For KCC Use:

| Eff | e | ct | iv | е | Date |
|-----|---|----|----|---|------|
| | | | | | |

| District | # | |
|----------|---|--|

| SGA? | Yes | No |
|------|-----|----|

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

1095378

NOTICE OF INTENT TO DRILL

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

| Form KSONA-1, Certification of Com | pliance with | the Kansas | Surface Owner | Notification Act, MUS | F be submitted with this form |
|------------------------------------|--------------|------------|---------------|-----------------------|-------------------------------|

| Expected Spud Date: | Spot Description: | | |
|---|---|--|--|
| month day year | | | |
| OPERATOR: License# | feet from N / S Line of Section | | |
| Name: | feet from L 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# | | | |
| Name: | Is this a Prorated / Spaced Field? | | |
| Ndirie | Target Formation(s): | | |
| Well Drilled For: Well Class: Type Equipment: | Nearest Lease or unit boundary line (in footage): | | |
| Oil Enh Rec Infield Mud Rotary | Ground Surface Elevation:feet MSL | | |
| Gas Storage Pool Ext. Air Rotary | Water well within one-quarter mile: | | |
| Disposal Wildcat Cable | Public water supply well within one mile: | | |
| Seismic ; # of Holes Other | Depth to bottom of fresh water: | | |
| Other: | Depth to bottom of usable water: | | |
| | Surface Pipe by Alternate: | | |
| If OWWO: old well information as follows: | Length of Surface Pipe Planned to be set: | | |
| Operator: | Length of Conductor Pipe (if any): | | |
| Well Name: | Projected Total Depth: | | |
| Original Completion Date: Original Total Depth: | Formation at Total Depth: | | |
| | Water Source for Drilling Operations: | | |
| Directional, Deviated or Horizontal wellbore? | Well Farm Pond Other: | | |
| If Yes, true vertical depth: | DWR Permit #: | | |
| Bottom Hole Location: | (Note: Apply for Permit with DWR) | | |
| KCC DKT #: | Will Cores be taken? | | |
| | If Yes, proposed zone: | | |

AFFIDAVIT

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

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

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

Submitted Electronically

| For KCC Use ONLY | |
|-------------------------------|--|
| API # 15 | |
| Conductor pipe required | feet |
| Minimum surface pipe required | feet per ALT. II |
| Approved by: | |
| This authorization expires: | tarted within 12 months of approval date.) |
| Spud date: Ag | gent: |

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:

ш

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



For KCC Use ONLY

API # 15 -

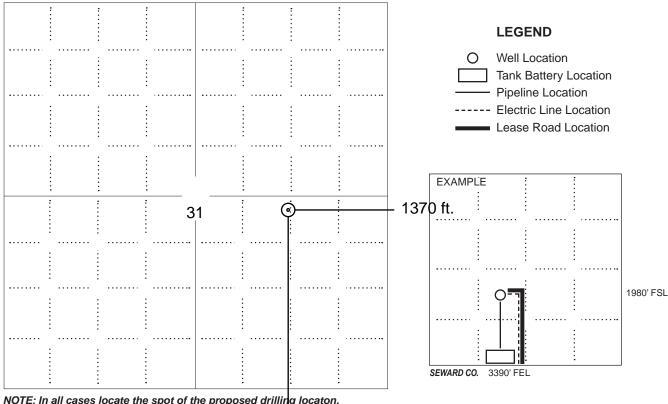
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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: | 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.

2445 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.

Side Two



KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION 1095378

Form CDP-1 May 2010 Form must be Typed

APPLICATION FOR SURFACE PIT

 Submit in Duplicate

 License Number:

 Phone Number:

Operator Name:

Operator Address:

| Contact Person: | | | Phone Number: | | |
|---|------------------------|---|---|--|--|
| Lease Name & Well No.: | | | Pit Location (QQQQ): | | |
| Type of Pit: | Pit is: | | · • • • | | |
| Emergency Pit Burn Pit | Proposed | Existing | SecTwpR East West | | |
| Settling Pit Drilling Pit | If Existing, date co | nstructed: | Feet from North / South Line of Section | | |
| Workover Pit Haul-Off Pit | | | Feet from East / West Line of Section | | |
| (If WP Supply API No. or Year Drilled) | Pit capacity: | (bbls) | County | | |
| | | | 000my | | |
| Is the pit located in a Sensitive Ground Water A | rea? Yes | No | Chloride concentration: mg/l (For Emergency Pits and Settling Pits only) | | |
| Is the bottom below ground level? | Artificial Liner? | ٧o | How is the pit lined if a plastic liner is not used? | | |
| Pit dimensions (all but working pits): | Length (fee | et) | Width (feet)N/A: Steel Pits | | |
| Depth fro | om ground level to dee | epest point: | (feet) No Pit | | |
| If the pit is lined give a brief description of the li material, thickness and installation procedure. | ner | | dures for periodic maintenance and determining cluding any special monitoring. | | |
| Distance to nearest water well within one-mile of pit: | | Depth to shallo Source of inforr | west fresh water feet. nation: | | |
| feet Depth of water well | feet | 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 be closed within 365 days of spud date. | | | |
| Submitted Electronically | | | | | |
| | KCC | OFFICE USE O | NLY | | |
| Date Received: Permit Num | ber: | Permi | t Date: Lease Inspection: Yes No | | |

