



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

KANSAS CORPORATION COMMISSION 1093446
OIL & GAS CONSERVATION DIVISION

Form C-1
March 2010

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

NOTICE OF INTENT TO DRILL

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

Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act, MUST be submitted with this form.

Expected Spud Date: _____
month day year

Spot Description: _____

_____-_____-_____-_____-_____-_____- Sec. _____ Twp. _____ S. R. _____ E W
(Q/Q/Q/Q) _____ feet from N / S Line of Section
_____ feet from E / W Line of Section

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

Is SECTION: Regular Irregular?
(Note: Locate well on the Section Plat on reverse side)

CONTRACTOR: License# _____
Name: _____

County: _____
Lease Name: _____ Well #: _____

Well Drilled For:	Well Class:	Type Equipment:
<input type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input type="checkbox"/> Infield
<input type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Pool Ext.
	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat
<input type="checkbox"/> Seismic ; _____ # of Holes	<input type="checkbox"/> Other	<input type="checkbox"/> Mud Rotary
<input type="checkbox"/> Other: _____		<input type="checkbox"/> Air Rotary
		<input type="checkbox"/> Cable
<input type="checkbox"/> If OWWO: old well information as follows:		

Field Name: _____
Is this a Prorated / Spaced Field? Yes No

Target Formation(s): _____
Nearest Lease or unit boundary line (in footage): _____

Operator: _____
Well Name: _____
Original Completion Date: _____ Original Total Depth: _____

Ground Surface Elevation: _____ feet MSL

Water well within one-quarter mile: Yes No

Public water supply well within one mile: Yes No

Depth to bottom of fresh water: _____

Depth to bottom of usable water: _____

Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set: _____

Length of Conductor Pipe (if any): _____

Projected Total Depth: _____

Formation at Total Depth: _____

Directional, Deviated or Horizontal wellbore? Yes No
If Yes, true vertical depth: _____
Bottom Hole Location: _____
KCC DKT #: _____

Water Source for Drilling Operations:
 Well Farm Pond Other: _____

DWR Permit #: _____
(Note: Apply for Permit with DWR)

Will Cores be taken? Yes No
If Yes, proposed zone: _____

AFFIDAVIT

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

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

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

Submitted Electronically

<p>For KCC Use ONLY</p> <p>API # 15 - _____</p> <p>Conductor pipe required _____ feet</p> <p>Minimum surface pipe required _____ feet per ALT. <input type="checkbox"/> I <input type="checkbox"/> II</p> <p>Approved by: _____</p> <p>This authorization expires: _____ <i>(This authorization void if drilling not started within 12 months of approval date.)</i></p> <p>Spud date: _____ Agent: _____</p>

Remember to:

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

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

E
W



1093446

For KCC Use ONLY

API # 15 - _____

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

Operator: _____

Lease: _____

Well Number: _____

Field: _____

Number of Acres attributable to well: _____

QTR/QTR/QTR/QTR of acreage: _____ - _____ - _____ - _____

Location of Well: County: _____

_____ feet from N / S Line of Section

_____ feet from E / W Line of Section

Sec. _____ Twp. _____ S. R. _____ E W

Is Section: Regular or Irregular

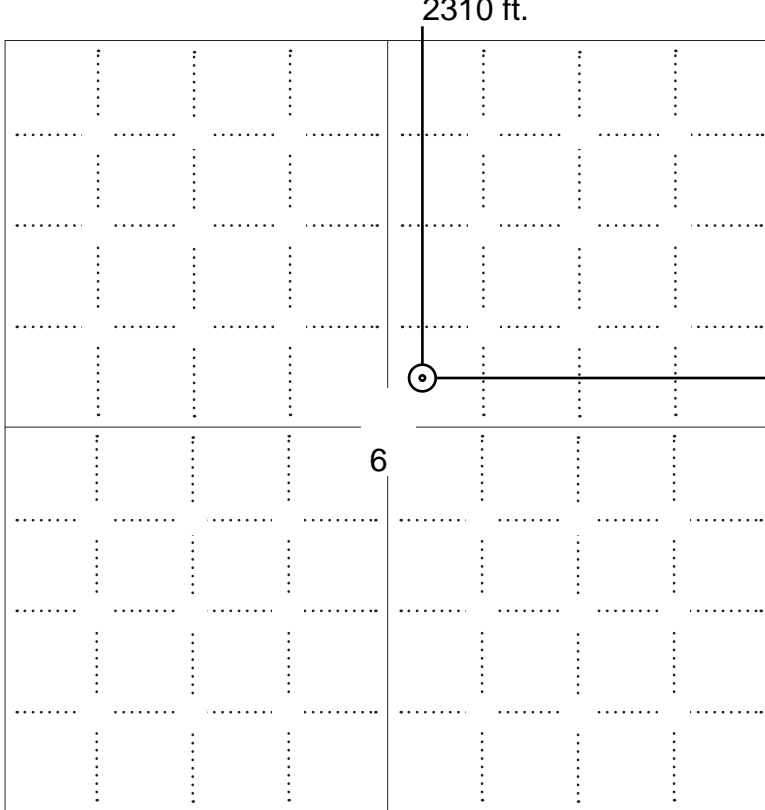
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

