





1099049

**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

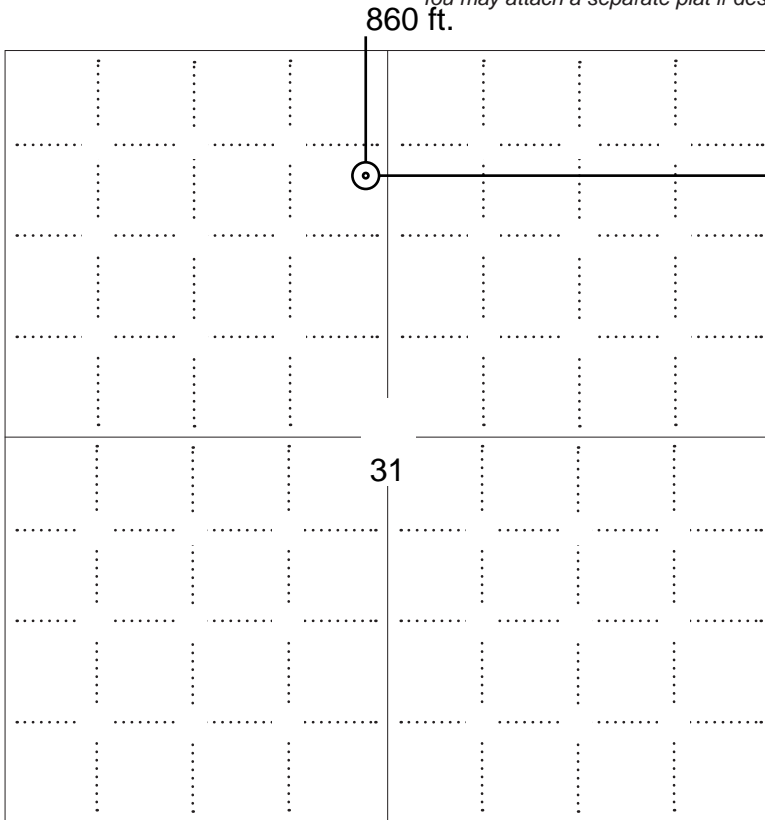
**If Section is Irregular, locate well from nearest corner boundary.**

Section corner used:  NE  NW  SE  SW

### PLAT

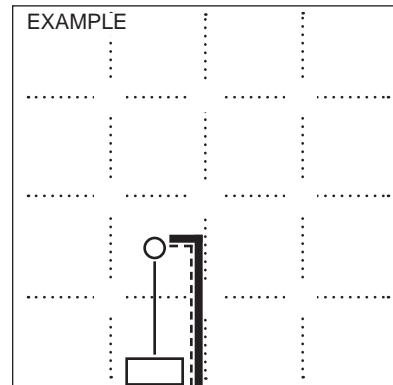
Show location of the well. Show footage to the nearest lease or unit boundary line. Show the predicted locations of lease roads, tank batteries, pipelines and electrical lines, as required by the Kansas Surface Owner Notice Act (House Bill 2032).

*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.



**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	
<b>Emergency, Settling and Burn Pits ONLY:</b> 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		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> 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><b>Submitted Electronically</b></p>			

**KCC OFFICE USE ONLY**

Liner     Steel Pit     RFAC     RFAS

Date Received: \_\_\_\_\_ Permit Number: \_\_\_\_\_ Permit Date: \_\_\_\_\_ Lease Inspection:     Yes     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

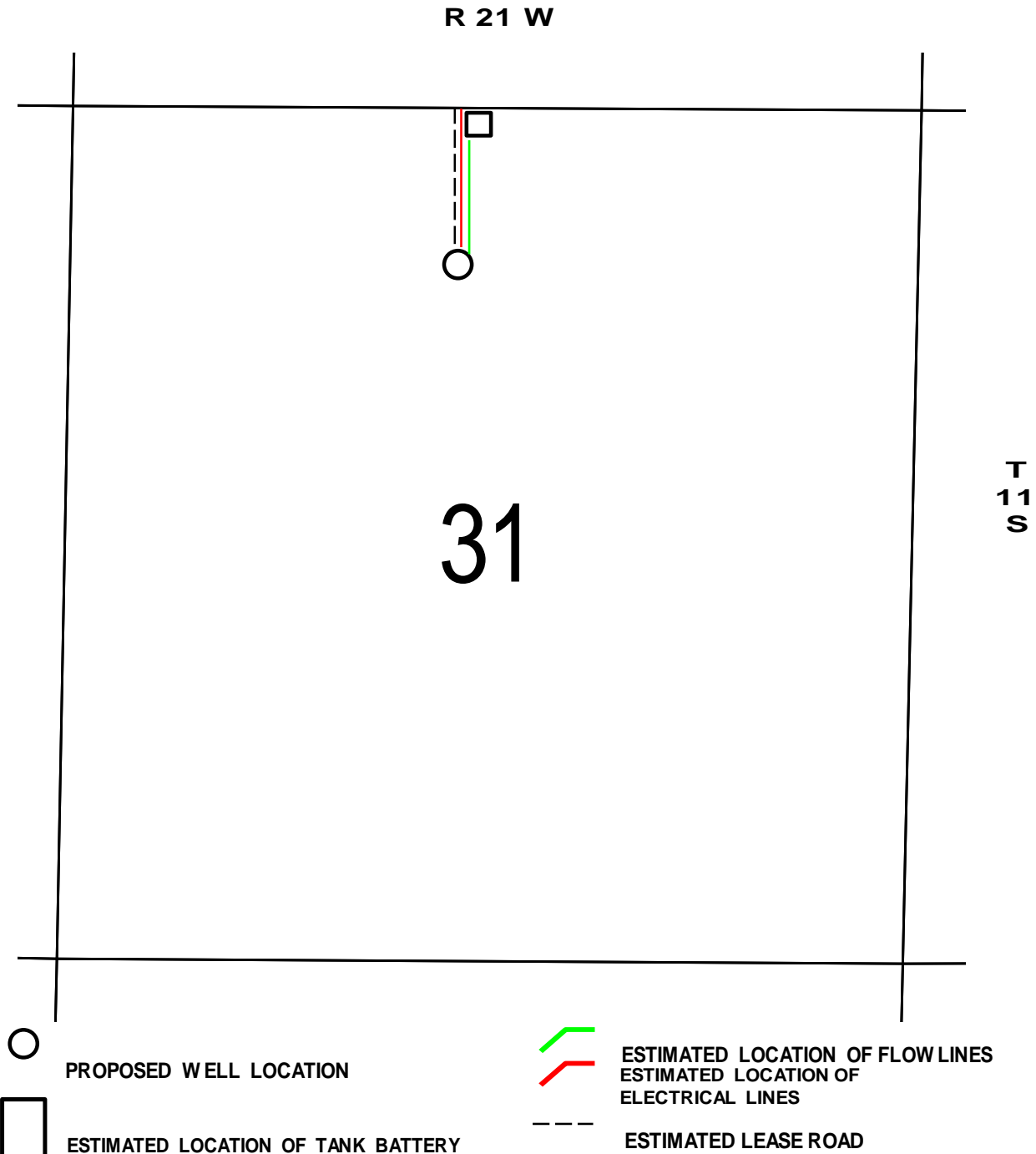
**OPERATOR :** Samuel Gary Jr & Associates, Inc 1515 Wynkoop Street, Suite 700  
Denver, Colorado 80202 office :303-831-4673 ; fax :303-863-7285