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



KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

1095378

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: | 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 | | |
| Address 1: | | | |
| Address 2: | county, and in the real estate property tax records of the county treasurer. | | |
| 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

I

I

LL88-1 Form 88 (producers) Rev. 1-83 (Pald-up)

Kans. - Okla. - Colo

1983 David Carter Cor

OIL AND GAS LEASE

THIS AGREEMENT, Entered into this 15th day of January, 2010, between, Joan Ward, a single person, P.O. Box 6. Copeland, KS 67837, hereinafter called lessor, and ____ Harris Energies, Inc., P. O. Box 489, Elkhart, KS 67950 hereinafter called lessee, does witness:

That lessor, for and in consideration of the sum of ten and More Dollars \$10.00) in hand paid and of the cover Dod

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

The Southeast Quarter (SE/4), of Section 31, 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 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 lesses's option may pay to the lessor for such one-eighth royalty the market price at the willhead 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 royalty, one-eighth (1/8th) of the proceeds received by the lessee from the sale of gas, gas condensate, gas distillate, casinghead gas, gas used for the manufacture of gasoline or any other product, and all other gases, including their constituent parts, produced from the land herein leused. 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 royalty, whether one or more wells, an amount equal to ral acre, and while shut in said royalty is so paid or tendered, it will be considered under all provisions of this lease that gas is being produced in paying quantities. one dollar per net mine 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.

6.

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 revent to lessor, or his heirs, or his or their grantee, this lease shall cover such reversion.

The lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water from existing wells of the lessor. When required 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 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 lease to remove all machinery

to the noise of pain now on said premises without written cursent or the resourcessor. Lessees shall have no negrit at any time ourning, or after the expination or the reade to resource an machinery fictures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing. 8. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, devisees, executors, administrations, successors, and assigns, but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee, and no change 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 copies thereof necessary in showing a complete chain of title back to lessor of the full interest claimed, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, or administrator, executor, or heir of lessor.

9. If the leased premises are now or shall hereafter be owned in severality or in separate tracks, the premises may nonetheless be developed and operated as one lease, and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. There shall be no obligations on the part of the lessee to offset wells on separate tracks 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.

10. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge in whole or in part 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

morgages or other litens existing, leveld, or assessed on or against the above usachoe units and, in orent it excluses such options it enter to sociogate to the litens 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 term, oil or gas is not being produced on said land, but lessee is then engaged in drilling 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 lessee is then engaged in drilling and the manner of the primary term the lanear term well thereafter commenced 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 cess tion 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 roduction of oil or gas under any provision of this lease.

Production to the types under any protection or unit reason. 12. Lesses may at any time surrenders 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 for all purposes

13. All polyboes.
13. All polyboes.
14. All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules, or regulations (and interpretations thereof) of all governmental agencies administering the same, and this lease shall not be in any way terminated wholly or partially nor shall the lease 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 lease shall 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 a station of the primary term nereof 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 aid 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 lesses'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 covered by 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 40 acres each in the event of an oil well, or 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 40 acres each in the event of an oil well, or 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 40 acres each in the event of an oil well, or 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 40 acres each in the event of an oil well, or 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 40 acres each in the event of an oil well, or 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 40 acres each in the event of an oil well, or 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 40 acres each in the event of an oil well, or 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 40 acres each in the event of an oil well, or into a unit or units not exceeding 40 acres each in the event of an oil well acres each in the event of an oil well acres each in the event of acres each each event of acres each in the event of acres each each event of acres each even event of a gas and/or condensate or distillate well, plus a tolerance of ten precent (10%) to conform to Governmental Survey quarter sections. Losse shall be 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 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. If production is found on any part of the pooled acreage it shall be treated as if production is had from this lease whether any well is located on the land covered by this lease or not. Any well drilled on 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.

15. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor and lessee.

INDEXED

See Exhibit "A" attached hereto and made a part hereof

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

(Joan Ward)

This instrument was filed for record on the 28 day of 00 A.D. 20 0 at 250 M. and duly recorded in Book at 30 M. and duly recorded in Book PHOTO-COPIED Register of Deeds

STATE OF KANSAS, Gray County

\$1600

LL88-1

Kans. - Okla. - Colo.