PLAT

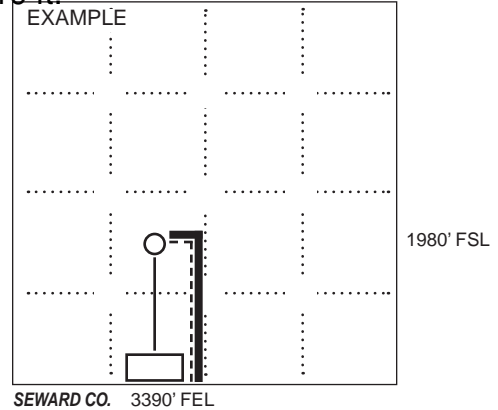
Show location of the well. Show footage to the nearest lease or unit boundary line. Show the predicted locations of lease roads, tank batteries, pipelines and electrical lines, as required by the Kansas Surface Owner Notice Act (House Bill 2032).

You may attach a separate plat if desired.



LEGEND

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



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

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

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



KANSAS CORPORATION COMMISSION 1093446
OIL & GAS CONSERVATION DIVISION

Form CDP-1
May 2010
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

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

KCC OFFICE USE ONLY			
		<input type="checkbox"/> Liner <input type="checkbox"/> Steel Pit <input type="checkbox"/> RFAC <input type="checkbox"/> RFAS	
Date Received: _____		Permit Number: _____	
		Permit Date: _____ Lease Inspection: <input type="checkbox"/> Yes <input type="checkbox"/> No	



CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

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

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

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

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

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

Surface Owner Information:

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

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

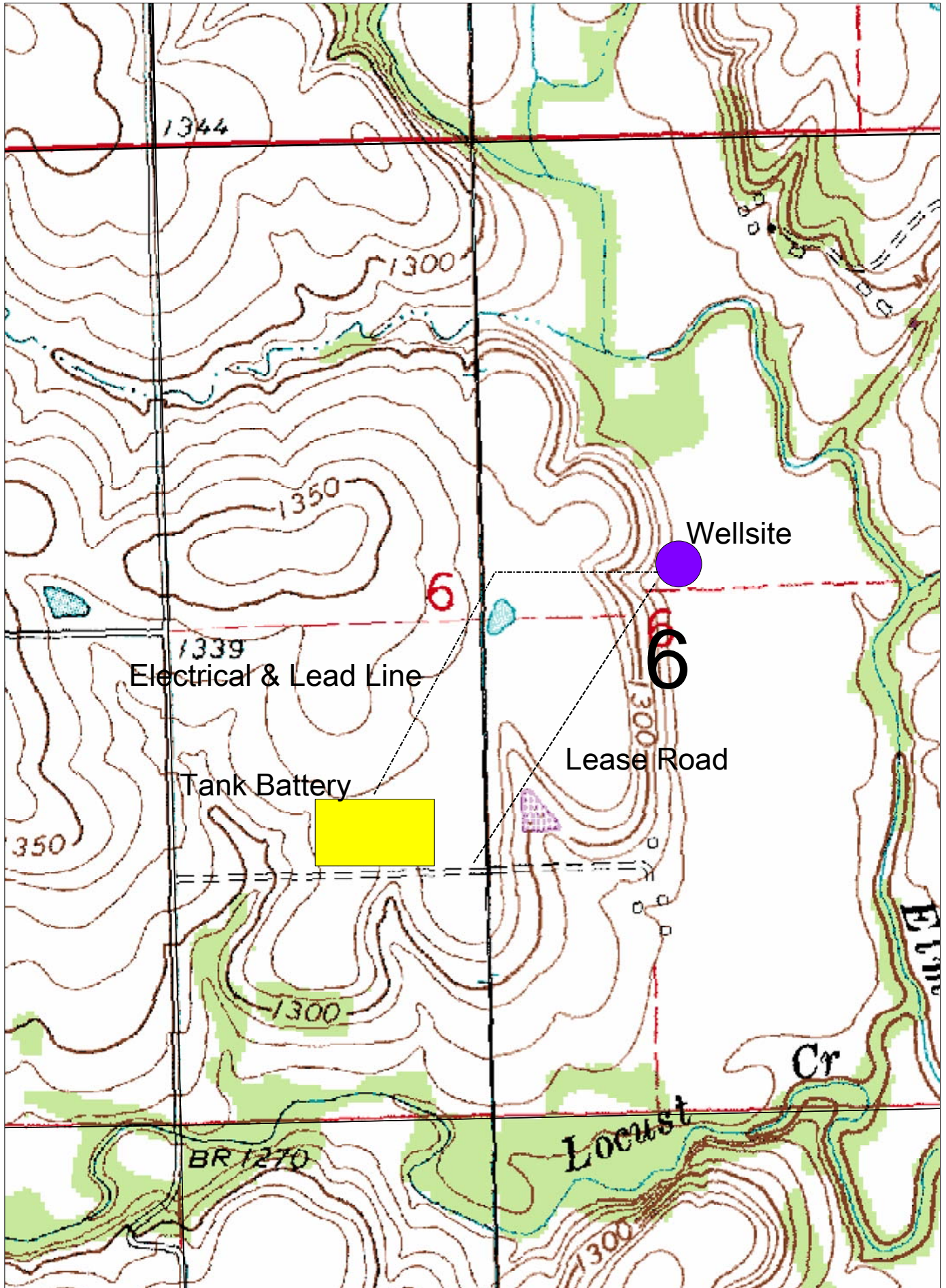
If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary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

