For KCC Use:

Eff	e	ct	iv	е	Date
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District	±	
DISTINCT	TT .	

SGA?	Yes	No

Form

# KANSAS CORPORATION COMMISSION **OIL & GAS CONSERVATION DIVISION**

March 2010 Form must be Typed Form must be Signed All blanks must be Filled

Form C-1

1089967

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

Expected Spud Date:	Spot Description:
month day year	(0/0/0/0)
OPERATOR: License#	feet from N / S Line of Section
Name:	feet from E / W Line of Section
Address 1:	Is SECTION: Regular Irregular?
Address 2:	(Note: Locate well on the Section Plat on reverse side)
City: State: Zip: +	County:
Contact Person:	Lease Name: Well #:
Phone:	Field Name:
CONTRACTOR: License#	Is this a Prorated / Spaced Field?
Name:	Target Formation(s):
Well Drilled For:   Well Class:   Type Equipment:     Oil   Enh Rec   Infield   Mud Rotary     Gas   Storage   Pool Ext.   Air Rotary     Disposal   Wildcat   Cable     Seismic ;   # of Holes   Other     Other:	Nearest Lease or unit boundary line (in footage):     Ground Surface Elevation:  feet MSL     Water well within one-quarter mile:   Yes   No     Public water supply well within one mile:   Yes   No     Depth to bottom of fresh water:
Original Completion Date: Original Total Depth:	Formation at Total Depth:
Directional, Deviated or Horizontal wellbore? Yes No If Yes, true vertical depth: Bottom Hole Location:	Water Source for Drilling Operations:      Well   Farm Pond   Other:     DWR Permit #:
KCC DKT #:	Will Cores be taken?
	If Yes, proposed zone:

### **AFFIDAVIT**

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

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

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

Submitted E	Electronically
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For KCC Use ONLY	
API # 15	
Conductor pipe required	feet
Minimum surface pipe required	feet per ALT.
Approved by:	
This authorization expires:	
Spud date: Agent:	

#### Remember to:

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

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For KCC Use ONLY

API # 15 - \_\_\_\_

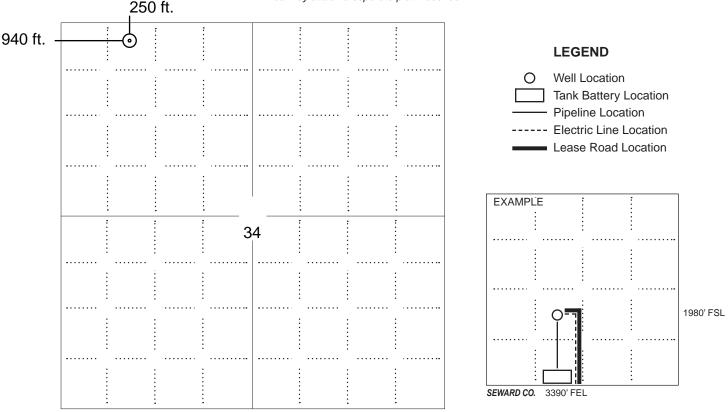
## IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

Operator:	Location of Well: County:
Lease:	feet from N / S Line of Section
Well Number:	feet from E / W Line of Section
Field:	Sec Twp S. R E 📃 W
Number of Acres attributable to well: QTR/QTR/QTR/QTR of acreage:	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.

### 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.

Side Two



KANSAS CORPORATION COMMISSION **OIL & GAS CONSERVATION DIVISION** 

1089967

Form CDP-1 May 2010 Form must be Typed

# **APPLICATION FOR SURFACE PIT**

Operator Name:

**Operator Address:** 

Contact Person:

Type of Pit:

Settling Pit

Workover Pit

Submit in Duplicate License Number: Phone Number: Lease Name & Well No.: Pit Location (QQQQ): Pit is: \_ - \_\_\_\_ - \_\_\_\_ - \_\_\_\_ Sec.\_\_\_\_Twp.\_\_\_\_\_R.\_\_\_\_ East West Emergency Pit Burn Pit Proposed Existing Drilling Pit If Existing, date constructed: \_Feet from North / South Line of Section Haul-Off Pit \_Feet from East / West Line of Section Pit capacity: (If WP Supply API No. or Year Drilled)

