

Well will not be drilled or Permit Expired Date: _

Signature of Operator or Agent:

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

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

1086260

Form C-1

March 2010

Form must be Typed

Form must be Signed

All blanks must be Filled

NOTICE OF INTENT TO DRILL

Expected Spud Date:	Spot Description:
month day year	Sec Twp S. R
DPERATOR: License#	(Q/Q/Q/Q) feet from N / S Line of Section
Name:	feet from E / W Line of Section
ddress 1:	Is SECTION: Regular Irregular?
ddress 2:	(Note: Locate well on the Section Plat on reverse side)
State: Zip: +	County:
Contact Person:	Lease Name: Well #:
hone:	Field Name:
CONTRACTOR: License#	Is this a Prorated / Spaced Field?
lame:	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 MS
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:
If OWWO: old well information as follows:	Surface Pipe by Alternate: I II
	Length of Surface Pipe Planned to be set: Length of Conductor Pipe (if any):
Operator:	Projected Total Depth:
Well Name: Original Total Depth:	Formation at Total Depth:
Original Completion Date Original Total Deptil	Water Source for Drilling Operations:
Directional, Deviated or Horizontal wellbore?	Well Farm Pond Other:
f Yes, true vertical depth:	DWR Permit #:
Bottom Hole Location:	(Note: Apply for Permit with DWR)
(CC DKT #:	Will Cores be taken?
	If Yes, proposed zone:
AFF	IDAVIT
	IDAVIT
The undersigned hereby affirms that the drilling, completion and eventual plu	IDAVIT
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The undersigned hereby affirms that the drilling, completion and eventual plu	IDAVIT gging of this well will comply with K.S.A. 55 et. seq.
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Side Two



For KCC Use ONLY	
API # 15	

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

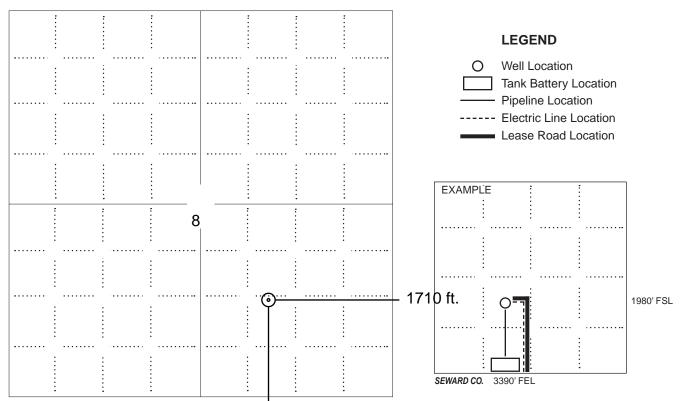
In all cases, please fully complete this side of the form. Include items 1 through 5 at the bottom of this page.

Operator:	Location of Well: County:
Lease:	feet from N / S Line of Section
Well Number:	feet from E / W Line of Section
Field:	SecTwpS. R 🔲 E 📗 W
Number of Acres attributable to well:	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.

1325 ft.

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

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



KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

1086260

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) Is the pit located in a Sensitive Ground Water A	Pit is: Proposed If Existing, date con Pit capacity: Trea? Yes	Existing nstructed: (bbls)	SecTwp R East West Feet from North / South Line of Section Feet from East / West Line of Section County mg/l
Is the bottom below ground level?	Artificial Liner?	No	(For Emergency Pits and Settling Pits only) How is the pit lined if a plastic liner is not used?
Pit dimensions (all but working pits): Depth fro	Length (fee		
If the pit is lined give a brief description of the li material, thickness and installation procedure.	ner		dures for periodic maintenance and determining acluding any special monitoring.
Distance to nearest water well within one-mile of pit:		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 work Abandonment p Drill pits must b	over and Haul-Off Pits ONLY: all utilized in drilling/workover: king pits to be utilized: procedure: per closed within 365 days of spud date.
	KCC	OFFICE USE O	NLY Liner Steel Pit RFAC RFAS
Date Received: Permit Num	ber:	Permi	t Date: Lease Inspection: Yes No