Select one of the following:

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

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

I Submitted Electronically



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PRODUCER'S SPECIAL (PAID-UP)

Reorder No. **KBP**
09-115
Kansas Blue Print
700 S. Broadway PO Box 793
Wichita, KS 67201-0793
316-264-9344 • 264-5165 fax
www.kbp.com • kbp@kbp.com

63U (Rev. 1993) OIL AND GAS LEASE

AGREEMENT, Made and entered into the 16th day of July, 2012,
by and between Shirley Moore Waugh, Trustee of the Shirley Moore Waugh Revocable Trust,
under agreement dated August 31, 1999

whose mailing address is c/o Charles W. Waugh, PO Box 278, Eskridge, KS 66423 hereinafter called Lessor (whether one or more),
and John O. Farmer, Inc. hereinafter called Lessee:

Lessor, in consideration of One and other Dollars (\$1,00+) in hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring by geophysical and other means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, liquid hydrocarbons, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest, therein situated in County of Wabaunsee State of Kansas described as follows to-wit:

FOR DESCRIPTION, REFERENCE IS MADE TO EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF AS THOUGH SAME WAS WRITTEN IN ITS ENTIRETY HEREIN

In Section 6 Township 15 South Range 12 East and containing 267 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of one (1) years from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or land with which said land is pooled.

In consideration of the premises the said Lessee covenants and agrees:
1st. To deliver to the credit of lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd. To pay lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8) at the market price at the well, (but, as to gas sold by Lessee, in no event more than one-eighth (1/8) of the proceeds received by Lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. Where gas from a well producing gas only is not sold or used, Lessee may pay or tender as royalty One Dollar (\$1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the Lessee shall commence to drill a well within the term of this lease or any extension thereof, the Lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

If 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 the said Lessee only in the proportion which Lessor's interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of lessor.
When requested by lessor, Lessee shall bury Lessee's pipe lines below plow depth.
No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of lessor.

Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.
Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

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 their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the Lessee until after the Lessee has been furnished with a written transfer or assignment or a true copy thereof. In case Lessee assigns this lease, in whole or in part, Lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

Lessee may at any time execute and deliver to lessor or place of record a release covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.
All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for lessor, by payment of any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and the undersigned lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, 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 oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 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 well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit 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 the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

REFERENCE IS MADE TO EXHIBIT "B" ATTACHED HERETO AND MADE A PART HEREOF AS THOUGH SAME WAS WRITTEN IN ITS ENTIRETY HEREIN

Lessee has the option of extending the primary term one (1) year by tendering or paying Lessor Two Hundred Sixty-Seven Dollars on or before July 16, 2013.



