

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

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

1073799

Form C-1

March 2010

Form must be Typed

Form must be Signed

All blanks must be Filled

NOTICE OF INTENT TO DRILL

	Surface Owner Notification Act, MUST be submitted with this form.
Expected Spud Date:	Spot Description:
	Sec Twp S. R E W
OPERATOR: License#	feet from N / S Line of Section
Name:	feet from E / W Line of Section
Address 1:	ls SECTION: Regular Irregular?
Address 2:	(Note: Locate well on the Section Plat on reverse side)
City: State: Zip: +	County:
Contact Person:Phone:	Lease Name: Well #:
r none	Field Name:
CONTRACTOR: License#	Is this a Prorated / Spaced Field?
Name:	Target Formation(s):
Well Drilled For: Well Class: Type Equipment:	Nearest Lease or unit boundary line (in footage):
Oil Enh Rec Infield Mud Rotary	Ground Surface Elevation:feet MSL
Gas Storage Pool Ext. Air Rotary	Water well within one-quarter mile:
Disposal Wildcat Cable	Public water supply well within one mile:
Seismic : # of Holes Other	Depth to bottom of fresh water:
Other:	Depth to bottom of usable water:
	Surface Pipe by Alternate: II II
If OWWO: old well information as follows:	Length of Surface Pipe Planned to be set:
Operator:	Length of Conductor Pipe (if any):
Well Name:	Projected Total Depth:
Original Completion Date: Original Total Depth:	Formation at Total Depth:
	Water Source for Drilling Operations:
Directional, Deviated or Horizontal wellbore? Yes No	Well Farm Pond Other:
If Yes, true vertical depth:	DWR Permit #:
Bottom Hole Location:	(Note: Apply for Permit with DWR)
KCC DKT #:	Will Cores be taken?
	If Yes, proposed zone:
ΔΕ	FIDAVIT
The undersigned hereby affirms that the drilling, completion and eventual plu	
It is agreed that the following minimum requirements will be met:	agging of the front him comply many against occurrence.
 Notify the appropriate district office <i>prior</i> to spudding of well; A copy of the approved notice of intent to drill <i>shall be</i> posted on each 	a drilling rig:
3. The minimum amount of surface pipe as specified below shall be set	
through all unconsolidated materials plus a minimum of 20 feet into th	
4. If the well is dry hole, an agreement between the operator and the dis	
5. The appropriate district office will be notified before well is either plugg	
6. If an ALTERNATE II COMPLETION, production pipe shall be cemented	· · · · · · · · · · · · · · · · · · ·
	133,891-C, which applies to the KCC District 3 area, alternate II cementing e plugged. <i>In all cases, NOTIFY district office</i> prior to any cementing.
made so completed within or days of the opad date of the work chair so	, proggod. In an eases, norm is allowed smoot prior to any contenting.
Submitted Electronically	
abilitiou Electronically	Remember to:
For KCC Use ONLY	
	- File Certification of Compliance with the Kansas Surface Owner Notification
API # 15	- File Certification of Compliance with the Kansas Surface Owner Notification Act (KSONA-1) with Intent to Drill;
API # 15 feet	- File Certification of Compliance with the Kansas Surface Owner Notification
API # 15	 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;
API # 15 feet	 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;
API # 15 feet Conductor pipe required feet Minimum surface pipe required feet per ALT I II	 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);
API # 15 feet Conductor pipe required feet Minimum surface pipe required feet per ALT I II Approved by:	 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;

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

Agent:

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

Side Two



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.

Location of Well: County:

Operator:	Location of Well: County:
Lease:	feet from N / S Line of Section
Well Number:	feet from E / W Line of Section
Field:	SecTwp S. R 🗌 E 🔲 W
Number of Acres attributable to well:	Is Section: Regular or Irregular
QTR/QTR/QTR of acreage:	
	If Section is Irregular, locate well from nearest corner boundary.
	Section corner used: NE NW SE SW
P	PLAT
	t lease or unit boundary line. Show the predicted locations of
	equired by the Kansas Surface Owner Notice Act (House Bill 2032).
You may attach a s	separate plat if desired. 2470 ft.
	:
	LEGEND
	O Well Location
	Tank Battery Location
	: Electric Line Location
	Lease Road Location
	·······
	1205EXAMPLE
24	
	: : : :
	1980' FSL
	:
	:
	: 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 OIL & GAS CONSERVATION DIVISION

073799

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: Emergency Pit Burn Pit Settling Pit Drilling Pit Workover Pit Haul-Off Pit (If WP Supply API No. or Year Drilled)	Pit is: Proposed Existing If Existing, date constructed: Pit capacity: (bbls)		SecTwpR East WestFeet from North / South Line of SectionFeet from East / West Line of SectionCounty
Is the pit located in a Sensitive Ground Water A	rea? Yes	No	Chloride concentration: mg/l (For Emergency Pits and Settling Pits only)
Is the bottom below ground level?	Artificial Liner?	No	How is the pit lined if a plastic liner is not used?
Pit dimensions (all but working pits):	Length (fee	et)	Width (feet) N/A: Steel Pits
If the pit is lined give a brief description of the li material, thickness and installation procedure.	ner		dures for periodic maintenance and determining any special monitoring.
		Depth to shallo Source of infor	west fresh water feet. nation:
feet Depth of water well	feet	measured	well owner electric log 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? Yes No Submitted Electronically		Type of materia Number of wor Abandonment	over and Haul-Off Pits ONLY: all utilized in drilling/workover: king pits to be utilized: procedure: de closed within 365 days of spud date.
	KCC	OFFICE USE O	NLY
Date Received: Permit Num	ber:	Perm	Liner Steel Pit RFAC RFAS t Date: Lease Inspection: Yes No



Kansas Corporation Commission Oil & Gas Conservation Division

1073799

Form KSONA-1
July 2010
Form Must Be Typed
Form must be Signed
All blanks must be Filled