		(bbls)		County
Is the pit located in a Sensitive Ground Water Area?		Chloride concentration: mg/l (For Emergency Pits and Settling Pits only)		
Is the bottom below ground level?	Artificial Liner?			if a plastic liner is not used?
Pit dimensions (all but working pits):	Length (fee	et)	Width (feet)	N/A: Steel Pits
Depth	rom ground level to dee	epest point:	(feet)	No Pit
If the pit is lined give a brief description of the liner material, thickness and installation procedure.			dures for periodic mai icluding any special m	intenance and determining nonitoring.
Distance to nearest water well within one-mile of pit:		Depth to shallo Source of infor	west fresh water mation:	feet.
feet Depth of water wellfeet		measured	well owner	electric log KDWR
Emergency, Settling and Burn Pits ONLY:		Drilling, Workover and Haul-Off Pits ONLY:		
Producing Formation:		Type of material utilized in drilling/workover:		
Number of producing wells on lease:		Number of working pits to be utilized:		
Barrels of fluid produced daily:		Abandonment procedure:		
Does the slope from the tank battery allow all spilled fluids to flow into the pit?		Drill pits must b	e closed within 365 d	ays of spud date.
Submitted Electronically				
KCC OFFICE USE ONLY			Steel Pit RFAC RFAS	
Date Received: Permit Nu	nber:	Perm	t Date:	Lease Inspection: Yes No
Mail to: KCC - Conservation Division 130 S Market - Room 2078 Wichita Kansas 67202				

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



KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT Form KSONA-1 July 2010 Form Must Be Typed Form must be Signed All blanks must be Filled

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

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

OPERATOR: License #	Well Location:		
Name:			
Address 1:	County:		
Address 2:	Lease Name: Well #:		
City:      Zip:        Contact Person:	If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:		
Phone: ( ) Fax: ( ) Email Address:			
Surface Owner Information:			
Name:	sheet listing all of the information to the left for each surface owner. Surface		
Address 1:			
Address 2:			
City: State: Zip:+			

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

#### Select one of the following:

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

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

## Submitted Electronically

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1188-1 Form 88 (produ cers) Rev. 1-83 (Pald-up)

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Kans. - Okla. - Colo

#### **OIL AND GAS LEASE**

© 1983 David Certer Company

RCJ 1-34 - NW

THIS AGREEMENT, Entered into this 11th day of January, 2010, between, Ron E. Jantz and Cherisse E. Jantz, husband and wife, 32305 2 Rd, Copeland, KS 67837, hereinafter called lessor, and Harris Energies, Inc., P. O. Box 489, Elkhart, KS 67950, hereinafter called lessee, does witness:

1. That leasor, for and in consideration of the sum of Ten and More Dollars (\$10.00) in hand paid and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted, leased, and let and by these presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land, with any reversionary rights lessee, has use us granted, leased, and ret and by these presents does nervoy grant, lease, and let excussively undo me ressee the hereinanter described land, with any reversionary ngms therein with the right 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 one drilling and the drilling, mining, and operating for, producing and saving all of the oil, gas, gas condensate, gas distillate, casinghead gasolise 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 Northwest Quarter (NW/4), of Section 34, Township 28 South, Range 30 West.

#### containing 160 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 2 covered by this lease is or can be produced. 3

The lease 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 part of all oil produced and saved from the leased premises, or at the lesses's option may pay to the lessor for such one-eighth royalty the market price at the wellhead for oil of like grade and gravity prevailing on the day such oil is run into the pipe line or into storage tanks.

4. The lessee shall pay to the lessor, as a royaity, one-eighth (1/8<sup>th</sup>) 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 a shut-in royaity, whether one or more wells, an amount equal to one dollar per net mineral acre, and while shut in said royalty is so paid or tendered, it will be consider ed 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 maintaining during 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.