WABAUNSEE COUNTY KANSAS
FILED FOR RECORD THIS DAY

AUG 15 2012

at 10:05 o'clock A.M. and recorded in
Record 193 Page 124
Wabaunsee County Reg. of Deeds

Fee: \$20.00

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written.



John O. Farmer

Shirley Moore Waugh, Trustee of the
Shirley Moore Waugh Revocable Trust, under
agreement dated August 31, 1999

Record 193 Page 124

EXHIBIT "A"

ATTACHED TO AND BY REFERENCE MADE A PART OF THAT CERTAIN OIL AND GAS LEASE BY AND BETWEEN SHIRLEY MOORE WAUGH, TRUSTEE OF THE SHIRLEY MOORE WAUGH REVOCABLE TRUST, UNDER AGREEMENT DATED AUGUST 31, 1999, AS LESSOR AND JOHN O. FARMER, INC., AS LESSEE, UNDER DATE OF JULY 16, 2012.

The Northeast Quarter of the Southeast Quarter (NE/4 SE/4) in Section 6, Township 15 South, Range 12 East, Wabaunsee County, Kansas, containing 41 acres, more or less;

AND The Northwest Quarter (NW/4) in Section 6, Township 15 South, Range 12 East, Wabaunsee County, Kansas;

AND The Northeast Quarter (NE/4) in Section 6, Township 15 South, Range 12 East, Wabaunsee County, Kansas, EXCEPTING therefrom the South 5.5 acres of the Southwest Quarter (SW/4) of said Northeast Quarter (NE/4), And LESS the following described tract:

Beginning at the Northeast Corner of the Northeast Quarter of said Section 6; thence S 02° 04' 19" E 2619.40 feet along the East line of the Northeast Quarter of said Section 6 to the Southeast Corner thereof; thence S 89° 40' 04" W 1273.94 feet along the South line of the Northeast Quarter to the center of Elm Creek; thence traversing up the center of said Elm Creek and a branch of Elm Creek the following six courses:

- (1), N 23° 04' 29" E 95.27 feet,
- (2), N 00° 05' 13" W 71.04 feet,
- (3), N 72° 02' 17" E 25.68 feet,
- (4), S 76° 33' 10" W 60.83 feet,
- (5), N 50° 27' 16" E 102.23 feet,
- (6), N 72° 08' 12" E 176.54 feet; thence leaving the center of a branch of said Elm Creek and following a crop line the following nine courses:
 - (1), N 33° 02' 46" W 308.79 feet,
 - (2), N 54° 07' 42" E 379.29 feet,
 - (3), N 18° 08' 23" W 795.50 feet,
 - (4), S 84° 15' 19" W 250.39 feet,
 - (5), N 41° 18' 42" W 138.30 feet,
 - (6), N 49° 24' 38" W 486.22 feet,
 - (7), S 88° 43' 05" W 189.26 feet,
 - (8), N 40° 45' 21" W 387.25 feet,
 - (9), N 09° 53' 55" W 438.57 feet to the North line of the Northeast Quarter of said Section 6; thence N 90° 00' 00" E 2147.33 feet along the North line of the Northeast Quarter of said Section 6 to the point of beginning

SIGNED FOR ACKNOWLEDGEMENT:

Shirley Moore Waugh

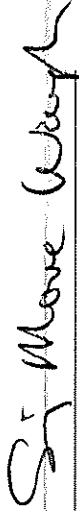
Shirley Moore Waugh, Trustee of the
Shirley Moore Waugh Revocable
Trust, under agreement dated
August 31, 1999

EXHIBIT "B"

ATTACHED TO AND BY REFERENCE MADE A PART OF THAT CERTAIN OIL AND GAS LEASE BY AND BETWEEN SHIRLEY MOORE WAUGH, TRUSTEE OF THE SHIRLEY MOORE WAUGH REVOCABLE TRUST, UNDER AGREEMENT DATED AUGUST 31, 1999, AS LESSOR AND JOHN O. FARMER, INC., AS LESSEE, UNDER DATE OF JULY 16, 2012.