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 (C	Cathodic Protection Borehole Intent) T-1 (Transfer) CP-1 (Plugging Application)
OPERATOR: License #	Well Location:
Name:	SecTwpS. R
Address 1:	County:
Address 2:	Lease Name: Well #:
City: State: Zip:+	If filing a Form T-1 for multiple wells on a lease, enter the legal description of
Contact Person:	the lease below:
Phone: () Fax: ()	
Email Address:	
Surface Owner Information:	
Name:	When filing a Form T-1 involving multiple surface owners, attach an additional
Address 1:	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
Address 2:	county, and in the real estate property tax records of the county treasurer.
City: State: Zip:+	
the KCC with a plat showing the predicted locations of lease roads, tank	dic Protection Borehole Intent), you must supply the surface owners and batteries, pipelines, and electrical lines. The locations shown on the plat the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.
Select one of the following:	
owner(s) of the land upon which the subject well is or will be loc CP-1 that I am filing in connection with this form; 2) if the form be form; and 3) my operator name, address, phone number, fax, and I have not provided this information to the surface owner(s). I ack KCC will be required to send this information to the surface owner(s).	cknowledge that, because I have not provided this information, the rner(s). To mitigate the additional cost of the KCC performing this
task, I acknowledge that I am being charged a \$30.00 handling If choosing the second option, submit payment of the \$30.00 handling form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-	fee with this form. If the fee is not received with this form, the KSONA-1
Submitted Electronically	_

OIL AND GAS LEASE

Form 88 (producers) Re. 1-83 Paid-Up Kansas – Oklahoma

THIS AGREEMENT, Entered into this 1 st day of April, 2010 Between James Schippers, a single person	
217 5 th Street	
Monument, KS 67747	hereinafter called Lessor,
and PARAMOUNT LAND, INC. P.O. BOX 1278, CIMARRON, KS 67835, herinafter called Le	ssee, does witness:
1. That Lessor, for and in consideration of the sum of	granted, leased, and let by these and, with any reversionary rights as to all or any part of the lands cal and other exploratory work saving all of the oil, gas, gas other gases, found thereon, the rata, and for constructing roads, a structures thereon necessary or s, to produce, save, take care of, into the subsurface strata, said

Section 24: SE/4

containing 160.00 acres, more or less.

- This lease shall remain in force for a term of _____ Three (3) ____ years (called "primary term") and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of the products covered by this lease is or can be produced.
- The lessee shall deliver to Lessor as royalty, free of cost, on the lease, or into the pipe line to which lessee may connect its wells the equal one-eighth (1/8th) part of all oil produced and saved from the leased premises, or at the lessee's option may pay to the Lessor for such one-eighth (1/8th) royalty the market price at the wellhead for oil of like grade and gravity prevailing on the day such oil is run into the pipeline or into storage tanks.
- The lessee shall pay to the Lessor, as a royalty, one-eighth (1/8th) of the proceeds received by the lessee from the sale of gas, gas condensate, gas distillate, casinghead gas, gas used for the manufacture of gasoline or any other product, and all other gases, including their constituent parts, produced from the land herein leased. If such gas is not sold by the lessee, lessee may pay or tender annually at or before the end of each yearly period during which such gas is not sold, as shut-in royalty, whether one or more wells, an amount equal to one dollar per net mineral acre, and while said shut in royalty is so paid or tendered, it will be considered under all provisions of this lease that gas is being produced in paying quantities. The first yearly period during which such gas is not sold shall begin on the date the first well is completed for production of gas.
- This lease is a paid-up lease and may be maintained during the primary term without further payments or drilling operations.
- In the event said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein then the royalties herein provided for shall be paid to said Lessor only in the proportion which his interest bears to the whole and undivided fee, however, in the event the title to any interest in said land should revert to Lessor, or his heirs, or his or their grantee, this lease shall cover such reversion.
- The lessee shall have the right to use free of cost, gas, oil and water found on said land for its operations thereon, except water from existing wells of the Lessor. The lessee shall bury its pipe below plow depth and shall pay damages caused by its operations to said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the Lessor. Lessee shall have the right at any time during, or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.
- If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee, and no change in ownership in the land or in the royalties or any sum due under this lease shall be binding on the lessee until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof, or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing the appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to Lessor of the full interest claimed, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, or administrator, executor, or heir of Lessor.
- If the leased premises are now or shall hereafter be owned in severalty or in separate tracts, the premises may nonetheless be developed and operated as one lease, and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may now or hereinafter be divided by sale, devisee, descent or otherwise, or to furnish separate measuring or receiving tanks.
- Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge in whole or in part taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such options it shall be subrogated to the rights of any holder thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty accruing hereunder.

- If after the expiration of the primary term, production of oil or gas should cease from any cause, this lease shall not terminate if lessee commences additional drilling or reworking operations within one hundred-twenty (120) days thereafter, or if at the expiration of the primary term, oil or gas is not being produced on said land, but lessee is then engaged in drilling or reworking operations thereon, then in either event, this lease shall remain in force so long as operations are prosecuted either on the same well or any other well thereafter commenced, with no cessation of more than one hundred-twenty (120) consecutive days, and if they result in production of oil or gas, this lease shall remain in effect so long thereafter as there is production of oil or gas under any provisions of this lease.
- 12. Lessee may at any time surrender or cancel this lease in whole or in part by delivering or mailing such release to the Lessor, or by placing same of record in the proper county. In case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion canceled shall cease and determine, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes.
- All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules, or regulations (and interpretations thereof) of all governmental agencies administering the same, and this lease shall not be in any way terminated wholly or partially nor shall the lessee be liable in damages for failure to comply with any or the express or implied provisions hereof if such failure accords with any such laws, orders, rules or regulations (or interpretations thereof). If lessee should be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction there over, the primary term of this lease shall continue and remain in full force and effect for all purposes.
- Lessee, at its option, is hereby given the right and power to pool or combine into one or more units the land covered by this lease, or any portion thereof, with other land covered by another lease, or leases when, in lessee's judgment, it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of such minerals in and under said land, such pooling to be in a unit or units not exceeding 80 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas and/or condensate or distillate well, plus a tolerance of ten (10%) to conform to Governmental Survey quarter sections. Lessee shall execute in writing and file for record in the county in which the land is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a unit or units shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on any part of the pooled acreage it shall be treated as if production is had from this lease whether any well is located on the land covered by this lease or not. Any well drilled on such unit shall be and constitute a well hereunder. In lieu of the royalties elsewhere herein specified Lessor shall receive on production from the unit so pooled only such portion of the royalty stipulated herein as the amount of his net royalty interest therein on an acreage basis bears to the total mineral acreage so pooled in the particular unit involved.
- 15. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said Lessor and lessee.

James Schippers

State of Kanaza

County of (

ACKNOWLEDGEMENT FOR INDIVIDUAL

This instrument was acknowledged to me this 12 day of March, 2010, by James Schippers, to me personally known to be the identical persons who executed the within and forgoing instrument and acknowledgement 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 tear last above written.

My commission expires:

CHERYL L. LEE
Notary Public - State of Kansas
Commission Expires
October 2 * 20 11

Notary Public

Chery L Lee

Type or Print Name

SEAL S

State of Kansas

Logan County

MICROFILMED ... INDEXED ...