This of their genice, una lease 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. When required by lessor, the lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations to growing crops on 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 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, administrations, successors, and assigns, but no change or division in ownership of the land, or royatties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee, and no change of 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 appointment of an administrator of the estate of any deceased owner, whichever is appropriate together with all original recorded instruments of conveyance or duly certified copy 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 kereafter be owned in severatory 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 accreage owned by each separate owner bears to the entire leased acreage. There shall be no obligations on the part of the lesses to offset wells on separate tracts into which the land covered by the lease may now or hereafter be divided by sale, devisee, descent or otherwise, or to furnish separate measuring or receiving tanks.

Lessor hereby warants 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 any 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 or holders 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 besee commences additional drilling or reworking.

operations within one hundred-twenty (120) days thereafter, or if as the expiration of the primary term, oil or gas is not being produced on said land, but lesses 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 oll or gas under any provision of this lease.

12. Lesses may at any time sumeders 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 sumendered 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

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 gover administering the same, and this lease shall not be in any way terminated wholey or partially nor shall the lease be liable in damages for failure to comply with any of the express or implied provisions hereofi if such failure accords with any such laws, orders, rules or regulations (or interpretations thereof). If lease should be prevented during the last is months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction thereover, the primary term of this lease shall continue until six months after said order is suspended.

said order is suspended. 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 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 percent (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 payments of royalties on production from the pooled unit, as if it were included in this lease or not. Any will delide for any part of the pooled acreage it shall be the interval or is found units in the lange or not. Any with the lange or not. Any will delide for any such unit shall be and construct a well. 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 any 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 acrimings 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 less See Exhibit "A" attached hereto and made a part hereof

IN WITNESS WHEREOF, we sign the day and year first above written.

Fre (Ron E. Jantz)

(Cherisse E. Jants)

Seul

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PHOTO-COPIED INDEXED

TATE OF KANSAS, Gray County The instrument was filed for record on the 18 day of 2010. 2010 at \$15 M. and duly recorded in Book \_\_\_\_\_\_\_ on Page 435-437 \_\_\_\_\_\_\_ Marla Alifun Register of Deeles 4 1600 LL88-1 Form 88 (producers) Rev. 1-83 (Paid-up)

#### Kana, - Okla. - Colo.

#### **OIL AND GAS LEASE**

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THIS AGREEMENT, Entered into this 11th day of January, 2010, between, Ron E. Jantz and Cherisse E. Jantz, husband and wife, 32305 2 Rd, Copeland, KS 67837, hereinafter called lessor, and \_\_\_\_\_ Harris Energies, Inc., P. O. Box 489, Elkhart, KS 67950, hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of Ten and More Dollars (\$10.00) in hand peld and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted, leased, and let and by these presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter contained to be performed by the 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 control of the lands and the dilling mainter and the meren, and with the right to unitize this lease or any part mereor with other oil and gas leases as to all or any part or the lands covered mereory as neremater provided, for the purpose or 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, cashighead gasoline and their respective constituent vapors, and all other gases, found thereon, the exclusive right of injecting water, brine, and other fillids and substances into the subsurface strate, and for constructing roads, laying pipe lines, building tanks, storing oil, building power stations, electrical lines and other structures thereon and substances into the substances state, and to constructing today, reprint pipe nices, conting using some substances, and neg power sections, excepted nices and const substances, and negative states are of, and manufacture all of such substances, and 

The Southwest Quarter (SW/4), of Section 27, Township 28 South, Range 30 West.

#### containing 160 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, cas 2. 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 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 royalty the market price at the wellhead for oil of like grade and gravity prevailing on the day such oil is run into the pipe line or into storage tanks.

4. The lesses shall pay to the lessor, as a royalty, one-eighth (1/8<sup>th</sup>) 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 lend herein leased. If such gas is not sold by the used to are manuscare or geomes or any outer product, and an outer geore, incloung user consolutent parts, produced norm dreamy herein research in such gas to not some 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 a shut-in royalty, whether one or more wells, an amount equal to one dollar per net mineral acre, and while shut in said royalty is so paid or tendered, it will be considered under all provisions of this lease that ges is being produced in paying quantities. The first yearly period during which such gas is not sold shall begin on the data the first well is completed for production of gas. 5. This lease is a paid-up lease and may be maintaining during 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.