1. Lessee and Lessor agree that any access roads, well sites, or pipelines to be constructed under the terms of this lease shall be done in consultation with the Lessor, provided however, the Lessor shall not attempt to prohibit said construction or make unreasonable requests of the Lessee.
2. Lessee agrees that as soon as is reasonably possible, following completion of its operations, Lessee shall restore its well site, as nearly as possible, to its original condition and land contour.
3. Lessee agrees to be a prudent operator and will keep all surface disturbances to the minimum area necessary to conduct its operations.
4. Lessee shall hold Lessor harmless from any environmental liability arising out of Lessee's operations under the terms of this lease.
5. In the event a dry hole is drilled on the property, Lessee shall pay Lessor's actual site damages sustained to the lease premises by reason of the drilling of said dry hole which damages shall not be less than \$1,000 per dry hole drilled.
6. Lessee shall not have the right to use water from existing water wells, creeks, springs and/or stock ponds or otherwise without written consent of Lessor.
7. Lessee shall not have the right to quarry or otherwise produce or take rock from the property.
8. Lessee shall schedule seismic and drilling activities, as reasonably possible, to minimize interference with grazing of cattle and farming operations on the property described herein between the dates of April 15 through August 15. If necessary, drill pits will be fenced off and cattle guards will be installed for property access during the grazing season.
9. Lessee, at its own expense, agrees to restore all property that is excavated, used for pipeline or water pits, or otherwise changed by the use by Lessee of Lessor's property under this lease, to the prior existing condition of the property described herein, as is reasonably practicable.
10. Lessee agrees to compensate Lessor for any damages or lost payments on CRP grasses.
11. Subject to oil & gas leases, easements or right-of-ways of record.

SIGNED FOR ACKNOWLEDGEMENT:


Shirley Moore Waugh, Trustee of the
Shirley Moore Waugh Revocable
Trust, under agreement dated
August 31, 1999

34014

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FORM 88 - (PRODUCER'S SPECIAL) (PAID-UP)

63U (Rev. 1993)

OIL AND GAS LEASE

Reorder No. 09-115

Kansas Blue Print 700 S. Broadway, PO Box 783 Wichita, KS 67201-0783 316-268-9344 316-268-1083 fax www.kbp.com kbp@kbp.com

AGREEMENT, Made and entered into this 13th day of August 2008

by and between Shirley Moore Waugh, Trustee of the Shirley Moore Waugh Revocable Trust, under agreement dated August 31, 1999; John S. Waugh, a single person; Samuel D. Waugh and Lisa M. Waugh, his wife; and Charlotte Waugh Moore and John R. Moore, her husband

whose mailing address is c/o Charles W. Waugh, PO Box 278, Eskridge, KS 66423 hereinafter called Lessor (whether one or more), and John O. Farmer, Inc. hereinafter called Lessee;

Lessor, in consideration of One and other Dollars (\$ 1.00+) in hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and exclusively unto lessee for the purpose of investigating, exploring by geophysical and other means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest, therein situated in County of Wabaunsee State of Kansas described as follows to-wit: The Southwest Quarter (SW 1/4); the South Half of the Southeast Quarter (S 1/2 SE 1/4); a tract in the Southwest Quarter of the Northeast Quarter (SW 1/4 NE 1/4), beginning at the Northeast corner of the SW 1/4; running N a distance of 10 rods; thence E a distance of 80 rods; thence S a distance of 10 rods; thence W a distance of 80 rods to POB; AND the Northwest Quarter of the Southeast Quarter (NW 1/4 SE 1/4); All in Section 6;*

accretions thereto. Township 15 South Range 12 East and containing 483 acres, more or less, and all

Subject to the provisions herein contained, this lease shall remain in force for a term of three (3) years from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or land with which said land is pooled.

In consideration of the premises the said lessee covenants and agrees:

1st. To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd. To pay lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8) at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (1/8) of the proceeds received by lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. Where gas from a well producing gas only is not sold or used, lessee may pay or tender as royalty One Dollar (\$1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

If 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 the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for lessee's operation thereon, except water from the wells of lessor.

When requested by lessor, lessee shall bury lessee's pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of lessor.

Lessee shall pay for damages caused by lessee's operations to growing crops on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

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 their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

Lessee may at any time execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and the undersigned lessor, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, 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 oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 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 well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit 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 the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

*The Northwest Quarter (NW 1/4) in Section 8;

AND The Northeast Quarter of the Northeast Quarter (NE 1/4 NE 1/4) in Section 18;

REFERENCE IS MADE TO EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF AS THOUGH SAME WAS WRITTEN IN ITS ENTIRETY HEREIN.

Lessee has the option of extending the primary term one (1) year by tendering or paying Lessor Four Hundred Eighty-Three Dollars on or before August 13, 2011. Lessee has the option of extending the primary term an additional one (1) year by tendering or paying Lessor Four Hundred Eight-Three Dollars on or before August 13, 2012.

