casinghead gas produced from any oil well and One-eighth (1/8<sup>th</sup>) of the value, at the mouth of the well, computed at the prevailing market price, of the casinghead gas produced from any oil well and used by Lessee off the Lands for any purpose or used on the Lands by Lessee for purposes other than the development and operation of the Lease.

State of Kansas - Ness County  
Book: 341 Page: 447  
Receipt #: 8213 Recording Fee: \$24.00  
Pages Recorded: 5  
Cashier Initials: MH  
Date Recorded: 5/27/2011 2:50:00 PM

KS-452-01

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

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

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

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

8. If at the expiration of the Primary Term oil, gas or the products of oil and gas are not being produced but Lessee is engaged in drilling or reworking operations on the Lands, this Lease shall continue in force so long as those operations are being continuously prosecuted on the Lands. Drilling Operations shall be considered to be continuously prosecuted if not more than 60 days elapse between the completion or the abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after the discovery of oil or gas or the products of oil or gas on the Lands or on acreage pooled with the Lands, production should cease, from any cause, after the Primary Term, this Lease shall not terminate if Lessee commences additional drilling or reworking operations within One Hundred Eighty (180) days from the date of cessation of production, or from the date of completion of a dry hole. If oil, gas or the products of oil or gas are discovered and produced as a result of operations at or after the expiration of the Primary Term, this Lease shall continue in force so long as oil, gas, or the products of oil or gas are produced from the Lands.

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

10. The rights of Lessor and Lessee may be assigned in whole or in part. However, no change in ownership of Lessor's interest in the Lands shall be binding on Lessee until 60 days after Lessee has been furnished with written notice, accompanied by certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of title to Lessor's interest, and then only with respect to payments made after Lessee's actual receipt of the notice. No other notice of any kind, actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of the Lands shall operate to enlarge



the obligations or diminish the rights of Lessee. All of Lessee's operations may be conducted without regard to any division of ownership by Lessor. If all or any part of this Lease is assigned by Lessee, no leasehold owner shall be liable for any act or omission on the part of any other leasehold owner.

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

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


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

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

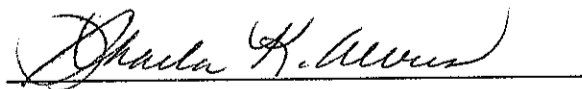
13. All the provisions of this Lease shall be binding on the heirs, successors, assigns, and legal representatives of the Lessor and Lessee.

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

Lessors:



David L. Albers



Sharla K. Albers

Acknowledgment

STATE OF Kansas  
COUNTY OF Ness

Before me, the undersigned, a Notary Public, within and for said county and state, on this 16 day of August 2010, personally appeared David L. Albers and Sharla K. Albers, husband and wife, to me personally known to be the identical person(s) who executed the within and foregoing instrument and acknowledged to me that 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.

Linda K. Cox  
Notary Public in and for the State of Kansas  
Printed Name: Linda K. Cox  
Commission Expires: February 15, 2012



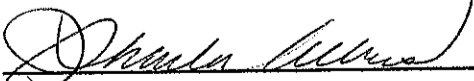
## EXHIBIT "A"

1. All pipelines and power lines which shall be constructed under this lease shall be buried to a minimum depth of thirty-six inches (36") below the surface and shall thereafter be maintained below the depth of farming operations at Lessee's sole expense.
2. Lessee shall pay for all loss of crops and damages to the land occasioned by its operations. It is specifically agreed that the drill site damages shall be negotiated for each location which shall be paid within Ten (10) days prior to the opening of the pits and building of the location. Clean up of the location is to be satisfactory to Lessor.
3. Lessee shall consult with Lessor concerning the location of roads, pipe lines, power lines, tank batteries, and other equipment extending above ground, prior to construction and installation.
4. Upon completion of Lessee's operations on each well, Lessee agrees to restore grade and contour of the land to as nearly as practicable to 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.
5. It is understood and agreed that all pits constructed on said premises in connection with drilling operations shall be at least five feet (5') deep or deeper. That all top soil to a depth of two feet (2') which is removed in digging pits shall be segregated and retained so that upon refilling of all pits that such top soil can be restored to the surface of said pits.
6. Lessee is required to obtain written approval by separate contract prior to the use of any location on the premises for salt water disposal or the installation of any salt water disposal equipment thereon, provided, however, the terms of this paragraph do not apply to the disposal of salt water produced from wells located on the leased premises.
7. Lessee shall consult with Lessor upon abandonment of any well site or test site so that Lessor may be present at the time any clean up or removal of equipment takes place. Lessee shall remove all oiled surfaces and any other portions of the leased premises which have been damaged by oil spills, salt water spills or other liquid spills, and any and all other road building material to the depth of soil saturation and bury the same to a depth of forty-eight inches (48").
8. Upon abandonment of the well location or test site, the surface pipe shall be cut off at least forty inches (40") below the surface of the ground.
9. Lessee shall be liable for all damages caused at the Lessors by reason of oil, salt water, or other fluid resulting from Lessee's operations, and in the event the Lessee permits any such liquid spills to run over the surface of said premises, such oil or liquids shall be scraped up to a depth of the soil saturation and removed, or buried on the premises, at a minimum depth of forty-eight inches (48"). Any depressions resulting there from shall be refilled with good clean top soil and leveled to the surrounding surface. In connection therewith, Lessee shall have the right to use top soil from the leased premises for the purposes of filling any such depressions.
10. Upon termination of this lease, Lessee shall promptly file for record a release of this lease. Filing of the release shall not relieve Lessee of the responsibility for clean-up and restoration of the surface on any well site, roads or tank battery location.

This lease and all its terms, conditions, and stipulations shall extend to and be binding on the parties hereto, their heirs, grantees, administrators, executors, successors and assigns.

SIGNED FOR IDENTIFICATION PUPOSES ONLY

  
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