



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

KANSAS CORPORATION COMMISSION 1073609
 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

Spot Description: _____

OPERATOR: License# _____

_____-_____-_____-_____-_____-_____-_____-_____-_____-_____-_____-_____-_____-_____-_____-
(Q/Q/Q/Q) Sec. _____ Twp. _____ S. R. _____ E W

Name: _____

_____ feet from N / S Line of Section

Address 1: _____

_____ feet from E / W Line of Section

Address 2: _____

Is SECTION: Regular Irregular?

City: _____ State: _____ Zip: _____ + _____

(Note: Locate well on the Section Plat on reverse side)

Contact Person: _____

County: _____

Phone: _____

Lease Name: _____ Well #: _____

CONTRACTOR: License# _____

Field Name: _____

Name: _____

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): _____

Well Drilled For: Well Class: Type Equipment:

- | | | | |
|------------------------------|-----------------------------------|------------------------------------|-------------------------------------|
| <input type="checkbox"/> Oil | <input type="checkbox"/> Enh Rec | <input type="checkbox"/> Infield | <input type="checkbox"/> Mud Rotary |
| <input type="checkbox"/> Gas | <input type="checkbox"/> Storage | <input type="checkbox"/> Pool Ext. | <input type="checkbox"/> Air Rotary |
| | <input type="checkbox"/> Disposal | <input type="checkbox"/> Wildcat | <input type="checkbox"/> Cable |

Seismic ; _____ # of Holes Other _____
 Other: _____

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: _____

Directional, Deviated or Horizontal wellbore? Yes No

If Yes, true vertical depth: _____

Bottom Hole Location: _____

KCC DKT #: _____

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

For KCC Use ONLY

API # 15 - _____

Conductor pipe required _____ feet

Minimum surface pipe required _____ feet per ALT. I II

Approved by: _____

This authorization expires: _____
(This authorization void if drilling not started within 12 months of approval date.)

Spud date: _____ Agent: _____

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



1073609

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

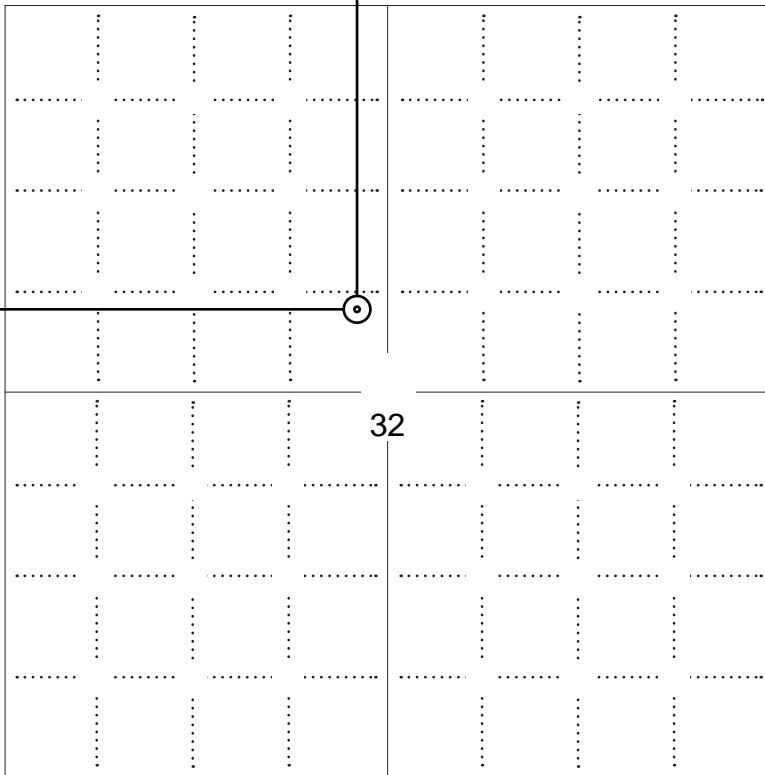
PLAT

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.

2080 ft.

2420 ft.



LEGEND

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



SEWARD CO. 3390' FEL

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 1073609
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

Form KSONA-1
Page 2 of 2
Z Bar #32-6
Section 32-33S-14W
Barber County, KS

Surface Owner Information:

Z Bar, LLC
Attn: Russ Miller
1123 Research Drive
Bozeman, MT 59718

Operator Information:

M&M Exploration, Inc.
4257 Main St., Suite 230
Westminster, CO 80031
303-438-1991 office
303-466-6227 fax
austinoil@aol.com

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: M & M Exploration, Inc.
 Lease: Z Bar
 Well Number: 32-6
 Field: Aetna Gas Area
 Number of Acres attributable to well: _____
 QTR/QTR/QTR/QTR of acreage: _____ - SE - SE - NW

Location of Well: County: Barber
 _____ feet from N / S Line of Section
 _____ feet from E / W Line of Section
 Sec. 31 Twp. 33 S. R. 14 E W

