



1071758

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

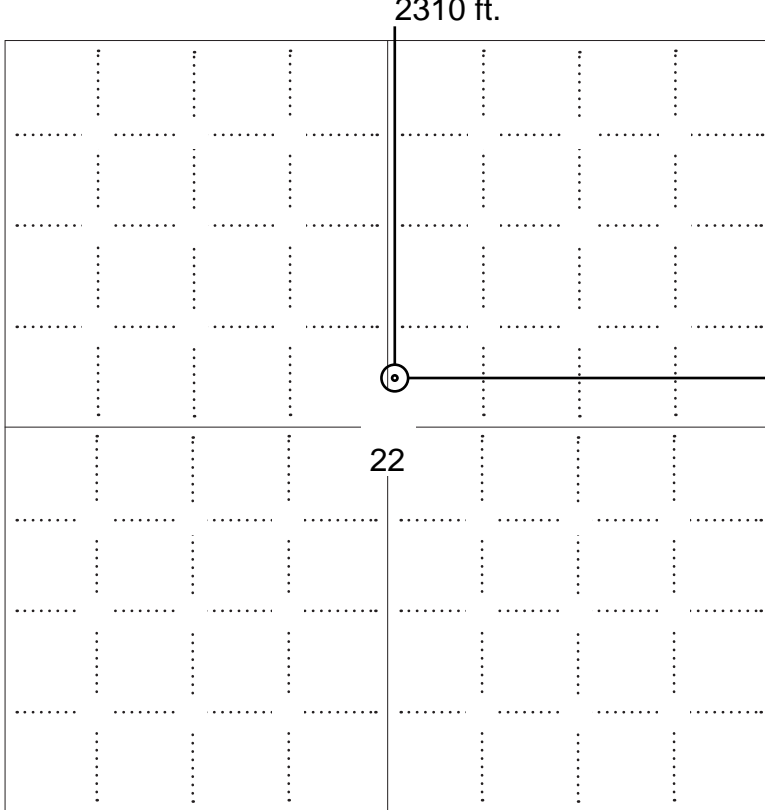
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

PLAT

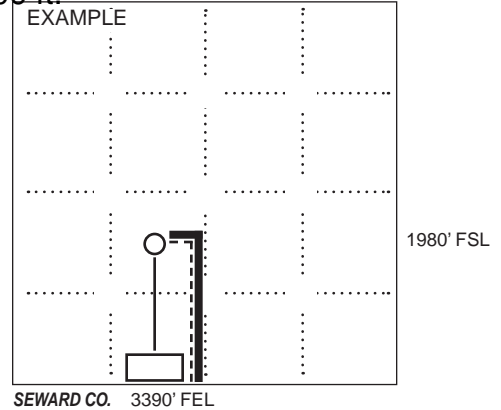
Show location of the well. Show footage to the nearest lease or unit boundary line. Show the predicted locations of lease roads, tank batteries, pipelines and electrical lines, as required by the Kansas Surface Owner Notice Act (House Bill 2032).

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 1071758
OIL & GAS CONSERVATION DIVISION

Form CDP-1
May 2010
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

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

KCC OFFICE USE ONLY

Liner Steel Pit RFAC RFAS

Date Received: _____ Permit Number: _____ Permit Date: _____ Lease Inspection: Yes No



CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

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

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

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

Well Location: _____
____ - ____ - ____ - ____ Sec. ____ Twp. ____ S. R. ____ East West
County: _____
Lease Name: _____ Well #: _____

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

Surface Owner Information:

Name: _____
Address 1: _____
Address 2: _____
City: _____ State: _____ Zip: _____ + _____

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

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

Select one of the following:

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

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

I Submitted Electronically

I

OIL AND GAS LEASE KANSAS [PAID UP]

THIS AGREEMENT, made and entered into this 15th day of September, 2009, by and between Gerald E. Riley and Donna D. Riley, husband and wife