**WELL NAME :** SHUBERT ET AL 2-31

**LOCATION :** 860 FNL / 2800 FEL Sec. 31-11S-21W TREGO COUNTY

**SURFACE OWNER :** Donnie & Kathryn Shubert  
19052 180th Ave.  
WaKeeney, KS 67672

John & Lynelle Shubert  
613 N 1st  
WaKeeney, KS 67672



**Memorandum of Lease**

PEC Mineral # 8995-A, 8996-A

THIS MEMORANDUM OF LEASE (“**Memorandum**”) is made and entered into as of **August 17, 2010**, by and between **PEC Minerals, LP**, whose address for the purposes hereof is **14860 Montfort Drive, Suite 209, Dallas, Texas 75254** (“**Lessor**”), and **High Plains Energy Partners, LLC** whose address for the purposes hereof is **1515 Wynkoop, Suite 700, Denver, Colorado 80202** (“**Lessee**”).

1. **Lease.** For the term and upon the provisions set forth in that Oil and Gas Lease between Lessor and Lessee (the “**Agreement**”), all of which provisions are specifically made a part hereof as though fully and completely set forth herein, Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, that certain real property (the “**Property**”) located in the County of Trego, State of Kansas, as more particularly described in Exhibit A attached hereto, together with all rights of ingress and egress and all other rights appurtenant to the Property, as more particularly described in the Agreement.
2. **Notice.** This Memorandum is prepared for the purpose of giving notice of the Agreement and in no way modifies the express provisions of the Agreement. Lessor, hereby acknowledges and 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, 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 the following described lands, together with any reversionary rights and after-acquired interest.
3. **Term.** Subject to the provisions herein contained, this lease shall remain in force for a term of One (1) year(s) 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 lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions stated in the lease agreement.
4. **Successors and Assigns.** Lessor and Lessee intend that the covenants, conditions, and restrictions contained in the Agreement shall be both personal to Lessor and Lessee and binding on their successors and assigns. Each successive owner of the Property or of any portion thereof, and each person or entity having any interest therein derived through any owner thereof, shall be bound by such covenants, conditions and restrictions for the benefit of the Property.
5. **Counterparts.** This lease may be signed in any number or numbers of counterparts and shall be effective as to each Lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the Lessors above named who may not have joined in the execution hereof. The word “Lessor” as used in this lease shall mean the party or parties who execute this lease as Lessor, although not named above.

IN WITNESS WHEREOF, this Memorandum of Lease has been executed as of the date first written above.

LESSEE:

HIGH PLAINS ENERGY PARTNERS, LLC

BY: \_\_\_\_\_

Craig Ambler, Chief Operating Officer

PEC MINERALS, LP

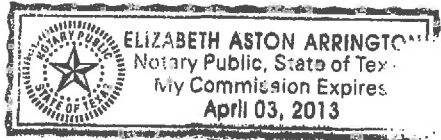
BY: \_\_\_\_\_ *am*

Michael Allen, Manager

STATE OF TEXAS §

COUNTY OF DALLAS §

The foregoing instrument was acknowledged before me on this 24<sup>th</sup> day of September, 2010, by Michael Allen, Manager of PEC Minerals LP.



Elizabeth Aston Arrington  
Notary Public in and for the State of Texas

STATE OF Colorado §

COUNTY OF Denver §

October The foregoing instrument was acknowledged before me this 14<sup>th</sup> day of ~~September~~, 2010, by Craig Ambler, Chief Operating Officer of High Plains Energy Partners, LLC.

My Commission Expires:

6/5/13

Janet Rakowski  
Notary Public



My Commission Expires 06/05/2013

**EXHIBIT A TO MEMORANDUM OF LEASE**  
**LEGAL DESCRIPTION OF PROPERTY**

**ATTACHED TO AND MADE A PART OF THAT CERTAIN MEMORANDUM OF LEASE** dated August 17, 2010, by and between **PEC Minerals, LP**, as Landowner, and High Plains Energy Partners, LLC, as Lessee.

All that real property located in Trego County, Kansas, described as follows:

That certain tract or parcel of land estimated to contain 320.00 acres, more or less, and being described as the South Half (S/2) of Section 19, Township 11 South, Range 21 West, Trego County, Kansas.

That certain tract or parcel of land estimated to contain 160.00 acres, more or less, and being described as the Southeast Quarter (SE/4) of Section 30, Township 11 South, Range 21 West, Trego County, Kansas.