Kansas Corporation Commission Oil & Gas Conservation Division

1086260

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 (CB-1)	Cathodic Protection Borehole Intent) T-1 (Transfer) CP-1 (Plugging Application)
OPERATOR: License #	Well Location:
Name:	SecTwpS. R East
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:	
the KCC with a plat showing the predicted locations of lease roads, tank	dic Protection Borehole Intent), you must supply the surface owners and k 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.
☐ 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 to CP-1 that I am filing in connection with this form; 2) if the form to form; and 3) my operator name, address, phone number, fax, at ☐ I have not provided this information to the surface owner(s). I at KCC will be required to send this information to the surface owner(s).	cknowledge that, because I have not provided this information, the vner(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	



Lario Oil & Gas Company

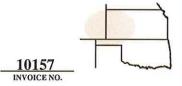
Pro-Stake LLC

Oil Field & Construction Site Staking

P.O. Box 2324 Office/Fax: (620) 276-6159

32w

Rng.



t351532-L PLAT NO.

Garden City, Kansas 67846 Cell: (620) 272-1499

> Rose Been Unit #1-8 LEASE NAME

1325' FSL - 1710' FEL

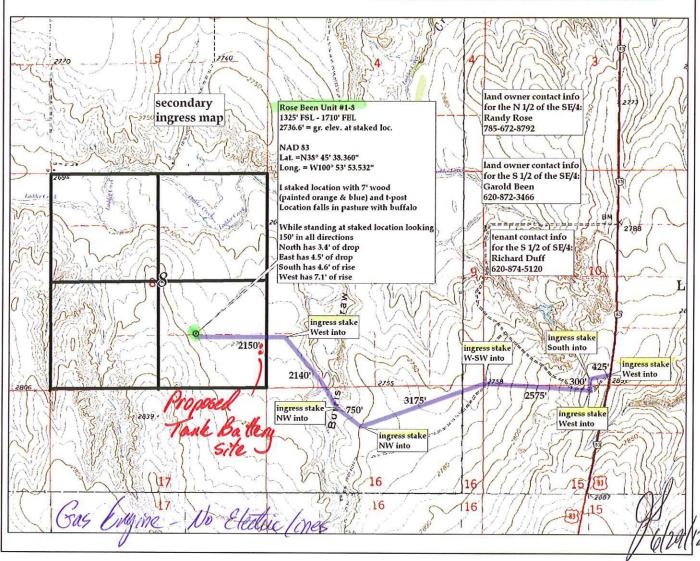
LOCATION SPOT

Logan County, KS 15s COUNTY Twp. N/A SCALE: June 26th, 2012 DATE STAKED: Luke R. MEASURED BY: Luke R. DRAWN BY: AUTHORIZED BY: Jay S. & Larry This drawing does not constitute a monumented survey or a land survey plat. This drawing is for construction purposes only.

GR. ELEVATION: 2736.6

Directions: From the center of Scott City Ks at the intersection of Hwy 96 & Hwy 83 - Now go 19.8 miles North on Hwy 83 to ingress stake West into - Now go approx. 425' West through pasture to ingress stake South into - Now go approx. 300' South to ingress stake West into - Now go approx. 2575' West through pasture to ingress stake W-SW into at gate - Now go approx. 3175' W-SW through pasture to ingress stake NW into - Now go approx. 750' NW through pasture to ingress stake NW into - Now go approx. 2140' NW through pasture to ingress stake West into -Now go approx. 2150' West through pasture with buffalo - Now go 6' North through pasture into staked location.

Final ingress must be verified with land owner or Operator.