P.O. Box 397

Dighton, KS 67839

hereinafter called Lessor, (whether one or more) and CREDO PETROLEUM CORPORATION

1801 Broadway, Suite 900, Denver, Colorado 80202

hereinafter called Lessee;

WITNESSETH:

1. That the Lessor, for and in consideration of the sum of ten and more Dollars (\$ 10.00+), and other good and valuable consideration, receipt of which is hereby acknowledged, and the covenants and provisions contained herein to be kept by Lessee, does hereby grant, demise, lease and let unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, operating for, producing, and taking care of all oil, gas and all of the products of oil and gas, with rights of way and easements for laying pipelines, telephone and telegraph lines and the exclusive right of injecting water, brine and other fluids into subsurface strata, and the building of structures, tanks, roadways and any and all other rights and privileges necessary, incident to, or convenient for the economical operation alone, or conjointly with neighboring land, for the production, saving and taking care of all said products on that certain tract of land situated in the County of Lane State of Kansas, described as follows, to-wit:

TOWNSHIP 17 SOUTH, RANGE 29 WEST OF THE 6TH P.M.

Section 22: NE1/4

containing 160 acres, more or less.

2. It is agreed that this lease shall remain in full force and effect for a primary term of Three (3) years from this date, and as long thereafter as oil, gas or the products of oil or gas are produced from said leased premises, or drilling operations are continued as hereinafter provided.

3. This is a PAID-UP LEASE. In consideration of the down payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations 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 hereof surrender this lease as to all or a portion of the lands covered herein by delivering to Lessor, or by filing for record a release or releases, and thereafter be relieved of all obligations accruing hereunder as to the acreage surrendered. The lease shall continue in force and effect as to all of the acreage not surrendered.

4. All payments required to be made under this lease shall be made or tendered to the Lessor or to the Lessor's credit in the

Pay Directly to Lessor Bank (depository bank) at _____ or successors, or any bank with which it may be merged, or consolidated, or which succeeds to its business or assets or any part thereof, by purchase or otherwise, which shall continue as the depository regardless of changes in the ownership of said land.

5. Lessee agrees to pay Lessor a royalty on production covered hereby as follows:

1st. Lessee shall deliver to the credit of Lessor as royalty, free of cost, in the pipeline to which Lessee may connect its wells, the equal one-eighth part of all oil produced and saved from the leased premises, or at Lessee's option, may pay to the Lessor for such one-eighth royalty the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipeline, or into storage tanks.

2nd. Lessee shall pay Lessor as royalty on gas marketed from each well one-eighth of the proceeds if sold at the well, or if marketed by Lessee, off the leased premises, then one-eighth of its market value at the well.

3rd. Lessee shall pay Lessor one-eighth of the proceeds received by the Lessee from the sale of casinghead gas produced from any oil well and one-eighth 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 leased premises for any purpose or used on the leased premises by Lessee for purposes other than the development and operation thereof.

4th. Lessee shall pay to Lessor one-eighth of the proceeds from the sale of all other products of oil and gas not otherwise referred to hereinabove.

6. Where there is a gas well, or wells on the lands covered by this Lease, or acreage pooled therewith, whether it be before or after the primary term hereof, and such well or wells are shut-in, and there is no other production, drilling operations or other operations being conducted capable of keeping this Lease in force under any of its provisions, Lessee shall pay as royalty to Lessor the sum of One Dollar (\$1.00) per year per net royalty acre, such payment to be made on or before the anniversary date of this Lease next ensuing after the expiration of 90 days from the date such well or wells are shut-in, and thereafter on the anniversary date of this Lease during the period such wells are shut-in, and upon such payment it shall be considered that this Lease is maintained in full force and effect.

7. If the Lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid the said Lessor only in the proportion which Lessor's interests bear to the whole and undivided fee.

8. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if Lessee shall commence 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 so long as such operations are prosecuted as set out in Paragraph 9 hereof, and if production results therefrom, then so long as production continues.