OIL AND GAS LEASE

THIS AGREEMENT, Entered into this 1st day of April, 2010
Between Jerry Schippers and Lois Schippers, husband and wife
1531 Briargate Drive
Salina, KS 67401 hereinafter called Lessor,
and PARAMOUNT LAND, INC. P.O. BOX 1278, CIMARRON, KS 67835, herinafter called Lessee, does witness:
1. That Lessor, for and in consideration of the sum of
Township 11 South Range 33 West

Township 11 South, Range 33 West Section 24: SE/4

containing 160.00 acres, more or less.

- 2. This lease shall remain in force for a term of <u>Three (3)</u> years (called "primary term") and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of the products covered by this lease is or can be produced.
- 3. The lessee shall deliver to Lessor as royalty, free of cost, on the lease, or into the pipe line to which lessee may connect its wells the equal one-eighth $(1/8^{th})$ part of all oil produced and saved from the leased premises, or at the lessee's option may pay to the Lessor for such one-eighth $(1/8^{th})$ royalty the market price at the wellhead for oil of like grade and gravity prevailing on the day such oil is run into the pipeline or into storage tanks.
- 4. The lessee shall pay to the Lessor, as a royalty, one-eighth (1/8th) of the proceeds received by the lessee from the sale of gas, gas condensate, gas distillate, casinghead gas, gas used for the manufacture of gasoline or any other product, and all other gases, including their constituent parts, produced from the land herein leased. If such gas is not sold by the lessee, lessee may pay or tender annually at or before the end of each yearly period during which such gas is not sold, as shut-in royalty, whether one or more wells, an amount equal to one dollar per net mineral acre, and while said shut in royalty is so paid or tendered, it will be considered under all provisions of this lease that gas is being produced in paying quantities. The first yearly period during which such gas is not sold shall begin on the date the first well is completed for production of gas.
- 5. This lease is a paid-up lease and may be maintained during the primary term without further payments or drilling operations.
- 6. In the event said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein then the royalties herein provided for shall be paid to said Lessor only in the proportion which his interest bears to the whole and undivided fee, however, in the event the title to any interest in said land should revert to Lessor, or his heirs, or his or their grantee, this lease shall cover such reversion.
- 7. The lessee shall have the right to use free of cost, gas, oil and water found on said land for its operations thereon, except water from existing wells of the Lessor. The lessee shall bury its pipe below plow depth and shall pay damages caused by its operations to said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the Lessor. Lessee shall have the right at any time during, or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.
- 8. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee, and no change in ownership in the land or in the royalties or any sum due under this lease shall be binding on the lessee until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof, or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing the appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to Lessor of the full interest claimed, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, or administrator, executor, or heir of Lessor.
- 9. If the leased premises are now or shall hereafter be owned in severalty or in separate tracts, the premises may nonetheless be developed and operated as one lease, and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may now or hereinafter be divided by sale, devisee, descent or otherwise, or to furnish separate measuring or receiving tanks.
- 10. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge in whole or in part taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such options it shall be subrogated to the rights of any holder thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty accruing hereunder.

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- II. If after the expiration of the primary term, production of oil or gas should cease from any cause, this lease shall not terminate if lessee commences additional drilling or reworking operations within one hundred-twenty (120) days thereafter, or if at the expiration of the primary term, oil or gas is not being produced on said land, but lessee is then engaged in drilling or reworking operations thereon, then in either event, this lease shall remain in force so long as operations are prosecuted either on the same well or any other well thereafter commenced, with no cessation of more than one hundred-twenty (120) consecutive days, and if they result in production of oil or gas, this lease shall remain in effect so long thereafter as there is production of oil or gas under any provisions of this lease.
- Lessee may at any time surrender or cancel this lease in whole or in part by delivering or mailing such release to the Lessor, or by placing same of record in the proper county. In case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion canceled shall cease and determine, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes.
- 13. All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules, or regulations (and interpretations thereof) of all governmental agencies administering the same, and this lease shall not be in any way terminated wholly or partially nor shall the lessee be liable in damages for failure to comply with any or the express or implied provisions hereof if such failure accords with any such laws, orders, rules or regulations (or interpretations thereof). If lessee should be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction there over, the primary term of this lease shall continue and remain in full force and effect for all purposes.
- Lessee, at its option, is hereby given the right and power to pool or combine into one or more units the land covered by this lease, or any portion thereof, with other land covered by another lease, or leases when, in lessee's judgment, it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of such minerals in and under said land, such pooling to be in a unit or units not exceeding 80 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas and/or condensate or distillate well, plus a tolerance of ten (10%) to conform to Governmental Survey quarter sections. Lessee shall execute in writing and file for record in the county in which the land is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a unit or units shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on any part of the pooled acreage it shall be treated as if production is had from this lease whether any well is located on the land covered by this lease or not. Any well drilled on such unit shall be and constitute a well hereunder. In lieu of the royalties elsewhere herein specified Lessor shall receive on production from the unit so pooled only such portion of the royalty stipulated herein as the amount of his net royalty interest therein on an acreage basis bears to the total mineral acreage so pooled in the particular unit involved.
- 15. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said Lessor and lessee.

State of Kanses

County of Salina

ACKNOWLEDGEMENT FOR INDIVIDUAL

This instrument was acknowledged to me this 12 day of March, 2010, by Jerry Schippers, to me personally known to be the identical persons who executed the within and forgoing instrument and acknowledgement 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 tear last above written.

My commission expires: 7-17-2012

EMMA BIXBY

Note: A control of Kansas

Ny Appt Lightor 7-17-20(2)

Notary Public

Em rn 3 Bix bc)

Type or Print Name

State of Karnsas

ACKNOWLEDGEMENT FOR INDIVIDUAL

County of Salina

This instrument was acknowledged to me this 22 day of March, 2010, by Lois Schippers, to me personally known to be the identical persons who executed the within and forgoing instrument and acknowledgement 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 tear last above written.