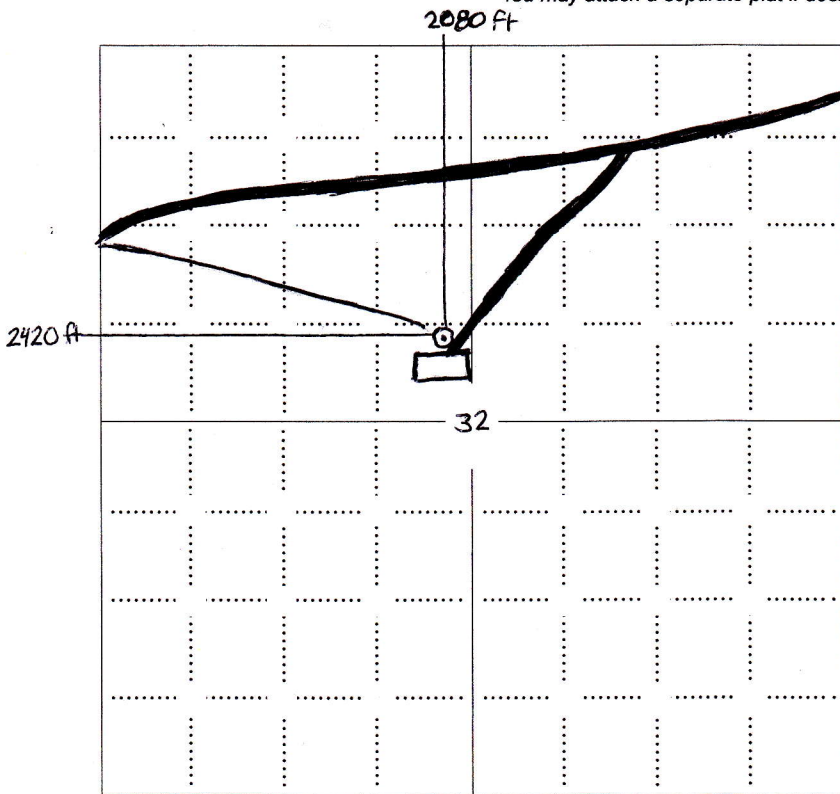
Is Section: Regular or Irregular

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

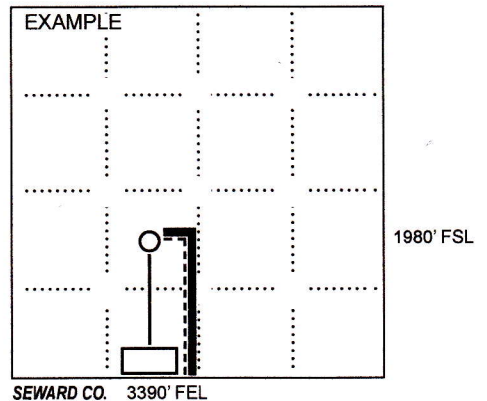
Section corner used: NE NW SE SW

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.

OIL & GAS LEASE

This Agreement, made and entered into this 23rd day of April, 2007, by and between Bank of America, N.A. Trustee of the trust created under Trust Indenture dated December 30, 1935 with George H. Davis, Settlor (as to an undivided 5.335 percent interest); Bank of America, N.A., Trustee of the trust created by Article IV of the Last Will and Testament of Minerva Gundelfinger dated June 29, 1948 (as to an undivided 9.902 percent interest); Bank of America, N.A., Trustee of the trust created by Item II of the Ninth Codicil to the Last Will and Testament of George H. Davis dated April 11, 1955 (as to an undivided 4.850 percent interest); Bank of America, N.A., Trustee of the trust created by Article VIII of the Last Will and Testament of George H. Davis dated July 21, 1944, as amended (as to an undivided 57.502 percent interest); Bank of America, N.A., Trustee of the trust created by Article V of the Last Will and Testament of Elizabeth Otterman Davis dated June 11, 1959, as amended (as to an undivided 22.411 percent interest), as holder of ninety percent (90%) of the mineral estate and one hundred percent (100%) of the executory rights, whose address is: Bank of America, N.A., P. O. Box 830308, Dallas, TX 75283-0308, hereinafter called Lessor(s), and M&M Exploration, Inc., whose address is: 60 Garden Center, Suite 102, Broomfield, Colorado 80020 hereinafter called Lessee(s),

Witnesseth:

1. **Grant and Description.** That Lessor, in consideration of the cash bonus in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the sole and only purpose of exploring, drilling and operating for and producing oil and gas and of laying pipelines, storing oil and building tanks, telephone lines, roads and structures thereon to produce, save, care for, treat and transport said substances produced from the land leased hereunder only, the following described land situated in **Barber** County, State of **Kansas**, to wit:

See Exhibit "A"

and containing 2,204.12 acres, more or less (called "leased premises").

2. **Term of Lease.** Subject to the other provisions hereof, this lease shall be for a term of **Three (3) years** from this date (called "Primary Term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from the leased premises or lands with which the leased premises are pooled hereunder and the royalties are paid as provided.

3. **Royalties.** Lessee shall pay the following royalties, subject to the following provisions:

(a). **Oil.** Lessee shall pay Lessor 3/16 of the gross proceeds of all oil and other liquid hydrocarbons recovered, separated, produced or saved from or on the leased premises and sold by Lessee in an arms' length transaction; provided however, in the event oil and other liquid hydrocarbons are not sold under an arms' length transaction, Lessor's royalty on such oil and other liquid hydrocarbons shall be calculated by using the highest price, plus premium, if any, paid or offered for oil and other liquid hydrocarbons of comparable quality in the general area where produced and when run; or after sixty (60) days written notice from Lessor, which notice may be given from time to time, deliver free of cost to Lessor at the wells or to the credit of Lessor into the pipeline to which the well may be connected such percentage of all oil and other liquid hydrocarbons produced and saved from the leased premises.