Pose Boen Mit 1-8

OIL AND GAS LEASE

All the state of t	
THIS AGREEMENT, Entered into this 9th day of June, 2008, betwee llene Rose, Trustee under the Rose Family Trust U/T/I 6/29/06 and Trust	en
llene Rose, Trustee under the Rose Family Trust U/1/16/29/06 and Trust	tee under the
Rose Survivor Trust U/T/I 6/29/06 325 Smoky Hill, Oakley, Kansas 67748	, hereinafter called lessor
and SAPPHIRE ENERGY, INC., 155 N. Market, Ste. 910, Wichita, Kansas 67202, hereinafter 1. That lessor, for and in consideration of the sum ofOne_(1) and more_ covenants and agreements hereinafter contained to be performed by the lessee, has this day presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter describt therein, and with the right to unitize this lease or any part thereof with other oil and gas least covered thereby as hereinafter provided, for the purpose of carrying on geological, geophysics including core drilling and the drilling, mining, and operating for, producing and saving all distillate, casinghead gasoline and their respective constituent vapors, and all other gases, injecting water, brine, and other fluids and substances into the subsurface strata, and see conomical operation of said land alone or conjointly with neighboring lands, to produce, save such substances, and the injection of water, brine, and other substances into the subsurface in the County of	—bolars in hand paid and of the granted, leased, and let and by these ped land, with any reversionary rights ses as to all or any part of the lands al and other exploratory work thereon, of the oil, gas, gas condensate, gas found thereon, the exclusive right of constructing roads, laying pipe lines, eon necessary or convenient for the to take care of, and manufacture all of trata, said tract of land being situated
See Exhibit "A"	
See Exhibit A	
containing 1880 acres, more or less.	
 This lease shall remain in force for a term of <u>Three (3)</u> years (called "primary torm") and as long thereafter or any of the products covered by this lease is or can be produced. 	as oil, gas, casinghead gas, casinghead gasoline
3. The lessee shall deliver to lesser as royalty, fires of cost, on the lesse, or into the pipe line to which lessee may conne- produced and saved from the lessed premises, or at the lessee's option may pay to the lesser for such one-eighth (1/6) roy, grade and gravity prevailing on the day such oil is sold from storage tanks.	ct its wells the equal one-eighth (1/8) part of all oil ally the market price at the wellhead for oil of like
4. The lessee shall pay to the lessor, as a royalty, one-eighth (1/8) of the proceeds received by the lessee from the sale gos, gas used for the manufacture of gosoline or any other product, and of other peace, including their constituent parts, pro not sold by the lessee, lessee may pay or tender annually at or before the end of each yearly period during which such gas more wells, an amount equal to one deltar per net mineral sore, and while said shut in royalty is so paid or tendered, it will be gas is being produced in paying quantities. The first yearly period during which such gas is not sold shall begin on the date the content of the	s is not sold, as a shut-in royally, whether one or e considered under all provisions of this lease that he 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 operate	
6. In the event said lessor owns a less interest in the above described land than the entire and undivided fee simple as shall be paid to said lessor only in the proportion which his referest bears to the whole and undivided fee, however, in the revert to lessor, or his hier, or his or their grantee, this lesse shall cover such reversion.	OVACE THE TOO TO ANY INTEREST IN SOLUTION OF
7. The lessee shall have the right to use free of cost, gas, oil and water found on said land for its operations thereon, excepting by lessor, the lessee shall bury its pipe lines below plow depth and shall pay for damage caused by its operations childed nearer than 200 feet to the house or barn now on said premises without writing consent of the lessor. Lessee she expiration of this lesses to remove all machinary, fotures, houses, buildings, and other structures pleced on said premises, incl.	all have the night at any time during or after the
B. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed devisees, executors, edministrators, successors, and essigns, but no change or division in ownership of the land, or royalties the obligations or diminish the rights of lesses, and no change of ownership in the land or in the royalties or any sum due unhas been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof, or a cortified opposite thereof, or certified copy of the proceedings showing the appointment of an administrator for estate of any devit all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain and all edvance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirectors, and only only of the conveyance or duly certified.	for this lease shall be binding on the lessee until it copy of the will of any deceased owner and of the cassed owner, whichever is appropriate, together of title back to lessor of the full interest claimed.
9. If the leased premises are now or shall hereafter be owned in severalty or in separate tracts, the premises may noned and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the ear onthin leased acreege. There shall be no obligation on the part of the leased to offset wells on separate tracts into which the divided by said, 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 any taxes, mortgages, or other Ears existing, lerved, or assessed on or against the above described lands and, in the event the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or	a graph (1902 2001) Obbot to the series and conduction to
11. If after the expiration of the primary term, production of oil or gas should cease from any cause, this lease shall not be reworking operations within one hundred-twenty (120) days thereafter, or if at the expiration of the primary term, oil or gas then engaged in drilling or reworking operations thereon, then in either event, this lease shall remain in force so long as operany other well thereafter commenced, with no cassation of more than one hundred heavily (120) consecutive days, and if they remain in effect so long thereafter as there is production of oil or gas under any provisions of this lease.	is not being produced on said lairb, but lessee is rations are prosecuted either on the same well or
12. Lessee may sit any time surrender or cancel this lesse in whole or in part by delivering or making such release to the county. In case said lease is surrendered and canceled as to only a portion of the acrospe covered thereby, then all paymerms of said lease as to the portion canceled shall cease and determine, but as to the portion of the acrospe not released the 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 profess, rules, or governmental agencies administering the same, and this lease shall not be in any way terminated wholly or partially nor all comply with any of the express or implied provisions hereof it such failure accords with any such laws, citizen, rules or regulate prevented during the last six months of the primary term hereof from dritting a well hereunded by the order of any comprising term of this lease shall continue until six months after said order is suspended.	hall the lessee be leade in damages for railure to dions (or interpretations thereof). It lessee should tituted authority baying jurisdiction thereover, the
14. Lessee, at its option, is hereby given the right and power to pool or combine into one or more units the land covered by this lesses, or large portion thereof, with other land covered by another lesses, or lesses when, in lessee's judgment, it is necessary or advisable to do so in order to properly develop and operate said lesses premises so as to promote the conservation of such minerals in and under seed lend, such pooling to be in a unit or units not exceeding 60 across each in the event of an oll well, or into a unit or units not exceeding 640 across each in the event of an oll well, or into a unit or units not exceeding 640 across each in the event of an oll well, or into a unit or units not exceeding 640 across each in the event of an oll well, or into a unit or units on the event of a gas and/or condensate or distillate well, plus a behavior to ten percent (10%) to conform to Governmental Survey quarter sections. Lesses shall exceed in writing and fille for record in the county in which the lend is situated an instrument identifying and describing the pooled acrossys. The entire acrossys so pooled into a unit or units shall be treated for all purposes, except the payment in driving in production from the pooled unit, as if it were included in this lesses. If production it from this lesses whether any well is located on the land covered by this lesse or not. Any well drived on such unit shall be and constitute a well hereunder. In feu 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 acrossge basis bears to the total mineral acrossge specified 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 leason	and lessee.
SEE RIDER ATTACHED	
IN WITNESS WHEREOF, we sign the day and year first above written.	
.01) + +
Willes G	cose Trustee Rose, Trustee
	Nose, musice
1995079 (2000 1900 1900 1900 1900 1900 1900 1900	