My commission expires: T. 17. 2000

FMIVIA BIXBY
Notary Libro - State of Kansas
Dayles 7-17. 26(4)

Notary Public

Type or Print Name



State of Kansas ss

Logan County

Filed For Record Aug 5 20 10 AD about 5 20 10 AD Page 201-20

hppus

MICROFILMED -

OIL AND GAS LEASE

THIS AGREEMENT, Entered into this 1st day of April, 2010	
Between Timothy E. Schippers and Patricia M. Schippers, husban	nd and wife
3219 US 40	
Oakley, KS 67748	hereinafter called Lessor,
and PARAMOUNT LAND, INC. P.O. BOX 1278, CIMARRON, KS	67835, herinafter called Lessee, does witness:
1. That Lessor, for and in consideration of the sum ofcovenants and agreements hereinafter contained to be preformed by presents does hereby grant, lease, and let exclusively unto the lessee therein, and with the right to unitize this lease or any part thereof with covered thereby as hereinafter provided, for the purpose of carrying thereon, including core drilling and the drilling, mining, and open condensate, gas distillate, casinghead gasoline and their respective exclusive right of injecting water, brine, and other fluids and substallaying pipe lines, building tanks, storing oil, building power station convenient for the economical operation of said land alone or conjugated manufacture all of such substances, and the injection of water, tract of land being situated in the County of State of State of	the hereinafter described land, with any reversionary rights ith other oil and gas leases as to all or any part of the lands ng on geological, geophysical and other exploratory work erating for, producing and saving all of the oil, gas, gas constituent vapors, and all other gases, found thereon, the ances into the subsurface strata, and for constructing roads, as, electrical lines and other structures thereon necessary or intly with neighboring lands, to produce, save, take care of, brine, and other substances into the subsurface strata, said

Township 11 South, Range 33 West Section 24: SE/4

containing 160.00 acres, more or less.

- 2. This lease shall remain in force for a term of <u>Three (3)</u> years (called "primary term") and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of the products covered by this lease is or can be produced.
- 3. The lessee shall deliver to Lessor as royalty, free of cost, on the lease, or into the pipe line to which lessee may connect its wells the equal one-eighth $(1/8^{th})$ part of all oil produced and saved from the leased premises, or at the lessee's option may pay to the Lessor for such one-eighth $(1/8^{th})$ royalty the market price at the wellhead for oil of like grade and gravity prevailing on the day such oil is run into the pipeline or into storage tanks.
- 4. The lessee shall pay to the Lessor, as a royalty, one-eighth (1/8th) of the proceeds received by the lessee from the sale of gas, gas condensate, gas distillate, casinghead gas, gas used for the manufacture of gasoline or any other product, and all other gases, including their constituent parts, produced from the land herein leased. If such gas is not sold by the lessee, lessee may pay or tender annually at or before the end of each yearly period during which such gas is not sold, as shut-in royalty, whether one or more wells, an amount equal to one dollar per net mineral acre, and while said shut in royalty is so paid or tendered, it will be considered under all provisions of this lease that gas is being produced in paying quantities. The first yearly period during which such gas is not sold shall begin on the date the first well is completed for production of gas.
- 5. This lease is a paid-up lease and may be maintained during the primary term without further payments or drilling operations.
- 6. In the event said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein then the royalties herein provided for shall be paid to said Lessor only in the proportion which his interest bears to the whole and undivided fee, however, in the event the title to any interest in said land should revert to Lessor, or his heirs, or his or their grantee, this lease shall cover such reversion.
- 7. The lessee shall have the right to use free of cost, gas, oil and water found on said land for its operations thereon, except water from existing wells of the Lessor. The lessee shall bury its pipe below plow depth and shall pay damages caused by its operations to said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the Lessor. Lessee shall have the right at any time during, or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.
- 8. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee, and no change in ownership in the land or in the royalties or any sum due under this lease shall be binding on the lessee until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof, or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing the appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to Lessor of the full interest claimed, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, or administrator, executor, or heir of Lessor.
- 9. If the leased premises are now or shall hereafter be owned in severalty or in separate tracts, the premises may nonetheless be developed and operated as one lease, and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may now or hereinafter be divided by sale, devisee, descent or otherwise, or to furnish separate measuring or receiving tanks.
- 10. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge in whole or in part taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such options it shall be subrogated to the rights of any holder thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty accruing hereunder.

- If after the expiration of the primary term, production of oil or gas should cease from any cause, this lease shall not 11. terminate if lessee commences additional drilling or reworking operations within one hundred-twenty (120) days thereafter, or if at the expiration of the primary term, oil or gas is not being produced on said land, but lessee is then engaged in drilling or reworking operations thereon, then in either event, this lease shall remain in force so long as operations are prosecuted either on the same well or any other well thereafter commenced, with no cessation of more than one hundred-twenty (120) consecutive days, and if they result in production of oil or gas, this lease shall remain in effect so long thereafter as there is production of oil or gas under any provisions of this lease.
- Lessee may at any time surrender or cancel this lease in whole or in part by delivering or mailing such release to the Lessor, or by placing same of record in the proper county. In case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion canceled shall cease and determine, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes.
- All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules, or regulations (and interpretations thereof) of all governmental agencies administering the same, and this lease shall not be in any way terminated wholly or partially nor shall the lessee be liable in damages for failure to comply with any or the express or implied provisions hereof if such failure accords with any such laws, orders, rules or regulations (or interpretations thereof). If lessee should be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction there over, the primary term of this lease shall continue and remain in full force and effect for all purposes.
- Lessee, at its option, is hereby given the right and power to pool or combine into one or more units the land covered by 14. this lease, or any portion thereof, with other land covered by another lease, or leases when, in lessee's judgment, it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of such minerals in and under said land, such pooling to be in a unit or units not exceeding 80 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas and/or condensate or distillate well, plus a tolerance of ten (10%) to conform to Governmental Survey quarter sections. Lessee shall execute in writing and file for record in the county in which the land is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a unit or units shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on any part of the pooled acreage it shall be treated as if production is had from this lease whether any well is located on the land covered by this lease or not. Any well drilled on such unit shall be and constitute a well hereunder. In lieu of the royalties elsewhere herein specified Lessor shall receive on production from the unit so pooled only such portion of the royalty stipulated herein as the amount of his net royalty interest therein on an acreage basis bears to the total mineral acreage so pooled in the particular unit involved.
- This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said Lessor 15. and lessee.

Patricia M. Schippers State of

ACKNOWLEDGEMENT FOR INDIVIDUAL

County of

This instrument was acknowledged to me this _/ day of March, 2010, by Timothy E. Schippers, to me personally known to be the identical persons who executed the within and forgoing instrument and acknowledgement 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 tear last above written.

My commission expires:

CRYSTAL BUCKER MY COMMISSION EXPIRES oi v 10 17

State of KANSAS

ACKNOWLEDGEMENT FOR INDIVIDUAL

County of LOGAN

day of , 2010, by Patricia M. Schippers, to me This instrument was acknowledged to me this personally known to be the identical persons who executed the within and forgoing instrument and acknowledgement 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 tear last above written.