(b). **Gas.** Lessee shall pay Lessor 3/16 of the gross proceeds received by Lessee for all gas (including substances contained in such gas) recovered, separated, produced or saved from or on the leased premises and sold by Lessee in an arms' length transaction; provided, however in the event gas is not sold under an arms' length transaction, Lessor's royalty on such gas (including substances contained in such gas) shall be calculated by using the highest price paid or offered for gas of comparable quality in the general area where produced and when run.

(c). **Products.** Lessee's right to produce substances from the leased premises is limited to substances produced from oil and/or gas wells, and Lessee shall pay Lessor royalty on all marketable substances produced by Lessee from the leased premises (all marketable substances which Lessee may produce from the leased premises will be collectively referred to as "Products"). It is controllingly provided that the price used to calculate Lessor's royalty shall never be less than the price paid Lessee for any Products produced hereunder, and, if the manner of calculating royalty provided for herein would cause Lessor's royalty to be calculated based upon a lesser amount, the price actually paid Lessee shall be substituted as the basis for the royalty calculation. As to any product which does not fall under the oil or gas royalty clauses above, Lessee shall pay Lessor 3/16 of the gross proceeds received by Lessee for such product in an arms' length transaction; provided, however, in the event the product is not sold under an arms' length transaction, Lessor's royalty shall be calculated by using the highest price paid or offered for the comparable quality of such product in the general area of the leased premises. Lessee shall pay Lessor royalty on all oil and other liquid hydrocarbons, including condensate, and on all gas, including all substances contained in such gas, (all hereinafter collectively called "Products") produced from a well on the leased premises or on lands pooled with the leased premises and sold or used off the leased premises regardless of whether or not such Products are produced to the credit of Lessee or sold under a contract executed by or binding on Lessee. Should Products be sold under a sales contract not binding on Lessor, Lessor's royalty shall be calculated by using the highest price paid for any of the Products produced from the well from which such Products were produced.

(d). **Production Sale Contracts.** Lessee shall pay Lessor 3/16 of all consideration received by or for the benefit of Lessee under any contract for the sale of Products, including, but not limited to, all contract settlements and other sums received by Lessee from any purchaser of Products, whether such sums are advance payments, payments under take-or-pay provisions, price buy-down settlements, or other contractual payments or payments in settlement of claims of whatever kind or character paid by any purchaser of Products to Lessee to the extent related to the sale of production from the leased premises. To the extent that any such consideration is paid in advance of actual production, Lessee shall receive credit for the amount thereof when such production occurs. In no event will the price paid Lessor for Lessor's share of the Products be less than the price paid Lessee for Lessee's share of Products produced hereunder. Lessee agrees that if it enters into any contract for sale of any Products which shall extend for 3 (three) years from the effective date of such sales contract and such contract does not have adequate provisions for redetermination of price at intervals of not less frequently than annually, then Lessee, its successors and assigns, shall in advance of executing any such sales contract provide Lessor with a full and complete copy of the proposed contract for the purpose of allowing Lessor to determine whether Lessee may sell Lessor's royalty share of Products under Lessee's proposed sales contract. Lessor shall, within thirty (30) days' of receiving such sales contract, notify Lessee as to whether Lessee may sell Lessor's royalty share of Products under Lessee's proposed sales contract. In the event Lessor approves Lessee's proposed sales contract, Lessee shall pay Lessor 3/16 of all consideration received by or for the benefit of Lessee under said contract, without deducting any post-production cost or expenses, including without limitation, cost or expenses for dehydrating, transporting, compressing, treating, gathering, or otherwise rendering marketable or marketing the Products. In the event Lessor does not approve Lessee's proposed sales contract, then Lessor's royalty shall nonetheless, be calculated by using the highest price paid or offered for Products of comparable quality in the general area where produced and when run.

(e). **Royalty to be Free of Expenses.** Lessor's royalty shall not bear or be charged with, directly or indirectly, any cost or expense incurred by Lessee, including without limitation, for exploring, drilling, testing, completing, equipping, storing, separating, dehydrating, transporting, compressing, treating, gathering, or otherwise rendering marketable or marketing products, and no such deduction or reduction shall be made from

the royalties payable to Lessor hereunder; provided, however, that Lessor's interest shall bear its proportionate share of severance taxes and other taxes assessed against its interest or its share of production.

(f). **Arms' Length Transaction.** In order to qualify as an arms' length transaction, a sale must be to a non-affiliated entity under an agreement negotiated in good faith by all parties which does not provide for any consideration to Lessee which will not or cannot be shared with Lessor under the royalty provisions of this lease.