9. If at the expiration of the primary term of this lease, oil, gas, or the products of oil and gas are not being produced on the leased premises but Lessee has been engaged in drilling or reworking operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises; and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall 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 said land or acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or reworking operations within ninety (90) days from the date of cessation of production or from date of completion of a dry hole. If oil, gas or the products of oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil, gas, or the products of oil or gas shall be produced from the leased premises.

10. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operations thereon, except water from the wells of the Lessor. When requested by Lessor, Lessee shall bury pipelines below plow depth. No well shall be drilled nearer than 200 feet to any house or barn on said premises as of the date of this lease without written consent of the 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, but shall not have the obligation to do so.

11. The rights of the Lessor and Lessee hereunder may be assigned in whole or in part, however, no change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until the Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from the Lessor, and then only with respect to payments thereafter made. No other notice of any kind or character, whether actual or constructive, shall be binding on the Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations, or to diminish the rights of the Lessee, and all of Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission on the part of any other leasehold owner.

12. Lessee, at its option, is hereby given the right and power to voluntarily pool or combine the lands covered by this lease, or any portion thereof, as to the oil and gas, or either of them, with any other land, lease or leases adjacent thereto when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said premises, such pooling to be into units not exceeding eighty (80) acres for an oil well, plus a tolerance of ten percent (10%), and not exceeding six hundred forty (640) acres for a gas well, plus a tolerance of ten percent (10%), except that larger units may be created to conform to any spacing or well unit pattern that may be prescribed by governmental authorities having jurisdiction. Lessee shall execute in writing and record in the County Records as instrument identifying and describing the pooled acreage. The entire acreage so pooled into units shall be treated for all purposes, except the payment of royalties, as if it were included in this lease, and drilling or reworking operations thereon or production of oil or gas therefrom, or the completion thereon of a well as a shut-in gas well, shall be considered for all purposes, except the payment of royalties, as if such operation were on, or such production were from, or such completion was on the land covered by this lease, whether or not the well or wells be located on the premises covered by this lease. In lieu of royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive from a unit so formed only such portion of the royalties stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein bears to the total acreage so pooled.

13. On or before the expiration of the primary term of this lease, the Lessee, its successors or assigns, shall have the option and right to renew this lease as to all or any portion of the acreage described herein and extend the primary term thereto an additional Two (2) years commencing on the expiration of the primary term of this lease, by making payment to Lessor's credit in the depository bank hereinabove shown on or before such expiration date in the sum of Twenty and No Hundredths DOLLARS (\$ 20.00) per net mineral acre for each acre to which the term of this lease is extended, and to release this lease as to those portions of the leased premises to which an extension is not sought.

14. In the absence of production, Lessee may terminate any unitized area by filing in the county records a Notice of Termination of the unit. An express or implied covenant of this lease shall be subject to all federal and state laws, executed orders, rules or regulations of governmental bodies having jurisdiction, and this lease shall not terminate in whole or in part, nor shall Lessee be 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.

15. 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 land in the event of failure of payment by the Lessor, and be subrogated to the rights of the holder thereof, and in addition Lessee may reimburse itself for such payments out of any royalties or rentals payable to Lessor.

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

IN WITNESS WHEREOF this instrument is executed on the day and year first hereinabove set out.

REFER TO EXHIBIT "A" ATTACHED HERETO.

Gerald E. Riley
Gerald E. Riley

Donna D. Riley
Donna D. Riley

STATE OF KANSAS)
) SS
COUNTY OF CLAY)

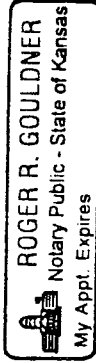
(INDIVIDUAL ACKNOWLEDGMENT)

Before me the undersigned, a Notary Public, within and for said county and state, on this 16 day of September, 2009, personally appeared Gerald E. Riley and Donna D. Riley, husband and wife and to me personally to be the identical person s who executed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

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

My commission expires 5-28-2013

Roger R. Gouldner
Notary Public



STATE OF _____)
) SS
COUNTY OF _____)

(CORPORATION ACKNOWLEDGMENT)