That certain tract or parcel of land estimated to contain 160.00 acres, more or less, and being described as the Northeast Quarter (NE/4) of Section 31, Township 11 South, Range 21 West, Trego County, Kansas.

Total aggregate of the tracts herein described is estimated to contain 640.00 acres, more or less.



STATE OF KANSAS  
COUNTY OF TREGO SS  
THIS INSTRUMENT WAS FILED  
FOR RECORD THIS 20th DAY OF  
October, 2010 AT 12:15 PM  
AND RECORDED IN BOOK 165 OF  
RECORDS AT PAGE 407 FEE \$ 16.00

*Evea M Rumpel*  
Evea M. Rumpel, REGISTER OF DEEDS



## OIL AND GAS LEASE

AGREEMENT, Made and entered into the 10th September 2010, but made effective February 21, 2011  
by and between John P. Nilhas and Vae Nilhas, husband and wife  
whose mailing address is 29007 B Road, WaKeeney, Kansas 67672 hereinafter called Lessor (whether one or more),  
and High Plains Energy Partners, LLC  
1515 Wynkoop, Suite 700, Denver, CO 80202 hereinafter called Lessee:

Lessor, in consideration of Ten and Other Valuable Considerations Dollars (\$ 10.00 ) in hand paid, receipt of which is hereby acknowledged and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee (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, 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 interests,

therein situated in County of Trego State of Kansas described as follows to-wit:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR PROPERTY DESCRIPTION.

In Section 31 Township 11 South Range 21 West and containing 160.00 acres, more or less, accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of Two (2) 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 pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

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, (including casinghead 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 net proceeds received by Lessee from such sales, such net proceeds to be less a proportionate part of the production, severance, or other excise taxes and the cost incurred by Lessee in delivering, treating for the removal of nitrogen, helium or other impurities in the gas, compressing, or otherwise making any such gas merchantable) for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled or unitized therewith but Lessee is then engaged in drilling, reworking operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled or unitized therewith, and operations shall be considered to be continuously prosecuted if not more than one hundred and twenty (120) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on the leased premises or on acreage pooled or unitized therewith, the production should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or reworking operations within one hundred and twenty (120) days from the date of cessation of production or from the date of completion of a dry hole. If oil or gas shall be discovered and produced as a result of such operations, this lease shall continue in full force and effect so long as oil or gas is produced from the leased premises or on acreage pooled or unitized therewith.

If after the primary term one or more wells on the lease premises or lands pooled or unitized therewith are capable of producing oil or gas or other substances covered hereby, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing for the purpose of maintaining the lease. If for a period of ninety (90) consecutive days such well or wells are shut in or production therefrom is not sold by Lessee, the Lessee shall pay an aggregate shut-in royalty of One Dollar (\$1.00) per acre then covered by this lease, such payment to be made to Lessor on or before the anniversary date of this lease next ensuing after the expiration of the said ninety (90) day period and thereafter on before each anniversary date of this lease while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is in its primary term or otherwise being maintained by operations, or if production is being sold by Lessee from another well on the leased premises or lands pooled or unitized therewith, no shut-in royalty shall be due until the end of the next following anniversary date of this lease that cessation of such operations or production occurs, as the case may be. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in 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, *soil, surface and or improvements (fences etc.) 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, including restrictions on the drilling and production of wells, and regulation of the price or transportation of oil, gas or other substance covered hereby. When drilling, reworking, production or other operations or obligations under this lease are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood or other act of nature, explosion, governmental action, governmental delay, restraint or inaction, or by inability to obtain a satisfactory market for production, or failure of purchasers or carriers to take or transport such production, or by any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within control of Lessee, this lease shall not terminate because of such prevention or delay, and, at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any provision or implied covenants of this lease when drilling, production, or other operations are so prevented or delayed.

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 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, unitize 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 or unitization 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 or unitized acreage. The entire acreage so pooled or unitized 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 or unitized 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, Lessee 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 or unitized in the particular unit involved.

This lease may be signed in any number or numbers of counterparts and shall be effective as to each Lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the Lessors above named who may not have joined in the execution hereof. The word "Lessor" as used in this lease shall mean the party or parties who execute this lease as Lessor, although not named above.

Lessee shall have the exclusive right to explore the land herein described by geological, geophysical or other methods, whether similar to those herein specified or not and whether now known or not, including the drilling of holes, use of torsion balance, seismograph explosions, magnetometer, or other geophysical or geological instruments, tests or procedures, for the purpose of securing geological and geophysical information. All information obtained by Lessee as a result of such activity shall be the exclusive property of Lessee, and Lessee may disseminate or sell such information without Lessor's consent. Lessor and Lessee herein agree that a portion of the consideration paid herein is for advance payment of usual and customary damages associated with seismograph operations (ie: tire tracks in the wheat pasture or field, road use, etc.) If any extraordinary damages may occur, Lessor or its tenant (if Lessor has a tenant) will be compensated accordingly, or at Lessee's discretion, Lessee may elect to repair the damages in lieu of compensation.

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ADDITIONAL TERMS AND PROVISIONS.