Exhibit "A"

Attached to and made a part of that certain Oil and Gas Lease dated the 9th of June, 2008, by and between Ilene Rose, Trustee under the Rose Family Trust U/T/I 6/29/06 and Trustee under the Rose Survivor Trust U/T/I 6/29/06, as Lessor and Sapphire Energy, Inc., as Lessee and covering the following described land:

Township Fourteen (14) South, Range Thirty-Two (32) West, Logan County, Kansas

T 1111	TI O II II II O II I O II I O II T I I II (00)
Tract #1	The South Half of the Southwest Quarter (S/2SW/4) of Section Twenty-Nine (29)
Tract #2	The Southeast Quarter (SE/4) of Section Thirty (30) c12/15
Tract #3	The Northwest Quarter (NW/4) of Section Thirty (30)
Tract #4	The Northeast Quarter (NEW/4) of Section Thirty (30)
Tract #5	The Northeast Quarter (NEW4) of Section Thirty (30) The Northeast Quarter (NE/4) of Section Thirty-One (31) The East Half of the East Half (E/2E/2) of Section Thirty-Two (32) The West Half of the West Half (W/2W/2) of Section Thirty-Two (32)
Tract #6	The East Half of the East Half (E/2E/2) of Section Thirty-Two (32)
Tract #7	The West Half of the West Half (W/2W/2) of Section Thirty-Two (32) So na
	04410:001
Township	Fifteen (15) South Range Thirty-Two (32) West Logan County Kanage

Township Fifteen (15) South, Range Thirty-Two (32) West, Logan County, Kansas

	The Most Half of the Most Half OMDIANS of Postion Fave (4)
Tract #8	The vvest half of the vvest half (vv/2vv/2) of Section Four (4)
Tract #9	The Southeast Quarter (SE/4) of Section Five (5) The East Half of the Northeast Quarter (E/2NE/4) of Section Five (5) The East Half of the Southwest Quarter (E/2SW/4) of Section Five (5) The Northeast Quarter (NE/4) of Section Eight (8)
Tract #10	The East Half of the Northeast Quarter (E/2NE/4) of Section Five (5)
Tract #11	The East Half of the Southwest Quarter (E/2SW/4) of Section Five (5)
Tract #12	The Northeast Quarter (NE/4) of Section Eight (8) 0 1735 2
Tract #13	The North Half of the Southeast Quarter (N/2SE/4) of Section Eight (8)
Tract #14	The North Hair of the Northwest Quarter (N/2NVV/4) of Section Eight (8) and the V / 2
	Northwest Quarter of the Northwest Quarter (NW/4NW/4) of Section Nine (9)

19,00

and containing 1880 acres; more or less.