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written.

John S. Waugh Samuel D. Waugh Lisa M. Waugh

Shirley Moore Waugh, Trustee of the Shirley Moore Waugh Revocable Trust, under agreement dated August 31, 1999 Charlotte Waugh Moore John R. Moore

EXHIBIT "A"

ATTACHED TO AND BY REFERENCE MADE A PART OF THAT CERTAIN OIL AND GAS LEASE BY AND BETWEEN SHIRLEY MOORE WAUGH, TRUSTEE OF THE SHIRLEY MOORE WAUGH REVOCABLE TRUST, UNDER AGREEMENT DATED AUGUST 31, 1999; JOHN S. WAUGH, A SINGLE PERSON; SAMUEL D. WAUGH AND LISA M. WAUGH, HIS WIFE; AND CHARLOTTE WAUGH MOORE AND JOHN R. MOORE, HER HUSBAND, AS LESSOR AND JOHN O. FARMER, INC., AS LESSEE, UNDER DATE OF AUGUST 13, 2008.

1. Lessee and Lessor agree that any access roads, well sites, or pipelines to be constructed under the terms of this lease shall be done in consultation with the Lessor, provided however, the Lessor shall not attempt to prohibit said construction or make unreasonable requests of the Lessee.
2. Lessee agrees that as soon as is reasonably possible, following completion of its operations, Lessee shall restore its well site, as nearly as possible, to its original condition and land contour.
3. Lessee agrees to be a prudent operator and will keep all surface disturbances to the minimum area necessary to conduct its operations.
4. Lessee shall hold Lessor harmless from any environmental liability arising out of Lessee's operations under the terms of this lease.
5. In the event a dry hole is drilled on the property, Lessee shall pay Lessor's actual site damages sustained to the lease premises by reason of the drilling of said dry hole which damages shall not be less than \$1,000 per dry hole drilled.
6. Lessee shall not have the right to use water from existing water wells, creeks, springs and/or stock ponds or otherwise without written consent of Lessor.
7. Lessee shall not have the right to quarry or otherwise produce or take rock from the property.
8. Lessee shall schedule seismic and drilling activities, as reasonably possible, to minimize interference with grazing of cattle and farming operations on the property described herein between the dates of April 15 through August 15. If necessary, drill pits will be fenced off and cattle guards will be installed for property access during the grazing season.
9. Lessee, at its own expense, agrees to restore all property that is excavated, used for pipeline or water pits, or otherwise changed by the use by Lessee of Lessor's property under this lease, to the prior existing condition of the property described herein, as is reasonably practicable.
10. Lessee agrees to compensate Lessor for any damages or lost payments on CRP grasses.
11. Subject to oil & gas leases, easements or right-of-ways of record.

SIGNED FOR ACKNOWLEDGEMENT:

John S. Waugh

Shirley Moore Waugh
Shirley Moore Waugh, Trustee of the
Shirley Moore Waugh Revocable Trust,
under agreement dated August 31, 1999

John S. Waugh

Samuel D. Waugh

Lisa M. Waugh
Lisa M. Waugh

Charlotte Waugh Moore
Charlotte Waugh Moore

WABAUNSEE COUNTY KANSAS

FILED FOR RECORD THIS DAY



OF SEP 15 2008 A.D.

at 1:35 o'clock P.M., and recorded in

Record 165 Page 21

Wabaunsee County Reg. of Deeds

Fee: \$16.00

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



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

Mark Sievers, Chairman
Thomas E. Wright, Commissioner
Shari Feist Albrecht, Commissioner

Sam Brownback, Governor

September 14, 2012

John O. Farmer IV
Farmer, John O., Inc.
370 W WICHITA AVE
PO BOX 352
RUSSELL, KS 67665-2635

Re: Drilling Pit Application
Waugh C 1
NE/4 Sec.06-15S-12E
Wabaunsee County, Kansas

Dear John O. Farmer IV:

District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as practical after drilling operations have ceased.

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

The fluids should be taken to an authorized disposal well. Please call the District Office at (620) 432-2300 when the fluids have been removed. Please file form CDP-5 (August 2008), Exploration and Production Waste Transfer, through KOLAR within 30 days of fluid removal.

A copy of this letter should be posted in the doghouse along with the approved Intent to Drill. If you have any questions or concerns please feel free to contact the District Office at (620) 432-2300.