(g). **Litigation Recoveries.** If Lessee participates in any litigation or administrative proceeding against a third party for damage to the leasehold estate or the minerals therein, including but not limited to, claims for trespass, violation of applicable rules and regulations, or breach of a production sale contract, Lessee shall make a sufficient claim therein to cover Lessor's royalty share as provided in this lease, and shall pay to Lessor 3/16 of the proceeds received by Lessee and attributable to this lease as a result thereof; whether by settlement, judgment or otherwise; provided, however, Lessee shall be entitled to recoup, from such royalty payments only, 3/16 of the actual attorneys fees and litigation expenses paid by Lessee to outside counsel and attributable to issues related to this lease, this being strictly a right to recoup from royalties payable and imposing no personal liability on Lessor.

(h). **Shut-in Gas Royalty.** While there is a well on the leased premises capable of producing gas in paying quantities but the production thereof is shut-in or suspended for any reason, Lessee may pay as royalty on or before 90 days after the date on which (i) production from any such well is shut-in or suspended or (ii) this lease is no longer maintained by compliance with other provisions hereof, whichever is the later date, and thereafter at annual intervals, a sum in the amount of **\$25.00** per acre, or a minimum of Fifty Dollars (\$50.00), whichever is greater, for each and every shut-in gas well; and if such payment is made or tendered in accordance with the terms hereof, this lease shall not terminate but shall continue in full force, subject to the provisions of paragraph **13**, and it will be considered that gas is being produced from the leased premises in paying quantities within the meaning of each pertinent provision of this lease, and in no event shall shut-in well payments maintain this lease in force for a cumulative period exceeding **2 (two)** year(s). Lessee shall not be entitled to recover any shut-in royalty payments from the future sale of gas. Should the shut-in period extend beyond the expiration of the primary term, such shut-in provision will pertain only to the producing unit of such gas well as provided for in paragraph **13**. Should such shut-in royalty payments not be made in a timely manner as provided in this paragraph, it will be considered for all purposes that there is no production or no excuse for delayed production of gas from any such well or wells and unless there is then in effect other preservation provisions of this lease, this lease shall terminate at midnight on the last day provided for the payment of such shut-in royalties, and Lessee shall thereupon furnish to Lessor a release of all its interest in and to this oil and gas lease insofar as that portion of the premises included in the producing unit assigned to such shut-in well.

(i). **Recovery of Gas Liquids.** Lessee agrees that before any gas produced from the leased premises is used or sold off the leased premises, it will be run, free of cost to Lessor, through an adequate oil and gas separator of a conventional type or equipment at least as efficient, to the end that all liquid hydrocarbons recoverable from the gas by such means will be recovered on the lease.

(j). **Right to Take in Kind.** Lessor shall have the recurring option, in lieu of receiving the royalties thereon, to take 3/16 of any product produced by Lessee from the leased premises in kind, and to reverse such election and resume receiving royalty payment in money, in either case by giving Lessee at least sixty (60) days advance written notice. Such election may be made separately as to oil, gas or any other product, and Lessor may elect to have the royalty production delivered at the wellhead, at the oil and gas separator, into a pipeline connected at the well, at the location where Lessee sells its production, or at another location mutually acceptable to Lessor and Lessee. If Lessor elects to take royalty in kind, any necessary costs for separate metering or split stream delivery will be borne by Lessor. If Lessor elects to take gas royalty in kind, the parties shall enter into a gas balancing agreement using, at Lessor's election, either the most recent form used by Lessee in an arms-length industry transaction or the most recent form promulgated by the American Association of Professional Landmen. Lessee shall supply its most recent gas balancing agreement form to Lessor for evaluation purposes immediately upon receiving notice that Lessor intends to take gas royalty in kind. It is expressly agreed, however, that the inclusion of an option to permit Lessor to take its royalty gas in kind shall not modify or limit Lessee's duty to pay royalties as provided herein or to market the gas at such times, and from time to time, as Lessor does not choose to take and separately dispose of its royalty gas.

(k). **Time for Payment of Royalty.** Within 120 days following the first sale of oil or gas produced from the leased premises, settlement shall be made by Lessee or by its agent for royalties due hereunder (initial royalty payment) with respect to such oil or gas sold off the leased premises, and such royalties shall be paid monthly thereafter without the necessity of Lessor executing a division or transfer order. If a division or transfer order is circulated by Lessee, such division order will be a simple statement of interest containing no warranty or indemnity clauses and containing no clauses modifying in any way the terms of this lease. The insertion of any such clause will be of no force and effect so far as this lease and the rights and obligations of the parties hereto, and in any event, Lessor shall be under no obligation to execute any division or transfer order, and Lessor's execution thereof, if done, shall be considered a mere accommodation. If the said initial royalty payment is not timely so made under the terms hereof, this lease shall terminate as of 7 a.m. the first day of the month following the expiration of said 120-day period. After the said initial royalty payment, with respect to oil or gas produced during any month, if royalty is not paid hereunder on or before the last day of the second succeeding month, this lease shall terminate at midnight of such last day.

(l). **Royalty Information.** In addition to other information required to be furnished by Lessee to Lessor, either by law or under the terms of this lease, Lessee shall promptly provide Lessor with sufficient information for Lessor to monitor and calculate all royalty payments due Lessor hereunder, and if such information is not provided in a prompt or complete manner, Lessee waives, to the full extent allowed by law, any defense based upon the statute of limitations, laches or any other delay in bringing suit, with respect to any matter which would reasonably have been revealed by such information, even if Lessor had access to relevant information from other sources, it being intended that Lessor may rely upon Lessee to keep Lessor fully informed without the necessity of obtaining information from other sources. It will be considered that information required hereunder has been promptly provided to Lessor if Lessee provides the same within thirty (30) days after the date upon which the information becomes available to Lessee.