- It is understood and agreed that the above described tracts shall constitute separate and individual leases according to the terms herein established. Production on any single tract shall not hold any other Tract Lease by said production.
- 2. If at the end of the primary term this lease is not otherwise continued in force under the provisions hereof, this lease shall expire, unless Lessee on or before the end of the primary term shall pay or tender to Lessor the sum of \$15.00 multiplied by the number of net mineral acres owned by Lessor in the land above described and then subject to this lease; and subject to the other provisions of this lease, this lease shall thereby be modified and the primary term shall be extended for an additional term of Two (2) years from the end of the primary term. Said payment may be made by check or draft of Lessee or any assignee thereof, mailed or delivered direct to Lessor at the address first provided above, on or before the end of the primary term. It is understood and agreed that the option to extend may be exercised individually according to the tracts herein described, with no obligation on the remainder tracts.
- Lessee shall provide Lessor with no less than forty-eight (48) hours notice prior to entry upon the leased premises.

OIL AND GAS LEASE

THIS AGREEMENT, Entered into this 10th day of June , 2008, between Garold A. Been, Trustee of the Revocable Trust of Garold A. Been, dated September 14, 1998
PO Box 585 Scott City, Kanaga 67974
and SAPPHIRE ENERGY, INC., 155 N. Market, Ste. 910, Wichita, Kansas 67202, hereinafter called lessee, does witness: 1. That lessor, for and in consideration of the sum of
SEE EXHIBIT "A"
containing 1,438 acres, more or less.
 This lease shall remain in force for a term of <u>Three (3)</u> years (called "primary term") and as long thereafter as cit, gas, casinghead gas, casi
 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) part of all produced and saved from the leased promises, or at the lessee's option may pay to the lessor for such one-eighth (1/8) royalty the market price at the wellhead for oil of ligrade and gravity provating on the day such oil is run into the pipe line or into storage tanks.
4. The losses shall pay to the lessor, as a royalty, one-eighth (1/8) of the proceeds received by the lessee from the sale of gas, gas condensate, gas distillate, casinghorges, gas used for the manufacture of gasoline or eny other product, and all other gases, including their constituent parts, produced from the land hard in loads. If such gas not sold by the lessee, lessee may pay or tendor annually at or before the end of each yearly period during which such gas is not sold, as a shut-in royalty, whether one more wells, an amount equal to one dollar per not minoral eare, and white said shut in royalty is so paid or tendered, it will be considered under all provisions of this lease the pas 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 drifting operations.
6. In the event said lessor owns a loss interest in the above described land than the entire and undivided fee simple estate therein then the royalties herein provided fixed 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 be paid to said lessor only in his proportion which his interest bears to the whole and undivided fee, however, in the event the title to any interest in said land should be paid to said lessor only in his or their grantee, this lease shall cover such reversion.
7. The lesses 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. Whe equired by lessor, the lessee shall bury its pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be inliked nearer than 200 feet to the house or barn now on said promises without writion consent of the lessor. Lessoe shall have the right at any time during, or after the private of the lesse to remove all machinory, 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 heir evisions, executors, administrators, successors, and assigns, but no change or division in ownership of the land, or my alties, however accomplished, shall operate to entirg a obligations or diminish the rights of lesses, and no change of ownership in the land or in the royalities or any sum due under this lease shall be binding on the lessee until reason that the original recorded instrument of conveyance or a duty certified copy thereof, or a certified copy of the will of any deceased owner and of the robate thereof, or certified copy in the conveyance or duty certified copy experiment of an administrator for the estate of any deceased owner, whichever is appropriate, together that is original recorded instruments of conveyance or duty certified copies thereof necessary in showing a complete chain of the back to lessor of the full interest claims of advance payments of rentals made horsunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, deviseo, or administrator receipt of its or the record of the control of
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 of all royalties according 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 nifer leased occurage. There shall be no obligation on the port of the leases to effect wells on separate tracts into which the land covered by this lease may now or hereafte a 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 pany taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in the event it exercises such options it shall be subrogated the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty accruing hereunder.
11. If after the expiration of the primary term, production of oil or gas should cease from any cause, this lease shall not terminate if lessee commences additional drilling or working 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 bessee it en engaged in drilling or revorting operations thereon, then in either event, this lease shall remain in force so long as operations are prosecuted either on the same well only other well thereafter commenced, with no cessation of more than one hundred twenty (120) consecutive days, and if they result in production of all or gas, this lease shall 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 properunty. In case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter according under them of said lease as to the portion canceled obtait cases and determine, but as to the portion of the acreage not released the terms and provisions of this lease shall continue of 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 invernmental agencies administering the same, and this lease shall not be in any way terminated wholly or partially not shall the lessee be liable in damages for failure to make the provision of the express or implied provisions hereof it such failure accords with any such laws, orders, rules or regulations for interpretations prepared buring the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority marring jurisdiction thereover, the interpretation of this lease shall continue until six months after said order is suspended.
4. Lesse, 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 option thereof, with other of covered by another lesses, or leases when, in lessee's judgment, it is necessary or advisable to do so in order to properly develop and options said lease promises so as promote the conservation of such minerals in and under said land, such pooling to be in a unit or units not exceeding 80 erors each in the event of an oil week, or into a unit units not exceeding 60 erors each in the event of a gas end/or condensate or distillate well, plus a following or the conform to Governmental Survey after sections. Lessee shall exocute in writing and file for record in the country in which the land is satisfied an instrument identifying and describing the pooled careago, senting exceeding 50 erors areago 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 a lease. If production is found on any part of the pooled carreage it shall be treated as if production is had from this lesse whether any well is located on the land covered by mit the unit of special cases of the control approach of the provided carreage. It is not provided in the provided provided 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 and lessee.
EE RIDER ATTACHED
witness whereof, we sign the day and year first above writton. Invelda. Been, Funtee
Garold A. Been, Trustee