Form 88 (producers) Rev. 1-83 (Paid-up)

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THIS AGREEMENT, Entered into this <u>11th</u> day of <u>January</u>, <u>2010</u>, between, <u>Travis Jantz and Brooke Jantz, husband and</u> wife, <u>30505 2 Rd</u>, <u>Copeland</u>, <u>KS 67837</u>, hereinafter called lessor, and <u>Harris Energies</u>, <u>Inc., P. O. Box 489</u>, <u>Elkhart, KS 67950</u>, hereinafter called lessee, does witness:

1. That lessor, 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, lessed, and let and by these presents does hereby grant, lesse, and let exclusively unto the lessee the hereinafter described land, with any reversionary rights therein, and with the right to unitize this lesse or any part thereon, including core drilling and the drilling, mining, and operating for, producing and saving all of the oil, gas, gas condensate, gas distillate, casinghead gasoline and their respective constituent vapors, and all other gases, found thereon, the exclusive right of injecting water, brine, and other structures thereon including core drilling and the drilling, notice, stations, electrical lines and other structures thereon including to also also and all other gases, found thereon, the exclusive right of injecting water, brine, and other structures thereon including lanks, storing oil, building prover stations, electrical lines and other structures thereon including lanks, toring and short or produces, gave, take care of, and manufacture all of such substances. Into the subsurface strata, and for constructing roads, laying pipe lines, building tanks, storing oil, building tanks, torid manufacture all of such substances and the injection of water, brine, and other substances into the subsurface strata, and so core only only the neighboring lands. To produce, save, take care of, and manufacture all of such substances, and the injection of water, brine, and other substances into the subsurface strata, said tract of land being situated in the County of <u>Gray</u>. State of <u>Kanses</u>, and described as follows:

The Northeast Quarter (NE/4), of Section 31, Township 28 South, Range 30 West.

containing 160 acres, more or less.

2. This lease shall remain in force for a term of Three (3) years (called "primary term") and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of the products covered by this lease is or can be produced.

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 lessee shall pay to the lessor, as a royaty, one-eighth (1/8%) 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 royaty, whether one or more wells, an amount equal to one dollar per net mineral acre, and while shut in sale of royaty is so paid or tendered, it will be considered under all provisions of this lease that gas is being produced in paying quantities. The first yearly period during which such gas is not sold shall begin on the date the first well is completed for production of gas.

5. This lease is a paid-up lease and may be maintaining during primary term without further payments or drilling operations.

6. In the event said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein then the royalties herein provided for shall be paid to said lessor only in the proportion which his interest bears to the whole and undivided fee; however, in the event the title to any interest in said land should revert to lessor, or his heirs, or his or their grantee, this lease shall cover such reversion.

7. The lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water from existing wells of the lessor. When required by lessor, the lessee shall have the right sail and. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the lesser. Lessee shall have the right at any time during, or after the expiration of the lease to remove all machinery fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.

As 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 royatiles, 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 royatiles 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 is the vicine shall extend at a divine payments of rentals made hereunder before receipt of said documents shall be binding on up direct or indirect assignee, granted, devisee, or administrator, executor, or heir of lessor.

9. If the leased premises are now or shall hereafter be owned in severalty or in separate tracts, the premises may nonetheless be developed and operated as one lease, and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the accreage owned by each separate owner bears to the entire leased acreage. There shall be no obligations on the part of the lease 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 taxs.

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, mortgages or other llens 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 relimburse itself by applying to the discharge of any such mortgage tax or other llen, any royalty accruing heraunder.
 If after the expiration of the primary term, production of oil or gas should cases from any cause, this less shall not terminate if lessee commences additional drilling or reworking

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 term, oil or gas is not being produced on said land, but lessee is then engaged in drilling or reworking operations thereon, then in either event, this lease shall remain in force so long as operations are prosecuted either on the same well or any other well thereafter commenced with no cessation of more than one hundred-twenty(120) consecutive days, and if they result in production of oil or gas, this lease shall remain in effect so long thereafter as there is production of oil or gas under any provision of this lease.

 Lessee may at any time summedre or canceled as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion canceled shall cease and determine, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes.

13. All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules, or regulations (and interpretations thereof) of all governmental agencies administering the same, and this lease shall not be in any way terminated wholly or partially nor shall the lessee be liable in damages for failure to comply with any 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 said order is suspended.

sale 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 exacute 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. If production is found on any part of the pooled acreage it shall be treated as if production is had from this lease whether any well is located on the land covered by this lease or not. Any well dified 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 troyalty interest therein on an areage basis bears to the total mineral screage so pooled in the pooled.

15. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor and lessee.

See Exhibit "A" attached hereto and made a part hereof

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

Al (Travis Jantz)

Brooke Jantz)

2316

PHOTO-COPIED

STATE OF KANSAS, Gray County This instrument was filed for record on the 8 day of A.D. 20 10 at8:30 M. and duly recorded in Book I on Page 456-458. Marla Sliffin fur Register of Deeds (



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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

October 04, 2012

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

Re: Drilling Pit Application WARD 1-31(SE) SE/4 Sec.31-28S-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.

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

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