4. **No Rentals.** THIS IS A PAID-UP OIL & GAS LEASE; ALL DELAY RENTALS REFERRED TO HEREIN ARE PAID IN FULL

5. **Pooling.** Lessee is hereby granted the right to pool or combine the leased premises, or any part or parts thereof, as to all strata or any stratum, with any other land, as to all strata or any stratum, for the production of oil or gas. Pooled units which do not include 100% of the leased premises shall be subject to the written approval of Lessor, such approval shall not be unreasonably withheld. Pooling in one or more instances shall not exhaust the right of Lessee hereunder to pool this lease or portion thereof into other or different units. Units pooled for oil or gas, or for a horizontal completion, shall conform to, and shall in no event exceed, the size and other parameters for producing units which may maintain this lease after the primary term as provided in paragraph 13 below. To effect a unit or units Lessee shall file a written unit designation and surveyor's plat outlining any such unit and describing the participating tracts in the county conveyance records in which the premises are located. A copy of the unit designation shall be furnished to Lessor within thirty (30) days after it is filed in the appropriate county records, and if Lessee fails to do so, such unit may be declared invalid by Lessor by an instrument filed in such county records. Drilling or reworking operations and production on any part of the pooled acreage shall be treated for all purposes hereof (except the payment of royalties on such production) as if such drilling or reworking operations were upon or such production was from the leased premises whether the well or wells be located on the leased premises or not. For the purpose of computing the royalties and other payments out of production to which the owners of such interests shall be entitled on production of oil and gas, or either of them, from any such pooled unit, there shall be allocated to the leased premises and included in such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after

deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis; thus, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production whether it is oil and gas, or either of them so allocated to the leased premises and included in the unit just as though such production were from the leased premises. In the event only a part, or parts, of the leased premises is pooled or unitized with other land, or lands, so as to form a pooled unit, or units, operations on or production from such unit, or units, will maintain this lease in force only as to the part of the leased premises included in such unit, or units. This lease may be maintained in force as to any land covered hereby and not included in such unit or units in any manner provided for herein, provided that if it is by rental payments, rental payments shall be reduced in proportion to the number of acres covered hereby and included in such unit or units.

6. **Operations.** The following provisions shall apply to Lessee's operations on the leased premises:

(a). **Dry Holes, Cessation of Production, Development and Protection from Drainage.** If, prior to discovery of oil or gas on the leased premises or land pooled therewith, Lessee should drill and abandon a dry hole or holes thereon, or if, after discovery of oil or gas, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences reworking or actual drilling within sixty (60) days thereafter, or, if it be within the primary term, commences or resumes the payment or tender of rentals or commences actual drilling or reworking on or before the rental paying date next ensuing after the expiration of sixty (60) days from date of completion and abandonment of said dry hole or holes or the cessation of production. If, at the expiration of the primary term, oil or gas is not being produced on the leased premises or land pooled therewith and Lessee is then engaged in actual drilling or reworking of any well thereon, this lease shall remain in force so long as drilling or reworking is prosecuted with no cessation of more than sixty (60) consecutive days, and if such operation results in production, so long thereafter as oil or gas is produced in paying quantities from the leased premises or land pooled therewith. In the event a well or wells producing oil or gas should be brought in on adjacent land within six hundred feet (600') of the leased premises for an oil well or within twelve hundred feet (1200') of the leased premises for a gas well, Lessee agrees to commence the drilling of an offset well within 120 days or release that portion of the leased acreage that would be allocated to such well unit. If oil or gas is discovered on the leased premises, or on land pooled therewith, Lessee agrees to further develop the leased premises as a reasonably prudent operator would under the same or similar circumstances.

(b). **Compliance with Regulations and Indemnity.** Lessee agrees to conduct its operations in compliance with all applicable laws, rules and regulations. Lessee will protect, indemnify; hold harmless and defend Lessor against any claim, demand, cost, liability, loss or damage suffered by Lessor, including reasonable attorneys fees and litigation costs, arising out of or associated in any way with (i) any activity conducted by Lessee or Lessee's employees, agents, servants, contractors, licensees or permittees on or near the leased premises; (ii) environmental remediation and plugging and abandonment of wells; (iii) the management, use and disposal of produced water and wastes or substances associated with activities on the leased premises; and/or (iv) the oil, gas, all other products, any waste material, or any substance, pollutant or contaminant produced by Lessee or brought by Lessee onto the leased premises (all of which potential sources of claims shall be referred to as "Lessee's Conduct"). LESSEE'S OBLIGATION TO INDEMNIFY LESSOR FOR CLAIMS ARISING FROM LESSEE'S CONDUCT SHALL APPLY WITHOUT REGARD TO FAULT ON THE PART OF EITHER LESSOR OR LESSEE AND SHALL SPECIFICALLY INCLUDE INDEMNIFICATION OF LESSOR AGAINST LIABILITY TO THIRD PERSONS ARISING FROM LESSOR'S NEGLIGENCE IF SUCH LIABILITY IS RELATED TO LESSEE'S CONDUCT. Lessee's indemnity obligations for Lessee's Conduct under this paragraph are continuing obligations which will continue in effect, and be enforceable by Lessor, even after this lease terminates. As used in this paragraph, "Lessor" includes Lessor and Bank of America, N.A. and its respective directors, officers, employees, and agents. If any portion of this indemnity provision shall ever be held to be invalid or unenforceable, it shall be deemed stricken herefrom and the remainder of this provision shall continue to apply to the greatest extent permitted by applicable law.