My commission expires:

Notary Public

Type or Print Name

SEAL

MATT PETERS Notary Public - State of Kansas My Appt. Expires September 8, 2010

State of Kansas Logan County

NDEXED .

OIL AND GAS LEASE

THIS AGREEMENT, Entered into this 1st day of April, 2010	
Between James Schippers, a single person	
217 5 th Street	
Monument, KS 67747	hereinafter called Lessor,
and PARAMOUNT LAND, INC. P.O. BOX 1278, CIMARRON, KS 67835, herinafter called Lessee	, does witness:
1. That Lessor, for and in consideration of the sum of dol	lars in hand paid and of the
covenants and agreements hereinafter contained to be preformed by the lessee, has this day grant	ted, leased, and let by these
presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land,	with any reversionary rights
therein, and with the right to unitize this lease or any part thereof with other oil and gas leases as to	o all or any part of the lands

covenants and agreements hereinafter contained to be preformed by the lessee, has this day granted, leased, and let by these presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land, with any reversionary rights therein, and with the right to unitize this lease or any part thereof with other oil and gas leases as to all or any part of the lands covered thereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work thereon, including core drilling and the drilling, mining, and operating for, producing and saving all of the oil, gas, gas condensate, gas distillate, casinghead gasoline and their respective constituent vapors, and all other gases, found thereon, the exclusive right of injecting water, brine, and other fluids and substances into the subsurface strata, and for constructing roads, laying pipe lines, building tanks, storing oil, building power stations, electrical lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and the injection of water, brine, and other substances into the subsurface strata, said tract of land being situated in the County of Logan State of Kansas and described as follows, to wit:

Township 11 South, Range 33 West Section 24: NE/4

containing 160.00 acres, more or less.

- 2. This lease shall remain in force for a term of <u>Three (3)</u> years (called "primary term") and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of the products covered by this lease is or can be produced.
- 3. The lessee shall deliver to Lessor as royalty, free of cost, on the lease, or into the pipe line to which lessee may connect its wells the equal one-eighth $(1/8^{th})$ part of all oil produced and saved from the leased premises, or at the lessee's option may pay to the Lessor for such one-eighth $(1/8^{th})$ royalty the market price at the wellhead for oil of like grade and gravity prevailing on the day such oil is run into the pipeline or into storage tanks.
- 4. The lessee shall pay to the Lessor, as a royalty, one-eighth (1/8th) of the proceeds received by the lessee from the sale of gas, gas condensate, gas distillate, casinghead gas, gas used for the manufacture of gasoline or any other product, and all other gases, including their constituent parts, produced from the land herein leased. If such gas is not sold by the lessee, lessee may pay or tender annually at or before the end of each yearly period during which such gas is not sold, as shut-in royalty, whether one or more wells, an amount equal to one dollar per net mineral acre, and while said shut in royalty is so paid or tendered, it will be considered under all provisions of this lease that gas is being produced in paying quantities. The first yearly period during which such gas is not sold shall begin on the date the first well is completed for production of gas.
- 5. This lease is a paid-up lease and may be maintained during the primary term without further payments or drilling operations.
- 6. In the event said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein then the royalties herein provided for shall be paid to said Lessor only in the proportion which his interest bears to the whole and undivided fee, however, in the event the title to any interest in said land should revert to Lessor, or his heirs, or his or their grantee, this lease shall cover such reversion.
- 7. The lessee shall have the right to use free of cost, gas, oil and water found on said land for its operations thereon, except water from existing wells of the Lessor. The lessee shall bury its pipe below plow depth and shall pay damages caused by its operations to said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the Lessor. Lessee shall have the right at any time during, or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.
- 8. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee, and no change in ownership in the land or in the royalties or any sum due under this lease shall be binding on the lessee until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof, or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing the appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to Lessor of the full interest claimed, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, or administrator, executor, or heir of Lessor.
- 9. If the leased premises are now or shall hereafter be owned in severalty or in separate tracts, the premises may nonetheless be developed and operated as one lease, and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may now or hereinafter be divided by sale, devisee, descent or otherwise, or to furnish separate measuring or receiving tanks.
- 10. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge in whole or in part taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such options it shall be subrogated to the rights of any holder thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty accruing hereunder.

- 11. If after the expiration of the primary term, production of oil or gas should cease from any cause, this lease shall not terminate if lessee commences additional drilling or reworking operations within one hundred-twenty (120) days thereafter, or if at the expiration of the primary term, oil or gas is not being produced on said land, but lessee is then engaged in drilling or reworking operations thereon, then in either event, this lease shall remain in force so long as operations are prosecuted either on the same well or any other well thereafter commenced, with no cessation of more than one hundred-twenty (120) consecutive days, and if they result in production of oil or gas, this lease shall remain in effect so long thereafter as there is production of oil or gas under any provisions of this lease.
- Lessee may at any time surrender or cancel this lease in whole or in part by delivering or mailing such release to the Lessor, or by placing same of record in the proper county. In case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion canceled shall cease and determine, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes.
- All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules, or regulations (and interpretations thereof) of all governmental agencies administering the same, and this lease shall not be in any way terminated wholly or partially nor shall the lessee be liable in damages for failure to comply with any or the express or implied provisions hereof if such failure accords with any such laws, orders, rules or regulations (or interpretations thereof). If lessee should be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction there over, the primary term of this lease shall continue and remain in full force and effect for all purposes.
- Lessee, at its option, is hereby given the right and power to pool or combine into one or more units the land covered by this lease, or any portion thereof, with other land covered by another lease, or leases when, in lessee's judgment, it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of such minerals in and under said land, such pooling to be in a unit or units not exceeding 80 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas and/or condensate or distillate well, plus a tolerance of ten (10%) to conform to Governmental Survey quarter sections. Lessee shall execute in writing and file for record in the county in which the land is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a unit or units shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on any part of the pooled acreage it shall be treated as if production is had from this lease whether any well is located on the land covered by this lease or not. Any well drilled on such unit shall be and constitute a well hereunder. In lieu of the royalties elsewhere herein specified Lessor shall receive on production from the unit so pooled only such portion of the royalty stipulated herein as the amount of his net royalty interest therein on an acreage basis bears to the total mineral acreage so pooled in the particular unit involved.
- 15. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said Lessor and lessee.

ACKNOWLEDGEMENT FOR INDIVIDUAL

County of

State of Kamaad

15 m day of March, 2010, by James Schippers, to me personally This instrument was acknowledged to me this known to be the identical persons who executed the within and forgoing instrument and acknowledgement 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 tear last above written.