7. The lessee shall have the right to use, free of cost, gas, oil and water found on said lend for its operations thereon, except water from existing wells of the lessor. When required by lessor, the lessee shall buy 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 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 the lesse to remove all machinery fotures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing. 8.

If the estate of ether 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, utros, administrations, successors, and assigns, but no change or division in ownership of the land, or royalities, however accomplished, shall operate to enlarge the obligations or executors, administrations, succe diminish the rights of lessee, and no change of 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 convergence or a duy certified copy thereof, or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the will all of the will of any deceased owner will be 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 royatiles accruing hereunder shall be divided among and peld 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 obligations on the part of the lesses to offset wells on separate tracts into which the land covered by the lease may now or hereafter be divided by sale, devicee, descent or otherwise, or to fumish 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 any taxes, The absort force manages 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 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 reworking operations within one hundred-twenty (120) days thereafter, or if as the expiration of the primary team, of or gas is not being produced on said land, but lesse is then engaged in drilling or rewording 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 threadfar domenic of the primary team. 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 provision of this lease

Lessee may at any time summaries of this lesse.
Lessee may at any time summaries of record in the proper county. In case said lesse is summaries and under the terms of said lesse as to the portion of the acreage covered thereby, then all payments and liabilities thereafter account under the terms of said lesse 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 lesse shall continue and remain in full force and effect

tor all purposes. 13. All porvisions 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 of 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 thereover, the primary term of this lease shall continue until six months after sald order is suspended.

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 14. 14. Lessee, at its option, is needed years the light and puer to polk at continue must be introd times that but at length of the light and the less of any portion thereor, with outer land covered by an other lesse, 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 acceeding 80 acres each in the event of an olivelit, or into a unit or units mot acceeding 40 acres said in the event of an olivelit, or into a unit or units mot acceeding 40 acres said in the event of an olivelit, or into a unit or units not acceeding 40 acres said in the event of a gas and/or condensate or distillate well, plus a tolerance of ten percent (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 poded acreage. The entire acreage so pooled into a unit or units shall be treated for all purposes, except the payments of noyatties 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 is all all 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 any 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.

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15. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor and less See Exhibit "A" attached hereto and made a part hereof

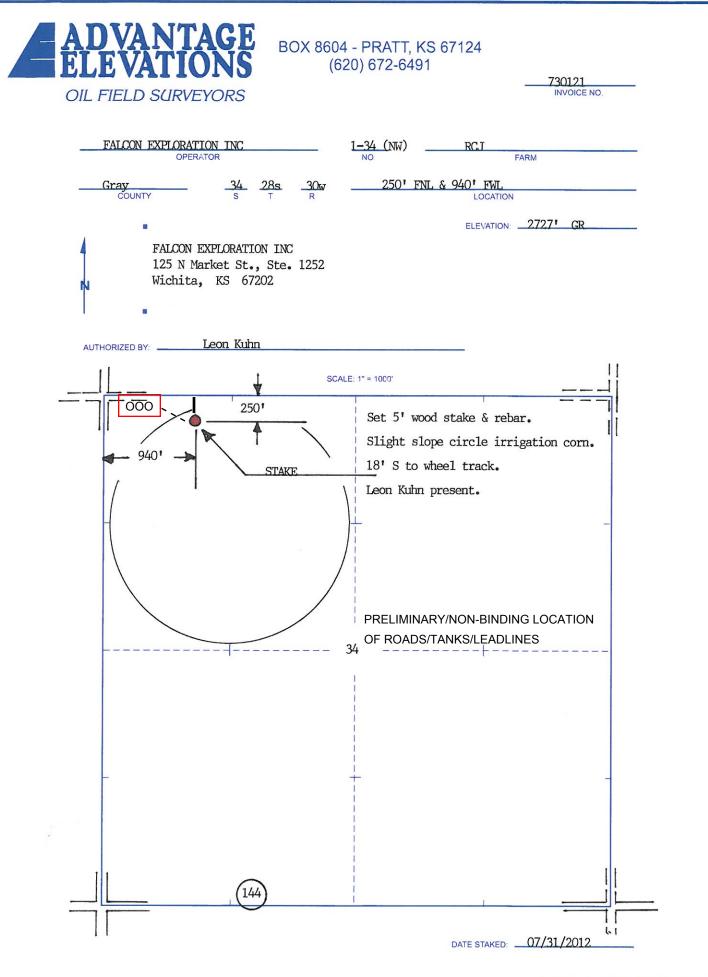
IN WITNESS WHEREOF, we sign the day and year first above written.