On this _____ day _____ before me, the undersigned, a Notary Public in and for the county _____ and state aforesaid, personally appeared _____ to me personally known to be the identical person who signed the name of the maker thereof to the within and foregoing instrument as its _____ and acknowledged to me that _____ executed the same as _____ free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

My commission expires _____ Notary Public

EXHIBIT "A"

17. Lessor reserves the right to approve the location of all lease roads; however, such approval shall not unreasonably be withheld. Lessee shall consult and secure approval from Lessor for the location of tank batteries and oil head lines located on the leased premises; however, such approval shall not be unreasonably withheld.
18. Lessee will pay all damages caused by its operations to growing crops, grassland being considered a growing crop at any time of year, notwithstanding the of year the damage to pasture is done.
19. Lessee shall pay Lessor damages equal to the value of the crop lost for all damages caused by drilling operations, temporary lease roads, oil lines and other operations performed by Lessee, its agents or employees.
20. All lease roads will be maintained in a good and workable condition at all times by Lessee. Lessor reserves the right to designate all routes of ingress and egress. There shall be no oil road surfaces or hard surfacing of any access roads without written consent of Lessor.
21. If at any time oil or salt water or chemical used in the production of oil shall flood over any grounds other than the immediate oil well site or tank battery site, damages will be paid by the Lessee to the Lessor at a rate of \$600 per affected acre for each and every occurrence.
22. If a dry hole is drilled on this lease, the dry hole cannot be made into a salt water disposal well without the express consent of Lessor after such well has been drilled. The terms of this paragraph do not apply to the disposal of salt water from wells on the leased premises.
23. Lessee will remove all driller mud from the driller pit. The Lessor shall provide a place to put the driller mud. When Lessee digs a reserve pit, all black dirt will be piled separately. In the event of a dry hole or abandonment and the said pit is filled in and leveled, then the last dirt removed from the pit shall be the first dirt put back into said pit. Mud and reserve pits will be filled and leveled as near as practical to their original condition within 45 days after Lessor gives written notice to Lessee, and the expense thereof shall be borne by Lessee. In no event shall mud from the reserve pits be filled and leveled before they have had sufficient time to evaporate and dry.
24. Any well, tank batteries and other equipment of whatever nature shall be fenced by Lessee with permanent type fencing and shall be maintained in good condition by Lessee.
25. Any production equipment, including but not limited to pump jacks, hydraulic lifting equipment, or any other equipment necessary to produce any oil or gas well on the above described land shall be of a low profile variety or shall be recessed to such depths as to permit the use by Lessor of a circular irrigation sprinkler system. Any tank battery placed by Lessee on the above described land shall be located near a corner or boundary thereof and in a place which will not unreasonably interfere with the operation of any irrigation system, the placement of which will be at the sole discretion of the Lessor.
26. In the event there abandonment of said lease, the Lessee shall fill all pits and ponds, remove all structures and reasonably restore the premises to the condition existing at the time the lease was executed.
27. All livestock killed or poisoned by oil or chemicals or injured by equipment or by vehicles used in operating this lease shall be paid for by the Lessee at the fair market value of said livestock, plus the sum of \$50 per animal for trouble and inconvenience to

Lessor, and such payment shall be made within 30 days after notice by Lessor to Lessee, Lessee shall have the right to have livestock examined by a licensed veterinarian, and Lessor shall notify Lessee before disposing of any livestock.

28. Lessor shall have the option of purchasing, at reasonable salvage prices, any well on said premises prior to abandonment by Lessee or assigns. Lessor must submit purchase bid no later than sixty (60) days prior to the commencement of plugging operations. It is understood that before acquiring any said well on said premises Lessor shall obtain proper operating license from the Kansas Corporation Commission. Should Lessor purchase said well, it is fully understood that Lessee's obligations under the laws and provisions of the State of Kansas and the Federal Government including the the Environmental Protection Agency, are relieved including but not limited to, plugging and clean-up operations.