My commission expires:

CHERYL L. LEE Notary Public - State of Kansas Commission Expires October 22 2011

Type or Print Name

State of Kansas

MICROFILMED -INDEXED >

OIL AND GAS LEASE

THIS AGREEMENT, Entered into this 1 st day of April, 2010	
Between Jerry Schippers and Lois Schippers, husband and wife	
1531 Briargate Drive	
Salina, KS 67401	hereinafter called Lessor,
and PARAMOUNT LAND, INC. P.O. BOX 1278, CIMARRON, KS 67835, her	inafter called Lessee, does witness:
That I seem for and in consideration of the sum of	More dellars in hand noid and of the

1. That Lessor, for and in consideration of the sum of Ten and More dollars in hand paid and of the covenants and agreements hereinafter contained to be preformed by the lessee, has this day granted, leased, and let by these presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land, with any reversionary rights therein, and with the right to unitize this lease or any part thereof with other oil and gas leases as to all or any part of the lands covered thereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work thereon, including core drilling and the drilling, mining, and operating for, producing and saving all of the oil, gas, gas condensate, gas distillate, casinghead gasoline and their respective constituent vapors, and all other gases, found thereon, the exclusive right of injecting water, brine, and other fluids and substances into the subsurface strata, and for constructing roads, laying pipe lines, building tanks, storing oil, building power stations, electrical lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and the injection of water, brine, and other substances into the subsurface strata, said tract of land being situated in the County of Logan State of Kansas and described as follows, to wit:

Township 11 South, Range 33 West

Section 24: NE/4

containing 160.00 acres, more or less.

- 2. This lease shall remain in force for a term of <u>Three (3)</u> years (called "primary term") and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of the products covered by this lease is or can be produced.
- 3. The lessee shall deliver to Lessor as royalty, free of cost, on the lease, or into the pipe line to which lessee may connect its wells the equal one-eighth $(1/8^{th})$ part of all oil produced and saved from the leased premises, or at the lessee's option may pay to the Lessor for such one-eighth $(1/8^{th})$ royalty the market price at the wellhead for oil of like grade and gravity prevailing on the day such oil is run into the pipeline or into storage tanks.
- 4. The lessee shall pay to the Lessor, as a royalty, one-eighth (1/8th) of the proceeds received by the lessee from the sale of gas, gas condensate, gas distillate, casinghead gas, gas used for the manufacture of gasoline or any other product, and all other gases, including their constituent parts, produced from the land herein leased. If such gas is not sold by the lessee, lessee may pay or tender annually at or before the end of each yearly period during which such gas is not sold, as shut-in royalty, whether one or more wells, an amount equal to one dollar per net mineral acre, and while said shut in royalty is so paid or tendered, it will be considered under all provisions of this lease that gas is being produced in paying quantities. The first yearly period during which such gas is not sold shall begin on the date the first well is completed for production of gas.
- 5. This lease is a paid-up lease and may be maintained during the primary term without further payments or drilling operations.
- 6. In the event said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein then the royalties herein provided for shall be paid to said Lessor only in the proportion which his interest bears to the whole and undivided fee, however, in the event the title to any interest in said land should revert to Lessor, or his heirs, or his or their grantee, this lease shall cover such reversion.
- 7. The lessee shall have the right to use free of cost, gas, oil and water found on said land for its operations thereon, except water from existing wells of the Lessor. The lessee shall bury its pipe below plow depth and shall pay damages caused by its operations to said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the Lessor. Lessee shall have the right at any time during, or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.
- 8. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee, and no change in ownership in the land or in the royalties or any sum due under this lease shall be binding on the lessee until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof, or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing the appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to Lessor of the full interest claimed, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, or administrator, executor, or heir of Lessor.
- 9. If the leased premises are now or shall hereafter be owned in severalty or in separate tracts, the premises may nonetheless be developed and operated as one lease, and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may now or hereinafter be divided by sale, devisee, descent or otherwise, or to furnish separate measuring or receiving tanks.
- 10. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge in whole or in part taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such options it shall be subrogated to the rights of any holder thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty accruing hereunder.

The standard and

- If after the expiration of the primary term, production of oil or gas should cease from any cause, this lease shall not terminate if lessee commences additional drilling or reworking operations within one hundred-twenty (120) days thereafter, or if at the expiration of the primary term, oil or gas is not being produced on said land, but lessee is then engaged in drilling or reworking operations thereon, then in either event, this lease shall remain in force so long as operations are prosecuted either on the same well or any other well thereafter commenced, with no cessation of more than one hundred-twenty (120) consecutive days, and if they result in production of oil or gas, this lease shall remain in effect so long thereafter as there is production of oil or gas under any provisions of this lease.
- Lessee may at any time surrender or cancel this lease in whole or in part by delivering or mailing such release to the Lessor, or by placing same of record in the proper county. In case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion canceled shall cease and determine, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes.
- All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules, or regulations (and interpretations thereof) of all governmental agencies administering the same, and this lease shall not be in any way terminated wholly or partially nor shall the lessee be liable in damages for failure to comply with any or the express or implied provisions hereof if such failure accords with any such laws, orders, rules or regulations (or interpretations thereof). If lessee should be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction there over, the primary term of this lease shall continue and remain in full force and
- Lessee, at its option, is hereby given the right and power to pool or combine into one or more units the land covered by this lease, or any portion thereof, with other land covered by another lease, or leases when, in lessee's judgment, it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of such minerals in and under said land, such pooling to be in a unit or units not exceeding 80 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas and/or condensate or distillate well, plus a tolerance of ten (10%) to conform to Governmental Survey quarter sections. Lessee shall execute in writing and file for record in the county in which the land is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a unit or units shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on any part of the pooled acreage it shall be treated as if production is had from this lease whether any well is located on the land covered by this lease or not. Any well drilled on such unit shall be and constitute a well hereunder. In lieu of the royalties elsewhere herein specified Lessor shall receive on production from the unit so pooled only such portion of the royalty stipulated herein as the amount of his net royalty interest therein on an acreage basis bears to the total mineral acreage so pooled in the particular unit involved.
- This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said Lessor 15.

Jerry Schippers

chippers

State of Kansas

ACKNOWLEDGEMENT FOR INDIVIDUAL

County of Saline

day of March, 2010, by Jerry Schippers, to me personally This instrument was acknowledged to me this known to be the identical persons who executed the within and forgoing instrument and acknowledgement 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 tear last above written.