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

  
John P. Nilhas

  
Vae Nilhas

STATE OF KANSAS  
COUNTY OF TREGO SS


THIS INSTRUMENT WAS FILED

FOR RECORD THIS 17th DAY OF

February, 2011 AT 9:00 AM

AND RECORDED IN BOOK 168 OF

RECORDS AT PAGE 28 FEE \$ 16.00

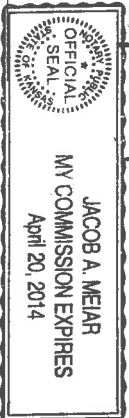
  
Eeva M. Rumpel

REGISTER OF DEEDS

The foregoing instrument was acknowledged before me this 12 day of October, 2010,  
By John M. Nilhas and Vae Nilhas

My commission expires April 20 2014

Notary Public



*Jacob A. Melar*

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,  
By \_\_\_\_\_

My commission expires \_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,  
By \_\_\_\_\_

My commission expires \_\_\_\_\_  
Notary Public

# OIL AND GAS LEASE

No. \_\_\_\_\_

FROM

\_\_\_\_\_

TO

\_\_\_\_\_

Date \_\_\_\_\_

Section \_\_\_\_\_ Twp. \_\_\_\_\_ Rge. \_\_\_\_\_

No. of Acres \_\_\_\_\_ Term \_\_\_\_\_

\_\_\_\_\_ County \_\_\_\_\_

\_\_\_\_\_

STATE OF \_\_\_\_\_

County \_\_\_\_\_

This instrument was filed for record on the \_\_\_\_\_  
day of \_\_\_\_\_,  
at \_\_\_\_\_ o'clock \_\_\_\_\_ M., and duly recorded  
in Book \_\_\_\_\_ Page \_\_\_\_\_ of  
the records of this office.

Register of Deeds.

By \_\_\_\_\_

When recorded, return to \_\_\_\_\_

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,  
by \_\_\_\_\_ of \_\_\_\_\_  
a \_\_\_\_\_ corporation, on behalf of the corporation.

My commission expires \_\_\_\_\_  
Notary Public

EXHIBIT "A"

Attached to and made a part of that Certain Oil and Gas Lease dated September 10, 2010 but made effective February 21, 2011, by and between, John E. Nilhas and Vae Nilhas, husband and wife, as Lessor, and HIGH PLAINS ENERGY PARTNERS, LLC., as Lessee.



PROPERTY DESCRIPTION:TOWNSHIP 11 SOUTH - RANGE 21 WESTSECTION 31:

That certain tract or parcel of land estimated to contain 160.00 acres, more or less, and being described as the Northeast (NE/4) of Section 31, Township 11 South, Range 21 West, Trego County, Kansas.

It is the intention of this lease to cover and include any mineral interest which the Lessor may own in and to the above described tract, including streets, roads, canals, drainage ditches, rights of way or other servitudes, including, but not limited to, any reversionary interest which Lessor may acquire in the same, by prescription of nonuse.

ADDITIONAL TERMS AND PROVISIONS:

1. The provisions of this EXHIBIT "A" shall control and supersede the terms of the attached oil and gas lease when such terms conflict.
2. Lessee shall bury and maintain all pipelines below ordinary plow depth (36").
3. Lessee shall pay all damages to crops, including grass, and restore as nearly as practical, said premises to the same conditions and contour as previously existed, upon termination of this lease.
4. Lessee is hereby granted the option to extend the primary term of this lease for an additional two (1) year from the expiration of the original primary term. This option may be exercised by Lessee, in total, on or before the expiration date of lease by paying and delivering to Lessor at the above address, the sum of \$20.00 per acre covered by the lease. In the event Lessee exercises this option, Lessee must renew all acreage covered by this lease. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a term of five (3) years.

  
 \_\_\_\_\_  
 John E. Nilhas  
  
 \_\_\_\_\_  
 Vae Nilhas

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 24th day of September 2010, but made effective February 21, 2011

by and between THE RUTH ANN NILHAS TRUST DATED JUNE 29, 2000; represented herein by Lloyd E. Nilhas, Trustee and Ruth A. Nilhas, Trustee, and THE LLOYD E. NILHAS TRUST DATED JULY 28, 2000; represented herein by Lloyd E. Nilhas, Trustee and Ruth A. Nilhas, Trustee.

whose mailing address is 16042 250 Avenue, WaKeeney, Kansas 67672 hereinafter called Lessor (whether one or more), and HIGH PLAINS ENERGY PARTNERS, LLC 1515 Wynkoop, Suite 700, Denver, Colorado 80202 hereinafter called Lessee:

Lessor, in consideration of Ten and Other Valuable Considerations Dollars (\$ 10.00 ) in hand paid, receipt of which is hereby 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, 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 Trego State of Kansas described as follows to-wit:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR PROPERTY DESCRIPTION.

In Section 31 Township 11 South Range 21 West and containing 160.00 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of Two (2) 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 pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

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, (including casinghead 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 net proceeds received by Lessee from such sales, such net proceeds to be less a proportionate part of the production, severance, or other excise taxes and the cost incurred by Lessee in delivering, treating for the removal of nitrogen, helium or other impurities in the gas, processing, compressing, or otherwise making any such gas merchantable) for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled or unitized therewith but Lessee is then engaged in drilling, reworking operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled or unitized therewith; and operations shall be considered to be continuously prosecuted if not more than one hundred and twenty (120) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on the leased premises or on acreage pooled or unitized therewith, the production should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or reworking operations within one hundred and twenty (120) days from the date of cessation of production or from the date of completion of a dry hole. If oil or gas shall be discovered and produced as a result of such operations, this lease shall continue in full force and effect so long as oil or gas is produced from the leased premises or on acreage pooled or unitized therewith.

If after the primary term one or more wells on the lease premises or lands pooled or unitized therewith are capable of producing oil or gas or other substances covered hereby, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing for the purpose of maintaining the lease. If for a period of ninety (90) consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, the Lessee shall pay an aggregate shut-in royalty of One Dollar (\$1.00) per acre then covered by this lease, such payment to be made to Lessor on or before the anniversary date of this lease next ensuing after the expiration of the said ninety (90) day period and thereafter on or before each anniversary date of this lease while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is in its primary term or otherwise being maintained by operations, or if production is being sold by Lessee from another well on the leased premises or lands pooled or unitized therewith, no shut-in royalty shall be due until the end of the next following anniversary date of this lease that cessation of such operations or production occurs, as the case may be. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in 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, soil, surface and or improvements (fences etc.) 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, including restrictions on the drilling and production of wells, and regulation of the price or transportation of oil, gas or other substance covered hereby. When drilling, reworking, production or other operations or obligations under this lease are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood or other act of nature, explosion, governmental action, governmental delay, restraint or inaction, or by inability to obtain a satisfactory market for production, or failure of purchasers or carriers to take or transport such production, or by any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within control of Lessee, this lease shall not terminate because of such prevention or delay, and, at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any provision or implied covenants of this lease when drilling, production, or other operations are so prevented or delayed.