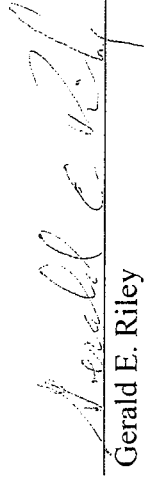
29. The leased premise is currently under "flood type" irrigation. Should Lessee desire to commence drilling operations on the leased premises, Lessor shall be consulted with as to said operations, and Lessee shall minimize interference and damage with and to Lessor's irrigation system, and the surface contours of the leased premises. Should any alterations to said surface contours be caused by its operations, Lessee, or its assigns, shall restore said surface contours to their former condition as nearly as is practicable. In the event of production and continued use of the surface, Lessee or its assigns, will restore or prepare the surface and situate and install all equipment needed in connection therewith, so that Lessee's use thereof will cause the least possible interference to Lessors irrigation system and operations. Lessee shall also consult with Lessor in regard to the route of ingress and on said premises, and shall cooperate in minimizing interference to irrigation operations as to lease roads. Lessee shall restore irrigated land back to original grade.

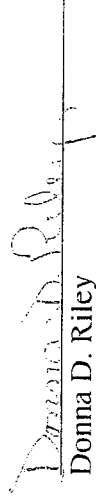
30. Lessee shall bury all pipelines and electrical lines below plow depth.

31. Notwithstanding any provisions of the oil and gas lease, or this rider to said lease, to the contrary, Lessee or its assigns shall be liable and responsible unto said Lessor for all damages suffered by Lessor proximately caused by Lessee or its assigns use, occupancy, possession and enjoyment of said premises, including, but not limited to water contamination, surface or subsurface.

32. This lease and rider to said lease and all of its terms, conditions and stipulations shall extend and be binding upon the heirs, devisees, executors, administrators, personal representatives, assigns and successors of the parties hereto.

Signed for Identification


Gerald E. Riley


Donna D. Riley

OIL AND GAS LEASE KANSAS [PAID UP]

THIS AGREEMENT, made and entered into this 21st day of August, 2009 by and between Donald A. Laurenti and Nancy L. Laurenti, Trustees of the Laurenti Family 2004 Revocable Trust dated October 18, 2004
9807 Southland Road
Manteca, CA 95336

hereinafter called Lessor, (whether one or more) and CREDO PETROLEUM CORPORATION
1801 Broadway, Suite 900, Denver, Colorado 80202

hereinafter called Lessee:

WITNESSETH:

1. That the Lessor, for and in consideration of the sum of ten and more Dollars (\$ 10.00+), and other good and valuable consideration, receipt of which is hereby acknowledged, and the covenants and provisions contained herein to be kept by Lessee, does hereby grant, demise, lease and let unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, operating for, producing, and taking care of all oil, gas and all of the products of oil and gas, with rights of way and easements for laying pipelines, telephone and telegraph lines and the exclusive right of injecting water, brine and other fluids into subsurface strata, and the building of structures, tanks, roadways and any and all other rights and privileges necessary, incident to, or convenient for the economical operation alone, or conjointly with neighboring land, for the production, saving and taking care of all said products on that certain tract of land situated in the County of Lane State of Kansas, described as follows, to-wit:

TOWNSHIP 17 SOUTH, RANGE 29 WEST OF THE 6TH P.M.
Section 15: SW1/4
Section 22: NW1/4

containing 320 acres, more or less.

2. It is agreed that this lease shall remain in full force and effect for a primary term of Three (3) years from this date, and as long thereafter as oil, gas or the products of oil or gas are produced from said leased premises, or drilling operations are continued as hereinafter provided.

3. This is a PAID-UP LEASE. In consideration of the down payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations 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 hereof surrender this lease as to all or a portion of the lands covered herein by delivering to Lessor, or by filing for record a release or releases, and thereafter be relieved of all obligations accruing hereunder as to the acreage surrendered. The lease shall continue in force and effect as to all of the acreage not surrendered.