7-17-2010 My commission expires:

> EMMA BIXBY Public - State of Kansas Emil C April Expres

Notary Public Emma Type or Print Name

State of Kansas

ACKNOWLEDGEMENT FOR INDIVIDUAL

County of Saline

day of March, 2010, by Lois Schippers, to me personally This instrument was acknowledged to me this 12= known to be the identical persons who executed the within and forgoing instrument and acknowledgement 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 tear last above written.

My commission expires: 7-17-20(0)

EMMA BIXBY Notary Public - State of Kansas No Appl Englis 7-17-2016

Notary Public Emar

Type or Print Name

SEAL

State of Kansas

Logan County

sserman Register of Deeds

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OIL AND GAS LEASE

Between Timothy E. Schippers and Patricia M. Schippers, husband and wife 3219 US 40 Oakley, KS 67748 hereinafter called and PARAMOUNT LAND, INC. P.O. BOX 1278, CIMARRON, KS 67835, herinafter called Lessee, does witness:		
1. That Lessor, for and in consideration of the sum of Ten and More dollars in hand paid and of the covenants and agreements hereinafter contained to be preformed by the lessee, has this day granted, leased, and let by these presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land, with any reversionary rights therein, and with the right to unitize this lease or any part thereof with other oil and gas leases as to all or any part of the lands covered thereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work thereon, including core drilling and the drilling, mining, and operating for, producing and saving all of the oil, gas, gas condensate, gas distillate, casinghead gasoline and their respective constituent vapors, and all other gases, found thereon, the exclusive right of injecting water, brine, and other fluids and substances into the subsurface strata, and for constructing roads, laying pipe lines, building tanks, storing oil, building power stations, electrical lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and the injection of water, brine, and other substances into the subsurface strata, said tract of land being situated in the County ofLogan State of _Kansas and described as follows, to wit:		

Township 11 South, Range 33 West Section 24: NE/4

containing 160.00 acres, more or less.

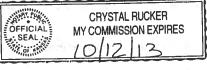
- 2. This lease shall remain in force for a term of <u>Three (3)</u> years (called "primary term") and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of the products covered by this lease is or can be produced.
- 3. The lessee shall deliver to Lessor as royalty, free of cost, on the lease, or into the pipe line to which lessee may connect its wells the equal one-eighth $(1/8^{th})$ part of all oil produced and saved from the leased premises, or at the lessee's option may pay to the Lessor for such one-eighth $(1/8^{th})$ royalty the market price at the wellhead for oil of like grade and gravity prevailing on the day such oil is run into the pipeline or into storage tanks.
- 4. The lessee shall pay to the Lessor, as a royalty, one-eighth (1/8th) of the proceeds received by the lessee from the sale of gas, gas condensate, gas distillate, casinghead gas, gas used for the manufacture of gasoline or any other product, and all other gases, including their constituent parts, produced from the land herein leased. If such gas is not sold by the lessee, lessee may pay or tender annually at or before the end of each yearly period during which such gas is not sold, as shut-in royalty, whether one or more wells, an amount equal to one dollar per net mineral acre, and while said shut in royalty is so paid or tendered, it will be considered under all provisions of this lease that gas is being produced in paying quantities. The first yearly period during which such gas is not sold shall begin on the date the first well is completed for production of gas.
- 5. This lease is a paid-up lease and may be maintained during the primary term without further payments or drilling operations.
- 6. In the event said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein then the royalties herein provided for shall be paid to said Lessor only in the proportion which his interest bears to the whole and undivided fee, however, in the event the title to any interest in said land should revert to Lessor, or his heirs, or his or their grantee, this lease shall cover such reversion.
- 7. The lessee shall have the right to use free of cost, gas, oil and water found on said land for its operations thereon, except water from existing wells of the Lessor. The lessee shall bury its pipe below plow depth and shall pay damages caused by its operations to said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the Lessor. Lessee shall have the right at any time during, or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.
- 8. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee, and no change in ownership in the land or in the royalties or any sum due under this lease shall be binding on the lessee until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof, or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing the appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to Lessor of the full interest claimed, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, or administrator, executor, or heir of Lessor.
- 9. If the leased premises are now or shall hereafter be owned in severalty or in separate tracts, the premises may nonetheless be developed and operated as one lease, and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may now or hereinafter be divided by sale, devisee, descent or otherwise, or to furnish separate measuring or receiving tanks.
- 10. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge in whole or in part taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such options it shall be subrogated to the rights of any holder thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty accruing hereunder.

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- If after the expiration of the primary term, production of oil or gas should cease from any cause, this lease shall not terminate if lessee commences additional drilling or reworking operations within one hundred-twenty (120) days thereafter, or if at the expiration of the primary term, oil or gas is not being produced on said land, but lessee is then engaged in drilling or reworking operations thereon, then in either event, this lease shall remain in force so long as operations are prosecuted either on the same well or any other well thereafter commenced, with no cessation of more than one hundred-twenty (120) consecutive days, and if they result in production of oil or gas, this lease shall remain in effect so long thereafter as there is production of oil or gas under any provisions of this lease.
- Lessee may at any time surrender or cancel this lease in whole or in part by delivering or mailing such release to the 12. Lessor, or by placing same of record in the proper county. In case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion canceled shall cease and determine, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes.
- All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules, or regulations (and interpretations thereof) of all governmental agencies administering the same, and this lease shall not be in any way terminated wholly or partially nor shall the lessee be liable in damages for failure to comply with any or the express or implied provisions hereof if such failure accords with any such laws, orders, rules or regulations (or interpretations thereof). If lessee should be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction there over, the primary term of this lease shall continue and remain in full force and effect for all purposes.
- Lessee, at its option, is hereby given the right and power to pool or combine into one or more units the land covered by this lease, or any portion thereof, with other land covered by another lease, or leases when, in lessee's judgment, it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of such minerals in and under said land, such pooling to be in a unit or units not exceeding 80 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas and/or condensate or distillate well, plus a tolerance of ten (10%) to conform to Governmental Survey quarter sections. Lessee shall execute in writing and file for record in the county in which the land is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a unit or units shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on any part of the pooled acreage it shall be treated as if production is had from this lease whether any well is located on the land covered by this lease or not. Any well drilled on such unit shall be and constitute a well hereunder. In lieu of the royalties elsewhere herein specified Lessor shall receive on production from the unit so pooled only such portion of the royalty stipulated herein as the amount of his net royalty interest therein on an acreage basis bears to the total mineral acreage so pooled in the particular unit involved.
- This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said Lessor 15. and lessee.