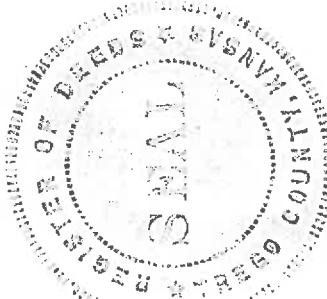
Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof, and the undersigned 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, unitize 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 or unitization 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 or unitized acreage. The entire acreage so pooled or unitized 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 or unitized 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 or unitized in the particular unit involved.

This lease may be signed in any number or numbers of counterparts and shall be effective as to each Lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the Lessors above named who may not have joined in the execution hereof. The word "Lessor" as used in this lease shall mean the party or parties who execute this lease as Lessor, although not named above.

Lessee shall have the exclusive right to explore the land herein described by geological, geophysical or other methods, whether similar to those herein specified or not and whether now known or not, including the drilling of holes, use of torsion balance, seismograph explosions, magnetometer, or other geophysical or geological instruments, tests or procedures, for the purpose of securing geological and geophysical information. All information obtained by Lessee as a result of such activity shall be the exclusive property of Lessee, and Lessee may disseminate or sell such information without Lessor's consent. Lessor and Lessee herein agree that a portion of the consideration paid herein is for advance payment of usual and customary damages associated with seismograph operations (ie: tire tracks in the wheat, pasture or field, road use, etc.) If any extraordinary damages may occur, Lessor or its tenant (if Lessor has a tenant) will be compensated accordingly, or at Lessee's discretion, Lessee may elect to repair the damages in lieu of compensation.

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ADDITIONAL TERMS AND PROVISIONS.



STATE OF KANSAS  
COUNTY OF TREGO SS  
THIS INSTRUMENT WAS FILED  
FOR RECORD THIS 17th DAY OF  
February, 2011 AT 9:00 AM  
AND RECORDED IN BOOK 168 OF  
RECORDS AT PAGE 25 FEE \$ 16.00  
Eeva M. Rumpel  
Eeva M. Rumpel, REGISTER OF DEEDS

THE RUTH ANN NILHAS TRUST DATED JUNE 29, 2000

Lloyd E. Nilhas  
By; Lloyd E. Nilhas, as Trustee

Ruth Ann Nilhas, Jr.  
By; Ruth Ann Nilhas, as Trustee

THE LLOYD E. NILHAS TRUST DATED JULY 28, 2000

Lloyd E. Nilhas  
By; Lloyd E. Nilhas, as Trustee

Ruth Ann Nilhas, Jr.  
By; Ruth Ann Nilhas, as Trustee

John M. Nilhas  
John M. Nilhas

STATE OF Kansas

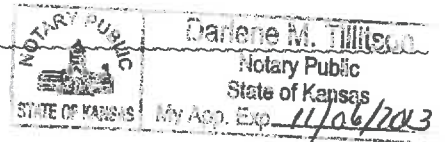
COUNTY OF Trego

The foregoing instrument was acknowledged before me this 30<sup>th</sup> day of September, 2010,

By Lloyd E. Nilhas and Ruth A. Nilhas, trustees of the Ruth Ann Nilhas Trust dated June 29, 2000 and the Lloyd E Nilhas Trust dated July 28, 2000

My commission expires November 6, 2013

Darlene M. Tillitson  
Notary Public



STATE OF Kansas

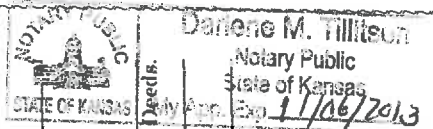
COUNTY OF Trego

The foregoing instrument was acknowledged before me this 30<sup>th</sup> day of September, 2010,

By John M. Nilhas

My commission expires November 6, 2013

Darlene M. Tillitson  
Notary Public



No. _____	OIL AND GAS LEASE	FROM	TO	Date _____	Section _____ Twp. _____ Rge. _____	No. of Acres _____ Term _____	County _____	STATE OF _____	County _____	This instrument was filed for record on the _____ day of _____ at _____ o'clock _____ M., and duly recorded in Book _____ Page _____ the records of this office.	By _____	When recorded, return to _____	Register of Deeds.

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,

by \_\_\_\_\_ of \_\_\_\_\_

a \_\_\_\_\_ corporation, on behalf of the corporation.

My commission expires \_\_\_\_\_

Notary Public

**EXHIBIT "A"**

Attached to and made a part of that Certain Oil and Gas Lease dated September 24, 2010 but made effective February 21, 2011, by and between, **THE RUTH ANN NILHAS TRUST DATED JUNE 29, 2000**; represented herein by Lloyd E. Nilhas, Trustee and Ruth A. Nilhas, Trustee, and **THE LLOYD E. NILHAS TRUST DATED JULY 28, 2000**; represented herein by Lloyd E. Nilhas, Trustee and Ruth A. Nilhas, Trustee, as Lessor, and **HIGH PLAINS ENERGY PARTNERS, LLC.**, as Lessee.

**PROPERTY DESCRIPTION:**

**TOWNSHIP 11 SOUTH – RANGE 21 WEST**

**SECTION 31:**

That certain tract or parcel of land estimated to contain **160.00** acres, more or less, and being described as the Northeast (NE/4) of Section 31, Township 11 South, Range 21 West, Trego County, Kansas.

It is the intention of this lease to cover and include any mineral interest which the Lessor may own in and to the above described tract, including streets, roads, canals, drainage ditches, rights of way or other servitudes, including, but not limited to, any reversionary interest which Lessor may acquire in the same, by prescription of nonuse.