7. **Assignments.** No assignment of this lease, or interest therein, may be made without written approval of Lessor, such approval shall not be unreasonably withheld. Subject to the preceding condition, the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns of Lessor and Lessee, but no change or division in ownership of the leased premises, rentals, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No such change or division in the ownership of the leased premises, rentals or royalties shall be binding upon Lessee for any purpose until Lessee shall have been furnished with the instrument or instruments, or certified copies thereof, evidencing such change or division. In the event of a permitted assignment of this lease as to a segregated portion of the leased premises, the rentals payable hereunder shall be apportioned as between the several leasehold owners ratably according to the surface area owned by each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder, and liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or a portion thereof who commits such breach.

8. **Force Majeure.** Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder due to force majeure, except any and all monetary payments due under the terms of this lease. The term "force majeure" as employed herein shall mean: any act of God including but not limited to storms, floods, washouts, landslides and lightning. If Lessee is required, ordered or directed by any federal, state or municipal law, executive order, rule or regulation enacted or promulgated under color of authority to cease drilling operations, reworking operations or producing operations on the leased premises or if Lessee by operation of force majeure is prevented from conducting drilling operations, reworking operations or producing operations, then until such time as such law, order, rule, regulation, request or force majeure is terminated and for a period of sixty (60) days after such termination each and every provision of this lease or implied covenant arising thereunder that might operate to terminate it or the estate conveyed by it shall be suspended and inoperative and this lease shall continue in full force, provided, however, that in no event will the primary term be extended unless Lessee has begun the actual drilling of a well prior to the date of the expiration of the primary term.

9. **Lesser Interest.** If Lessor owns an interest in the leased premises less than the entire and undivided fee simple estate therein, then the royalties and rental herein provided shall be paid to Lessor in the proportion which Lessor's interest bears to the entire and undivided fee simple estate therein.

10. **No Warranty.** Lessor executes and delivers this lease without warranty of title either express or implied. Lessee, at its option, 30 days after giving written notice to Lessor, may discharge any tax lien upon the interest herein leased; and, in the event Lessee does so, Lessee shall have the right to apply rentals and royalties accruing hereunder to reimburse such payment. Lessee shall not be subrogated to the rights of the party to whom payment is made, but may reimburse itself out of any royalties otherwise payable to Lessor hereunder.

11. **Mandatory Releases by Lessee.** At any time that this lease terminates as to any acreage or depth, Lessee shall promptly execute and furnish to Lessor a release thereof in recordable form which contains a legally adequate description of the lands and/or depths being released. In the event this lease expires for any reason as to all or any portion of the leased premises, Lessee shall furnish Lessor promptly with a written, recordable release instrument covering all of the land as to which this lease has so expired.

12. **Information.** Lessee shall advise Lessor in writing as to the location of each well drilled upon the leased premises, or on land pooled therewith, on or before seven (7) days after commencement of operations, and shall advise Lessor in writing as to the date of completion or abandonment of each well drilled within thirty (30) days after such completion or abandonment. Lessee agrees to furnish Lessor with all well drilling, completion and production data, reports, title opinions, logs, and information when specifically requested by Lessor. Lessee agrees that immediately following this instrument being recorded in the county records where the leased premises are located that Lessee will provide Lessor with a copy of this fully recorded instrument as it appears in said records.

13. **Extension Beyond the Primary Term.** If Lessee completes a successful well or wells before the end of the primary term or successfully completes a well that is drilling at the end of the primary term, then Lessee will have a maximum of six (6) year (s) from the end of the primary term to fully develop the lease on 40 acre spacing for oil wells and 160 acre spacing for gas wells, provided the Lessee drills at least two wells per year during each successive 12 month period after the end of the primary term. Should Lessee not fulfill its two (2) well per year obligation, then this lease

will terminate on the ensuing anniversary date of said lease as to any portion of the producing lease not included in the above described spacing units. Any portion of the producing lease not so developed by six (6) years (s) after the end of the primary term will be released to the Lessor within thirty (30) days of termination. Regardless of the reason for termination of this lease, Lessee agrees to thereupon release to Lessor within thirty (30) days of termination, that portion of the producing lease in so far as it also covers rights below the base of the deepest producing formation. For the purposes hereof, a well is defined as either the re-entering of a previously abandoned well and running production casing in that well or the drilling a new well. Lessee shall promptly execute and record an appropriate release at the termination of all or part of this lease.

14. **Enforcement Expenses.** If Lessor files a legal action to enforce any express or implied obligation of this lease and receives a favorable judgment from a court of competent jurisdiction, then Lessee shall reimburse Lessor for all costs of such legal proceeding including expert witness and reasonable attorney's fees.