Timothy E. Schippers	Patricia M. Schippers Patricia M. Schippers
State of ACKNOWLE	DGEMENT FOR INDIVIDUAL
personally known to be the identical persons who e acknowledged to me that they executed the same as the forth	his 15 day of March, 2010, by Timothy E. Schippers, to me executed the within and forgoing instrument and acknowledgement and neir free and voluntary act and deed for the uses and purposes therein see the true that and and official seal the day and tear last above written.
My commission expires:	



Type or Print Name

State of Kansaus

ACKNOWLEDGEMENT FOR INDIVIDUAL

County of Logan

This instrument was acknowledged to me this day of March, 2010, by Patricia M. Schippers, to me personally known to be the identical persons who executed the within and forgoing instrument and acknowledgement 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 tear last above written.

My commission expires:

MATT PETERS

Notary Public - State of Kansas

My Appt. Expires September 8, 2010

ETERS Type or Print Name

State of Kánsas

Logan County

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For KCC Use ONLY	
API # 15	

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

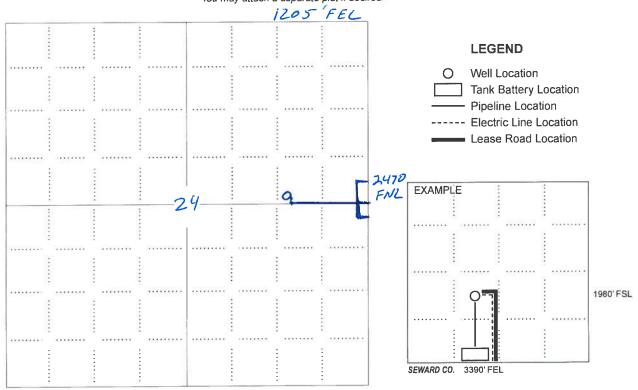
In all cases, please fully complete this side of the form. Include items 1 through 5 at the bottom of this page.

Operator: HARTMAN OIL CO., INC. Lease: SCHIPPERS	Location of Well: County: LOGAN 2 470 feet from N / S Line of Section
Well Number: 1-24 Field: WILDCAT	feet from E / W Line of Section Sec. 24 Twp. 11 S. R. 33 E / W
Number of Acres attributable to well: QTR/QTR/QTR/QTR of acreage: SW - SW - SE - NE	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.



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

LOGAN CO, KS

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).
- 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 OIL & GAS CONSERVATION DIVISION

Form KSONA-1
July 2010
Form Must Be Typed
Form must be Signed
All blanks must be Filled

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.

OPERATOR: License # 30535	Well Location:
Name: HARTMAN OIL CO., INC.	SW_SW_SE_NE_Sec. 24 Twp. 11 S. R. 33 Eas X West
Address 1: 10500 E. BERKELEY SQUARE	County: LOGAN
Address 2:	Lease Name: SCHIPPERS Well #: 1-24
City: WICHITA State: KS Zip: 67206 +	If filing a Form T-1 for multiple wells on a lease, enter the legal description o the lease below:
Contact Person STAN MITCHELL	
Phone: (620) 272-3988 Fax: ()	
Email Address:	
Surface Owner Information:	
Name: JERRY & LOIS SCHIPPERS	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
Address 1: 1531 BRIARGATE DRIVE	owner information can be found in the records of the register of deeds for the
//ddi 033 E.	county, and in the real estate property tax records of the county treasurer.
City: SALINA State: KS Zip: 67401 +	
the KCC with a plat showing the predicted locations of lease roads, tan are preliminary non-binding estimates. The locations may be entered of Select one of the following:	odic Protection Borehole Intent), you must supply the surface owners and it batteries, pipelines, and electrical lines. The locations shown on the plat on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted. Act (House Bill 2022). I have provided the following to the surface.
owner(s) of the land upon which the subject well is or will be	Act (House Bill 2032), I have provided the following to the surface located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form being filed is a Form C-1 or Form CB-1, the plat(s) required by this and email address.
I have not provided this information to the surface owner(s). It is KCC will be required to send this information to the surface of task, I acknowledge that I am being charged a \$30.00 handling	acknowledge that, because I have not provided this information, the wner(s). To mitigate the additional cost of the KCC performing this g fee, payable to the KCC, which is enclosed with this form.
If choosing the second option, submit payment of the \$30.00 handling form and the associated Form C-1, Form CB-1, Form T-1, or Form CP	g fee with this form. If the fee is not received with this form, the KSONA-1 -1 will be returned.
I hereby certify that the statements made herein are true and correct to Date: 2/10/12 Signature of Operator or Agent:	the best of my knowledge and belief. Title: 60000.5T

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

Form KSONA-1
July 2010
Form Must Be Typed
Form must be Signed
All blanks must be Filled

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Any such form submitted without an accompanying Form KSONA-1 will be returned.

OPERATOR: License # 30535 Name: HARTMAN OIL CO., INC.	Well Location: SW_SW_SE_NE_Sec. 24 Twp. 11 S. R. 33 Eas X West
Address 1: 10500 E. BERKELEY SQUARE	
Address 2:	County: LOGAN Lease Name: SCHIPPERS Well #: 1-24
City: WICHITA State: KS Zip: 67206 +	If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:
Contact Person: STAN MITCHELL	
Phone: (620) 272-3988 Fax: ()	
Email Address:	
Surface Owner Information: Name: TIMOTHY & PATRICIA SCHIPPERS	When filing a Form T-1 involving multiple surface owners, attach an additional
Address 1: 3219 US 40	sheet listing all of the information to the left for each surface owner. Surface
Address 2:	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.
City: OAKLEY State: KS Zip: 67748 +	
the KCC with a plat showing the predicted locations of lease roads, tank	dic Protection Borehole Intent), you must supply the surface owners and a batteries, pipelines, and electrical lines. The locations shown on the plat in 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 A owner(s) of the land upon which the subject well is or will be let CP-1 that I am filing in connection with this form; 2) if the form form; and 3) my operator name, address, phone number, fax, a	ocated: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form being filed is a Form C-1 or Form CB-1, the plat(s) required by this
I have not provided this information to the surface owner(s). I a KCC will be required to send this information to the surface ow task, I acknowledge that I am being charged a \$30.00 handling	cknowledge that, because I have not provided this information, the vner(s). To mitigate the additional cost of the KCC performing this lee, payable to the KCC, which is enclosed with this form.
If choosing the second option, submit payment of the \$30.00 handling form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-	fee with this form. If the fee is not received with this form, the KSONA-1 will be returned.
I hereby certify that the statements made herein are true and correct to	the best of my knowledge and belief. Title: 60000615 T