**ADDITIONAL TERMS AND PROVISIONS:**

1. The provisions of this EXHIBIT "A" shall control and supersede the terms of the attached oil and gas lease when such terms conflict.
2. Lessee shall bury and maintain all pipelines below ordinary plow depth (36").
3. Lessee shall pay all damages, caused by Lessee's operations hereunder to crops, including grass, and restore as nearly as practical, said premises to the same conditions and contour as previously existed, upon termination of this lease.
4. Lessee is hereby granted the option to extend the primary term of this lease for an additional one (1) year from the expiration of the original primary term. This option may be exercised by Lessee, in total, on or before the expiration date of lease by paying and delivering to Lessor at the above address, the sum of \$20.00 per acre covered by the lease. In the event Lessee exercises this option, Lessee must renew all acreage covered by this lease. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a term of three (3) years.
5. Lessors, herein direct Bonus and Rental monies accruing under the terms of this lease to be paid to the below listed entities and in the following proportions; and said Lessors agree said payments shall maintain this Oil and Gas Lease in full force and effect, as though payments had been made to each individual Lessor.


Ruth Ann Nilhas Trust Dated June 29, 2000 , 16042 250 Avenue, WaKeeney, Kansas 67672	30.00%,
Lloyd E. Nilhas Trust dated July 28, 2000, 16042 250 Avenue, WaKeeney, Kansas 67672	30.00%
John M. Nilhas and Vae Nilhas, 29007 B Rd, WaKeeney, Kansas 67672	40.00%,

6. Lessors herein direct all Royalty monies accruing under the terms of this lease to be paid to the below listed entities and in the following proportions; said payments shall maintain this Oil and Gas Lease in full force and effect, as though payments had been made to each individual Lessor.

Ruth Ann Nilhas Trust Dated June 29, 2000, 16042 250 Avenue, WaKeeney, Kansas 67672	18.75%
Lloyd E. Nilhas Trust dated July 28, 2000, 16042 250 Avenue, WaKeeney, Kansas 67672	18.75%
John M. Nilhas and Vae Nilhas, 29007 B Rd, WaKeeney, Kansas 67672	37.50%
Steven Nilhas, 4105 Teal Dr, Lawrence, Kansas 66047	12.50%
Jill McReynolds, 1716 Wheatland Av, Hays, Kansas 67601	12.50%

**THE RUTH ANN NILHAS TRUST DATED JUNE 29, 2000**

  
 By; Lloyd E. Nilhas, as Trustee

  
 By; Ruth Ann Nilhas, as Trustee

**THE LLOYD E. NILHAS TRUST DATED JULY 28, 2000**

  
 By; Lloyd E. Nilhas, as Trustee

  
 By; Ruth Ann Nilhas, as Trustee

  
 John M. Nilhas

63U (Rev. 1993)

## OIL AND GAS LEASE

but made effective

AGREEMENT, Made and entered into the 21st day of September, 2010 April 7, 2011

by and between Ronnie L. Shubert, herein dealing with his separate property, represented by Donnie Shubert, Power of Atty 2057 S Parkwood Ln, Wichita, KS 67218 hereinafter called Lessor (whether one or more),  
and High Plains Energy Partners, LLC  
1515 Wynkoop, Suite 700, Denver, CO 80202 hereinafter called Lessee:

Lessor, in consideration of Ten and Other Valuable Considerations Dollars (\$ 10.00) in hand paid, receipt of which is hereby 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, 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 Trego State of Kansas described as follows to-wit:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR PROPERTY DESCRIPTION.

In Section 31 Township 11 South Range 21 West and containing 160.00 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of Two (2) 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 pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

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, (including casinghead 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 net proceeds received by Lessee from such sales, such net proceeds to be less a proportionate part of the production, severance, or other excise taxes and the cost incurred by Lessee in delivering, treating for the removal of nitrogen, helium or other impurities in the gas, processing, compressing, or otherwise making any such gas merchantable) for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled or unitized therewith but Lessee is then engaged in drilling, reworking operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled or unitized therewith; and operations shall be considered to be continuously prosecuted if not more than one hundred and twenty (120) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on the leased premises or on acreage pooled or unitized therewith, the production should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or reworking operations within one hundred and twenty (120) days from the date of cessation of production or from the date of completion of a dry hole. If oil or gas shall be discovered and produced as a result of such operations, this lease shall continue in full force and effect so long as oil or gas is produced from the leased premises or on acreage pooled or unitized therewith.

If after the primary term one or more wells on the lease premises or lands pooled or unitized therewith are capable of producing oil or gas or other substances covered hereby, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing for the purpose of maintaining the lease. If for a period of ninety (90) consecutive days such well or wells are shut in or production therefrom is not sold by Lessee, the Lessee shall pay an aggregate shut-in royalty of One Dollar (\$1.00) per acre then covered by this lease, such payment to be made to Lessor on or before the anniversary date of this lease next ensuing after the expiration of the said ninety (90) day period and thereafter on or before each anniversary date of this lease while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is in its primary term or otherwise being maintained by operations, or if production is being sold by Lessee from another well on the leased premises or lands pooled or unitized therewith, no shut-in royalty shall be due until the end of the next following anniversary date of this lease that cessation of such operations or production occurs, as the case may be. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in 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, soil, surface and or improvements (fences etc.) 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, including restrictions on the drilling and production of wells, and regulation of the price or transportation of oil, gas or other substance covered hereby. When drilling, reworking, production or other operations or obligations under this lease are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood or other act of nature, explosion, governmental action, governmental delay, restraint or inaction, or by inability to obtain a satisfactory market for production, or failure of purchasers or carriers to take or transport such production, or by any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within control of Lessee, this lease shall not terminate because of such prevention or delay, and, at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any provision or implied covenants of this lease when drilling, production, or other operations are so prevented or delayed.

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 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, unitize 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 or unitization 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 or unitized acreage. The entire acreage so pooled or unitized 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 or unitized 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 or unitized in the particular unit involved.