4. All payments required to be made under this lease shall be made or tendered to the Lessor or to the Lessor's credit in the Pay Directly to Lessor Bank (depository bank) at _____ or successors, or any bank with which it may be merged, or consolidated, or which succeeds to its business or assets or any part thereof, by purchase or otherwise, which shall continue as the depository regardless of changes in the ownership of said land.

5. Lessee agrees to pay Lessor a royalty on production covered hereby as follows:

1st. Lessee shall deliver to the credit of Lessor as royalty, free of cost, in the pipeline to which Lessee may connect its wells, the equal one-eighth part of all oil produced and saved from the leased premises, or at Lessee's option, may pay to the Lessor for such one-eighth royalty the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipeline, or into storage tanks.

2nd. Lessee shall pay Lessor as royalty on gas marketed from each well one-eighth of the proceeds if sold at the well, or if marketed by Lessee, off the leased premises, then one-eighth of its market value at the well.

3^d. Lessee shall pay Lessor one-eighth of the proceeds received by the Lessee from the sale of casinghead gas produced from any oil well and one-eighth 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 leased premises for any purpose or used on the leased premises by Lessee for purposes other than the development and operation thereof.

4th. Lessee shall pay to Lessor one-eighth of the proceeds from the sale of all other products of oil and gas not otherwise referred to hereinabove.

6. Where there is a gas well, or wells on the lands covered by this Lease, or acreage pooled therewith, whether it be before or after the primary term hereof, and such well or wells are shut-in, and there is no other production, drilling operations or other operations being conducted capable of keeping this Lease in force under any of its provisions, Lessee shall pay as royalty to Lessor the sum of One Dollar (\$1.00) per year per net royalty acre, such payment to be made on or before the anniversary date of this Lease next ensuing after the expiration of 90 days from the date such well or wells are shut-in, and thereafter on the anniversary date of this Lease during the period such wells are shut-in, and upon such payment it shall be considered that this Lease is maintained in full force and effect.

7. If the Lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid the said Lessor only in the proportion which Lessor's interests bear to the whole and undivided fee.

8. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if Lessee shall commence 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 so long as such operations are prosecuted as set out in Paragraph 9 hereof, and if production results therefrom, then so long as production continues.

9. If at the expiration of the primary term of this lease, oil, gas, or the products of oil and gas are not being produced on the leased premises but Lessee has been engaged in drilling or reworking operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises; and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall 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 said land or acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or reworking operations within ninety (90) days from the date of cessation of production or from date of completion of a dry hole. If oil, gas or the products of oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil, gas, or the products of oil or gas shall be produced from the leased premises.

10. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operations thereon, except water from the wells on the Lessor. When requested by Lessor, Lessee shall bury pipelines below plow depth. No well shall be drilled nearer than 200 feet to any house or barn on said premises as of the date of this lease without written consent of the 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, but shall not have the obligation to do so.

11. The rights of the Lessor and Lessee hereunder may be assigned in whole or in part, how no change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until the Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from the Lessor, and then only with respect to payments thereafter made. No other notice of any kind or character, whether actual or constructive, shall be binding on the Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations, or to diminish the rights of the Lessee, and all of Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission on the part of any other leasehold owner.

12. Lessee, at its option, is hereby given the right and power to voluntarily pool or combine the lands covered by this lease, or any portion thereof, as to the oil and gas, or either of them, with any other land, lease or leases adjacent thereto when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said premises, such pooling to be into units not exceeding eighty (80) acres for an oil well, plus a tolerance of ten percent (10%), and not exceeding six hundred forty (640) acres for a gas well, plus a tolerance of ten percent (10%), except that larger units may be created to conform to any spacing or well unit pattern that may be prescribed by governmental authorities having jurisdiction. Lessee shall execute in writing and record in the County Records as instrument identifying and describing the pooled acreage. The entire acreage so pooled into units shall be treated for all purposes, except the payment of royalties, as if it were included in this lease, and drilling or reworking operations thereon or production of oil or gas therefrom, or the completion thereof, as well as a shut-in gas well, shall be considered for all purposes, except the payment of royalties, as if such operation were on, or such production were from, or such completion was on the land covered by this lease, whether or not the well or wells be located on the premises covered by this lease. In lieu of royalties elsewhere here specified, including shut-in gas royalties, Lessor shall receive from a unit so formed only such portion of the royalties stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein bears to the total acreage so pooled.