Ron E/Jantz)

PHOTO-COPIED INDEXED

Cherisse E. Jantz Stale OF KANSAS, Gray County

the Bay of Jerva.D. 2010 at 225M. and duly recorded in Book And duly recorded in Local Ton Page 447-449. Mor Un Alifho Register of Deede 3 1600





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

Mark Sievers, Chairman Thomas E. Wright, Commissioner Sam Brownback, Governor

August 14, 2012

CYNDE WOLF Falcon Exploration, Inc. 125 N MARKET STE 1252 WICHITA, KS 67202-1719

Re: Drilling Pit Application RCJ 1-34(NW) NW/4 Sec.34-28S-30W Gray County, Kansas

Dear CYNDE WOLF:

According to the drilling pit application referenced above, no earthen pits will be used at this location. Steel pits will be used. Please inform the Commission in writing as to which disposal well you utilized to dispose of the contents in the steel pits and the amount of fluid that was disposed. Please file form CDP-5 (August 2008), Exploration and Production Waste Transfer, within 30 days of fluid removal.

Should a haul-off pit be necessary please file form CDP-1 (April 2004), Application for Surface Pit, through KOLAR. This location will have to be inspected prior to approval of the haul-off pit application.

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

Mark Sievers, Chairman Thomas E. Wright, Commissioner



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

Sam Brownback, Governor

# HAUL-OFF PIT APPLICATION FILING REQUIREMENTS

#### 82-3-607. DISPOSAL OF DIKE AND PIT CONTENTS. Each operator shall perform one of the following when disposing of dike or (a) pit contents: (1) Remove the liquid contents to a disposal well or other oil and gas operation approved by the commission or to road maintenance or construction locations approved by the department; dispose of reserve pit waste down the annular space of a well completed (2) according to the alternate I requirements of K.A.R. 82-3-106, if the waste to be disposed of was generated during the drilling and completion of the well; or dispose of the remaining solid contents in any manner required by the (3) commission. The requirements may include any of the following: Burial in place, in accordance with the grading and restoration (A) requirements in K.A.R. 82-3-602 (f); removal and placement of the contents in an on-site disposal area (B) approved by the commission; removal and placement of the contents in an off-site disposal area (C) on acreage owned by the same landowner or to another producing lease or unit operated by the same operator, if prior written permission from the landowner has been obtained; or

(D) removal of the contents to a permitted off-site disposal area

approved

by the department.

- (b) Each violation of this regulation shall be punishable by the following:
  - (1) A \$1,000 penalty for the first violation;
  - (2) a \$2,500 penalty for the second violation; and
  - (3) a \$5,000 penalty and an operator license review for the third violation.

# File Haul-Off Pit Application in KOLAR. Review the information below and attach all required documents to the pit application when submitting through KOLAR. This form will automatically generate and fill in from questions asked in KOLAR.

Haul-off pit will be located in an on-site disposal area: \_\_\_\_Yes \_\_\_\_No

Haul-off pit is located in an off-site disposal area on acreage owned by the same landowner: \_\_\_\_Yes \_\_\_\_No If yes, written permission from the land owner must be obtained. Attach written permission to haul-off pit application.

Haul-off pit is located in an off-site disposal area on another **producing** lease or unit operated by the same operator: \_\_\_Yes \_\_\_No If yes, written permission from the land owner must be obtained. Attach permission and a copy of the lease assignment that covers the acreage where the haul-off pit is to be located, to the haul-off pit application.