15. **No Community Lease.** If the mineral and/or royalty interests covered by this lease are different as between any two or more tracts within the leased premises, the execution of this lease shall not be construed to create a community lease nor in any way to effect the pooling or cross conveyance of interests in any such two or more tracts. Instead, it is Lessor's intent that oil and gas royalties and other lease benefits shall accrue to the owners of the particular tract of land on which is located the well or wells from which oil or gas production is taken, without apportionment to the owners of any other tract or tracts covered hereby, unless the pooling authority granted to the Lessee under this lease has been exercised, it being intended that ownership of royalties shall accrue to the tract on which the well is located.

16. **Parties in Interest.** Lessee represents that Lessee is not an officer, director, or employee of BankAmerica Corporation, Bank of America, N.A., or any of its affiliates and/or subsidiaries, nor is Lessee acting on behalf of any such officer, director, or employee.

17. **Notices.** All notices and other communications given in connection with this lease shall be in writing and shall be deemed to have been properly given and received on the date when personally delivered, or shall be deemed to have been properly given on the date of actual receipt if delivered by certified mail, fax or courier. The following addresses are hereby designated for the receipt of notices:

LESSOR: Bank of America, N.A. Trustee of the trust created under Trust Indenture dated December 30, 1935 with George H. Davis, Settlor (as to an undivided 5.335 percent interest); Bank of America, N.A., Trustee of the trust created by Article IV of the Last Will and Testament of Minerva Gundelfinger dated June 29, 1948 (as to an undivided 9.902 percent interest); Bank of America, N.A. Trustee of the trust created by Item II of the Ninth Codicil to the Last Will and Testament of George H. Davis dated April 11, 1955 (as to an undivided 4.850 percent interest); Bank of America, N.A., Trustee of the trust created by Article VIII of the Last Will and Testament of George H. Davis dated July 21, 1944, as amended (as to an undivided 57.502 percent interest); Bank of America, N.A., Trustee of the trust created by Article V of the Last Will and Testament of Elizabeth Otterman Davis dated June 11, 1959, as amended (as to an undivided 22.411 percent interest), whose address is: Bank of America, N.A., P. O. Box 830308, Dallas, TX 75283-0308

LESSEE: M&M Exploration, Inc., whose address is: 60 Garden Center, Suite 102, Broomfield, CO 80020

18. **Implied Covenants Preserved.** The express covenants of the lease are not intended to limit or restrict any implied covenants existing by law or by the nature of this agreement.

19. See Surface Amendments consisting of Three (3) pages attached hereto and made a part hereof. In the event of any conflict between the terms of this Lease and the provisions of the Surface Amendments, the terms of the Surface Amendments shall control.

Executed on the date first above written.

Lessor(s):

Lessee(s):

Bank of America, N.A. Trustee of the trust created under Trust Indenture Dated December 30, 1935 with George H. Davis, Settlor (as to an undivided 5.335 percent interest)

M&M Exploration, Inc.

By: [Signature]
Name: Brad Kolins

By: [Signature]
Name: Michael N. Austin

Title: Vice President
Address: P.O.Box 830308, Dallas, TX 75283-0308

Title: President
Address: 60 Garden Center, Suite 102, Broomfield, CO 80020

Bank of America, N.A., Trustee of the trust created by Article IV of the Last Will and Testament of Minerva Gundelfinger dated June 29, 1948 (as to an undivided 9.902 percent interest)

By: [Signature]
Name: Brad Kolins

Title: Vice President
Address: P.O.Box 830308, Dallas, TX 75283-0308



State of Kansas, Barber Co., SS
This Instrument was filed for record on the 4 day of June 2007 at 10:37 o'clock A. M., and duly recorded in book 314 on page 482
Anthony Armstrong, Deputy
Register of Deeds
Fees \$ 44.00

Bank of America, N.A., Trustee of the trust created by Item II of the Ninth Codicil to the Last Will and Testament of George H. Davis dated April 11, 1955 (as to an undivided 4.850 percent interest)

By: [Signature]
Name: Brad Kolins

Title: Vice President
Address: P.O.Box 830308, Dallas, TX 75283-0308

Bank of America, N.A., Trustee of the trust created by Article VIII of the Last Will and Testament of George H. Davis dated July 21, 1944, as amended (as to an undivided 57.502 percent interest)

By: 
Name: Brad Kolins

Title: Vice President

Address: P.O.Box 830308, Dallas, TX 75283-0308

Bank of America, N.A., Trustee of the trust created by Article V of the Last Will and Testament of Elizabeth Otterman Davis dated June 11, 1959, as amended (as to an undivided 22.411 percent interest)

By: 
Name: Brad Kolins

Title: Vice President

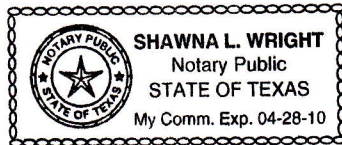
Address: P.O.Box 830308, Dallas, TX 75283-0308

State of Texas

County of

Before Me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared, **Brad Kolins**, Vice President of Bank of America, N.A., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said Bank in the capacity therein stated.

Given under my hand and seal of office this the 11th day of May, 2007



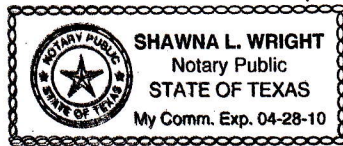
Shawna Wright
Notary Public in and for the State of Texas

State of Texas

County of

Before Me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared, **Brad Kolins**, Vice President of Bank of America, N.A., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said Bank in the capacity therein stated.