13. On or before the expiration of the primary term of this lease, the Lessee, its successors or assigns, shall have the option and right to renew this lease as to all or any portion of the acreage described herein and extend the primary term thereto an additional TWO (2) years commencing on the expiration of the primary term of this lease, by making payment to Lessor's credit in the depository bank hereinabove shown on or before such expiration date in the sum of Ten and No Hundredths DOLLARS (\$ 10.00) per net mineral acre for each acre to which the term of this lease is extended, and to release this lease as to those portions of the leased premises to which an extension is not sought.

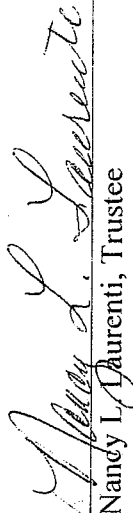
14. In the absence of production, Lessee may terminate any unitized area by filing in the county records a Notice of Termination of the unit. All express or implied covenants of this lease shall be subject to all federal and state laws, executed orders, rules or regulations of governmental bodies having jurisdiction, and this lease shall not terminate in whole or in part, nor shall Lessee be 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.

15. 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 land in the event of failure of payment by the Lessor, and be subrogated to the rights of the holder thereof, and in addition Lessee may reimburse itself for such payments out of any royalties or rentals payable to Lessor.

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

IN WITNESS WHEREOF this instrument is executed on the day and year first hereinabove set out.


Donald A. Laurenti, Trustee


Nancy L. Laurenti, Trustee

STATE OF California)
COUNTY OF San Joaquin) SS

(INDIVIDUAL ACKNOWLEDGMENT)

Before me the undersigned, a Notary Public, within and for said county and state, on this day of , 2009, personally appeared Donald A. Laurenti and Nancy L. Laurenti, Trustees of the Laurenti Family 2004 Revocable Trust dated October 18, 2004 and to me personally to be the identical person S who executed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

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

My commission expires 6-8-2012

Notary Public

STATE OF _____)
COUNTY OF _____) SS

(CORPORATION ACKNOWLEDGMENT)

On this _____ day _____ before me, the undersigned, a Notary Public in and for the county _____ to me and state aforesaid, personally appeared _____ personally known to be the identical person who signed the name of the maker thereof to the within and foregoing instrument as its _____ and acknowledged to me that _____ executed the same as _____ free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

My commission expires _____

Notary Public

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of San Joaquin

On 8-28-09 before me, KAREN KING Notary Public

Here Insert Name and Title of the Officer

personally appeared Donald A. Laurenti and

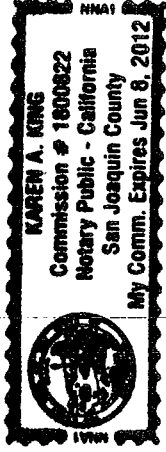
Name(s) of Signer(s)

Nancy L. Laurenti

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~is~~/are subscribed to the within instrument and acknowledged to me that ~~he/she~~/they executed the same in ~~his/her~~/their authorized capacity(ies), and that by ~~his/her~~/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Place Notary Seal Above

Signature Karen A. King
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Oil and Gas Lease Kansas (Paid Up)

Document Date: 8-21-09 Number of Pages: 1

Signer(s) Other Than Named Above: N/A

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

Individual

Corporate Officer — Title(s): _____

Partner — Limited General

Attorney in Fact

Trustee

Guardian or Conservator

Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer's Name: _____

Individual

Corporate Officer — Title(s): _____

Partner — Limited General

Attorney in Fact

Trustee

Guardian or Conservator

Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here