This lease may be signed in any number or numbers of counterparts and shall be effective as to each Lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the Lessors above named who may not have joined in the execution hereof. The word "Lessor" as used in this lease shall mean the party or parties who execute this lease as Lessor, although not named above.

Lessee shall have the exclusive right to explore the land herein described by geological, geophysical or other methods, whether similar to those herein specified or not and whether now known or not, including the drilling of holes, use of torsion balance, seismograph explosions, magnetometer, or other geophysical or geological instruments, tests or procedures, for the purpose of securing geological and geophysical information. All information obtained by Lessee as a result of such activity shall be the exclusive property of Lessee, and Lessee may disseminate or sell such information without Lessor's consent. Lessor and Lessee herein agree that a portion of the consideration paid herein is for advance payment of usual and customary damages associated with seismograph operations (ie: tire tracks in the wheat, pasture or field, road use, etc.) If any extraordinary damages may occur, Lessor or its tenant (if Lessor has a tenant) will be compensated accordingly, or at Lessee's discretion, Lessee may elect to repair the damages in lieu of compensation.

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ADDITIONAL TERMS AND PROVISIONS.

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

  
Ronnie L. Shubert

COUNTY OF Trego

The foregoing instrument was acknowledged before me this 4th day of October, 2010.

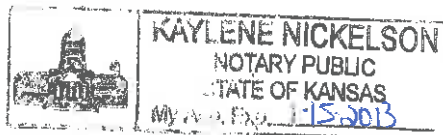
By Ronnie L. Shubert, represented by Donnie Shubert, Power of Attorney

My commission expires 1-15-2013

Kaylene Nickelson  
Notary Public

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_



The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

By \_\_\_\_\_

My commission expires \_\_\_\_\_

Notary Public

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

By \_\_\_\_\_

My commission expires \_\_\_\_\_

Notary Public

No. \_\_\_\_\_  
**OIL AND GAS LEASE**

FROM

TO

Date \_\_\_\_\_  
Section \_\_\_\_\_ Twp. \_\_\_\_\_ Rge. \_\_\_\_\_  
No. of Acres \_\_\_\_\_ Term \_\_\_\_\_  
County \_\_\_\_\_

STATE OF \_\_\_\_\_  
County \_\_\_\_\_  
This instrument was filed for record on the \_\_\_\_\_  
day of \_\_\_\_\_  
at \_\_\_\_\_ o'clock \_\_\_\_\_ M., and duly recorded  
in Book \_\_\_\_\_ Page \_\_\_\_\_ of \_\_\_\_\_  
the records of this office.  
By \_\_\_\_\_ Register of Deeds.  
When recorded, return to \_\_\_\_\_

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

by \_\_\_\_\_ of \_\_\_\_\_

a \_\_\_\_\_ corporation, on behalf of the corporation.

My commission expires \_\_\_\_\_

Notary Public



represented by Donnie Shubert,  
Power of Attorney

EXHIBIT "A"

but made effective April 7, 2011

Attached to and made a part of that Certain Oil and Gas Lease dated September 21, 2010, by and between, **Ronnie L. Shubert**, herein dealing with his separate property, as Lessor, and **HIGH PLAINS ENERGY PARTNERS, LLC.**, as Lessee.

PROPERTY DESCRIPTION:

TOWNSHIP 11 SOUTH – RANGE 21 WEST

SECTION 31:

That certain tract or parcel of land estimated to contain **160.00 acres**, more or less, and being described as the Northwest (NW/4) of Section 31, Township 11 South, Range 21 West, Trego County, Kansas.


It is the intention of this lease to cover and include any mineral interest which the Lessor may own in and to the above described tract, including streets, roads, canals, drainage ditches, rights of way or other servitudes, including, but not limited to, any reversionary interest which Lessor may acquire in the same, by prescription of nonuse.

ADDITIONAL TERMS AND PROVISIONS:

1. The provisions of this EXHIBIT "A" shall control and supersede the terms of the attached oil and gas lease when such terms conflict.
2. Lessee shall bury and maintain all pipelines below ordinary plow depth (36").
3. Lessee shall pay all damages to crops, including grass, and restore as nearly as practical, said premises to the same conditions and contour as previously existed, upon termination of this lease.
4. Lessee is hereby granted the option to extend the primary term of this lease for an additional two (1) year from the expiration of the original primary term. This option may be exercised by Lessee, in total, on or before the expiration date of lease by paying and delivering to Lessor at the above address, the sum of \$20.00 per acre covered by the lease. In the event Lessee exercises this option, Lessee must renew all acreage covered by this lease. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a term of five (3) years.

Ronnie L. Shubert

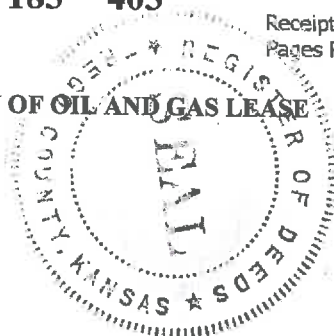


STATE OF KANSAS                    SS  
COUNTY OF TREGO  
THIS INSTRUMENT WAS FILED  
FOR RECORD THIS 17th DAY OF  
March, 2011 AT 9:00 AM  
AND RECORDED IN BOOK 168 OF  
RECORDS AT PAGE 627 FEE \$ 16.00  
  
Eeva M. Rumpel, REGISTER OF DEEDS

*Evea M. Rumpel*  
Evea M. Rumpel:

**EXTENSION OF OIL AND GAS LEASE**

Date Recorded: 10/8/2012 9:45:00 AM



STATE OF KANSAS }  
COUNTY OF TREGO }

**KNOW ALL MEN BY THESE PRESENTS:**

**THAT**, an Oil and Gas Lease dated **October 19, 2011** covering that certain tract of land containing an aggregate of **640.00 acres**, more or less, being situated in the **South Half (S/2) of Section 19, the Southeast Quarter (SE/4) of Section 30, and the Northeast Quarter (NE/4) of Section 31, Township 11 South, Range 21 West, Trego County, Kansas**, was executed by **PEC Minerals, LP**, whose address is declared to be 14860 Montfort Drive, Suite 209, Dallas, Texas 75254, as Lessor in favor of **High Plains Energy Partners, LLC**, whose address is declared to be 1515 Wynkoop, Suite 700, Denver, Colorado 80202, as Lessee and being recorded in **COB 175, Page 158**, of the official records of Trego County, Kansas, and being referred to hereinafter as the Subject Lease; and