Given under my hand and seal of office this the 11th day of May, 2007



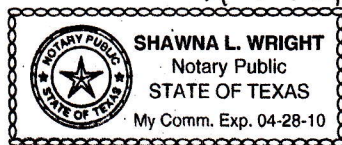
Shawna Wright
Notary Public in and for the State of Texas

State of Texas

County of

Before Me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared, **Brad Kolins**, Vice President of Bank of America, N.A., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said Bank in the capacity therein stated.

Given under my hand and seal of office this the 11th day of May, 2007



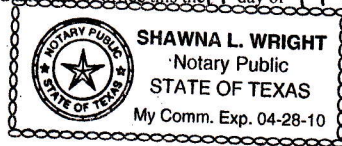
Shawna Wright
Notary Public in and for the State of Texas

State of Texas

County of

Before Me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared, **Brad Kolins**, Vice President of Bank of America, N.A., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said Bank in the capacity therein stated.

Given under my hand and seal of office this the 11th day of May, 2007



Shawna Wright
Notary Public in and for the State of Texas

State of Texas

County of

Before Me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared, **Brad Kolins**, Vice President of Bank of America, N.A., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said Bank in the capacity therein stated.

Given under my hand and seal of office this the 11th day of May, 2007

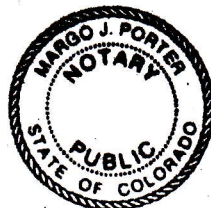
Shawna Wright
Notary Public in and for the State of Texas
SHAWNA L. WRIGHT
Notary Public
STATE OF TEXAS
My Comm. Exp. 04-28-10

State of Co.

County of Broomfield

Before Me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared, **Michael N. Austin**, President of **M&M Exploration, Inc.**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said Corporation in the capacity therein stated.

Given under my hand and seal of office this the 25 day of May, 2007



Margo J. Porter
Notary Public in and for the State of Colorado

Exhibit "A"

Attached to and made a part of the certain Oil and Gas Lease dated APRIL 23, 2007 by and between Bank of America, N.A. Trustee of the trust created under Trust Indenture dated December 30, 1935 with George H. Davis, Settlor (as to an undivided 5.335 percent interest); Bank of America, N.A., Trustee of the trust created by Article IV of the Last Will and Testament of Minerva Gundelfinger dated June 29, 1948 (as to an undivided 9.902 percent interest); Bank of America, N.A., Trustee of the trust created by Item II of the Ninth Codicil to the Last Will and Testament of George H. Davis dated April 11, 1955 (as to an undivided 4.850 percent interest); Bank of America, N.A., Trustee of the trust created by Article VIII of the Last Will and Testament of George H. Davis dated July 21, 1944, as amended (as to an undivided 57.502 percent interest); Bank of America, N.A., Trustee of the trust created by Article V of the Last Will and Testament of Elizabeth Otterman Davis dated June 11, 1959, as amended (as to an undivided 22.411 percent interest), as holder of ninety percent (90%) of the mineral estate and one hundred percent (100%) of the executory rights, whose Post Office address is: Bank of America, N.A., P. O. Box 830308, Dallas, TX 75283-0308, hereinafter called Lessor(s), and M&M Exploration, Inc., whose Post Office address is: 60 Garden Center, Suite 102, Broomfield, CO 80020, hereinafter called Lessee(s),

Township 33 South, Range 14 West

Section 30: Lots 3 & 4 and E/2SW/4 (151.85 acres)
Section 31: Lots 1, 2, 3 & 4, E/2W/2 and E/2 (623.40 acres)
Section 32: W/2NE/4, SE/4NW/4 and NE/4SW/4 (160 acres)

Township 34 South, Range 14 West

Section 4: SW/4 (160 acres)
Section 5: S/2, S/2NW/4 and Lots 3 & 4 (481.75 acres)
Section 6: Lots 1, 2, 3, 4, 5, 6, & 7, SE/4NW/4, E/2SW/4, S/2NE/4 and SE/4 (627.12 acres)

Conservation Division
Finney State Office Building
130 S. Market, Rm. 2078
Wichita, KS 67202-3802



Phone: 316-337-6200
Fax: 316-337-6211
<http://kcc.ks.gov/>

Mark Sievers, Chairman
Ward Loyd, Commissioner
Thomas E. Wright, Commissioner

Sam Brownback, Governor

March 13, 2012

Michael Austin
M & M Exploration, Inc.
4257 MAIN ST., #230
WESTMINSTER, CO 80031

Re: Drilling Pit Application
Z Bar 32-6
NW/4 Sec.32-33S-14W
Barber County, Kansas

Dear Michael Austin:

District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level and the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred. The fluids should be removed again within 96 hours after drilling operations have ceased.

If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

The fluids should be taken to an authorized disposal well. Please call the District Office at (620) 225-8888 when the fluids have been removed. Please file form CDP-5 (August 2008), Exploration and Production Waste Transfer, through KOLAR within 30 days of fluid removal.

A copy of this letter should be posted in the doghouse along with the approved Intent to Drill. If you have any questions or concerns please feel free to contact the District Office at (620) 225-8888.