See reverse for advowledgment

Exhibit "A"

Attached to and made a part of that certain Oil and Gas Lease dated the 10th of June, 2008, by and between Garold A. Been, Trustee of the Revocable Trust of Garold A. Been, dated September 14, 1998, as Lessor and Sapphire Energy, Inc., as Lessee and covering the following described land:

Township Fifteen (15) South, Range Thirty-Two (32) West, Logan County, Kansas

Tract #1	The South Half of the Southeast Quarter (S/2SE/4) of Section Eight (8)
Tract #2	The South Half of the Southwest Quarter (S/2SW/4) of Section Nine (9)
Tract #3	The Southwest Quarter (SW/4) and the Southeast Quarter (SE/4) of Section Ten (10), lying West of U.S. Hwy 83
Tract #4	The West Half (W/2) and the Northeast Quarter (NE/4) of Section Fifteen (15), all lying West of U.S. Hwy 83
Tract #5	The Northeast Quarter (NE/4) of Section Sixteen (16)
Tract #6	The Southeast Quarter (SE/4) of Section Sixteen (16)
Tract #7	The Northwest Quarter (NW/4) of Section Sixteen (16)
Tract #8	The Southwest Quarter (SW/4) of Section Sixteen (16)
Tract #9	The Northeast Quarter (NE/4) of Section Seventeen (17)

and containing 1,438 acres, more or less.

- It is understood and agreed that the above described tracts shall constitute separate and individual leases according to the terms herein established. Production on any single tract shall not hold any other Tract Lease by said production.
- 2. If at the end of the primary term this lease is not otherwise continued in force under the provisions hereof, this lease shall expire, unless Lessee on or before the end of the primary term shall pay or tender to Lessor the sum of \$20.00 multiplied by the number of net mineral acres owned by Lessor in the land above described and then subject to this lease; and subject to the other provisions of this lease, this lease shall thereby be modified and the primary term shall be extended for an additional term of Two (2) years from the end of the primary term. Said payment may be made by check or draft of Lessee or any assignee thereof, mailed or delivered direct to Lessor at the address first provided above, on or before the end of the primary term. It is understood and agreed that the option to extend may be exercised individually according to the tracts herein described, with no obligation on the remainder tracts.