**WHEREAS**, the term of the Subject Lease was granted for a period of one (1) year; and would expire and terminate on October 19, 2012;

**WHEREAS**, Lessor and Lessee have agreed to extend the primary term of the Subject Lease for an additional one (1) year;

**NOW THEREFORE**, in consideration of Ten Dollars and No/100 and Other Good and Valuable Consideration (\$10.00 & OVC) the receipt and adequacy of which are hereby acknowledged, the undersigned Lessor does hereby amend, modify and reform the Subject Lease, as follows:

The Term and Habendum Clause of the Subject Lease shall be and is hereby amended, modified and reformed to provide for a primary term of Two(2) Years and Zero (0) Months.

1. It is expressly declared to be the intention of the parties that the Subject Lease be extended for one (1) additional year, to the same extent and effect as though the Subject Lease had been granted in the first instance for a primary term of two (2) years with the intent that the Lease term shall expire **October 19, 2013**.

2. Lessor herein acknowledges that the Subject Lease, as amended is in full force and effect, and except as expressly amended, modified and reformed herein, the Subject Lease shall remain in full force and effect in accordance with its original terms and provisions. That, the Lessor hereby adopts, ratifies and confirms the Subject Lease, and further grants, leases and lets unto **High Plains Energy Partners, LLC**, whose mailing address is 1515 Wynkoop, Suite 700, Denver, Colorado 80202, as Lessee, in accordance with the terms and provisions of the Subject Lease.

This instrument may be signed by any number of counterparts, each of which shall be binding on the party or parties so signing regardless of whether all of the owners join in the granting of this instrument; and the failure of any party named herein as Lessor to sign this instrument shall not affect the validity as to those whose signatures appear hereon or on a counterpart hereof.

The consideration paid by Lessee to Lessor is accepted as full and adequate consideration for all rights, options and privileges herein granted.

IN WITNESS WHEREOF, this instrument is executed on *September 25*, 2012.

**LESSOR:**

**PEC Minerals, LP**  
By: **PEC Minerals GP LLC, its sole general partner**

*Michael Allen* *MA*  
By: **MICHAEL ALLEN, Manager**

STATE OF TEXAS

(Corporate Acknowledgement)

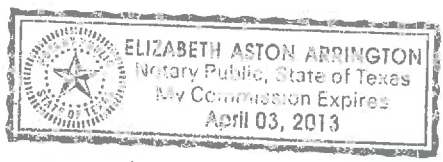
COUNTY OF DALLAS

Before me the undersigned, a Notary Public, in and for said County and state, on this 25<sup>th</sup> day of September 2012, personally appeared Michael Allen to me known to be the identical person who subscribed the name of the maker thereof to the within and foregoing instrument as its Manager and acknowledged to me that he executed the same as his free and voluntary act and deed, as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

IN WITNESS WHEREOF I have hereunto set my official signature and affixed my official seal the day and year last above written.

My commission expires 4/3/2013

Elizabeth Aston Arrington  
Notary Public



No. \_\_\_\_\_

**OIL AND GAS LEASE**

FROM \_\_\_\_\_

TO \_\_\_\_\_

Date \_\_\_\_\_

Section \_\_\_\_\_ Twp. \_\_\_\_\_ Rge. \_\_\_\_\_

No. of Acres \_\_\_\_\_ Term \_\_\_\_\_

County \_\_\_\_\_

STATE OF \_\_\_\_\_

County \_\_\_\_\_

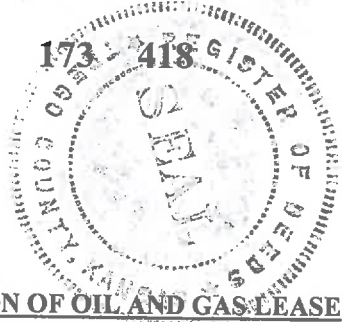
This instrument was filed for record on the \_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock \_\_\_\_\_ M., and duly recorded in Book \_\_\_\_\_ Page \_\_\_\_\_ of the records of this office.

By \_\_\_\_\_ Register of Deeds.

When recorded, return to \_\_\_\_\_

Samuel Gary, Jr. & Associates, Inc.  
1515 Wynkoop, Suite 700, Denver, CO 80202

STATE OF KANSAS  
COUNTY OF TREGO



STATE OF KANSAS  
COUNTY OF TREGO SS  
THIS INSTRUMENT WAS FILED  
FOR RECORD THIS 9th DAY OF  
September, 2011 AT 9:00 AM  
AND RECORDED IN BOOK 173 OF  
RECORDS AT PAGE 418 FEE \$ 8.00

*Evea M Rumpel*  
Evea M. Rumpel, REGISTER OF DEEDS

EXTENSION OF OIL AND GAS LEASE

WHEREAS, an Oil, Gas and Lease dated **August 1, 2010** covering a certain tract of land containing an aggregate of **160.00 acres**, more or less, being described as the **Northeast Quarter (NE/4) of Section 31, Township 11 South, Range 21 West, Trego County, Kansas** was executed by **Mid-American Oil Company**, whose address is declared to be 6801 N. Broadway, Suite 3000, Oklahoma City, Oklahoma 73116-9037, as Lessor in favor of **High Plains Energy Partners, LLC**, whose address is declared to be 1515 Wynkoop, Suite 700, Denver, Colorado 80202, as Lessee, and being recorded in **COB 164, Page 261** of the official records of Trego County, Kansas and being referred to hereinafter as the Subject Lease; and

WHEREAS, the Subject Lease were granted for a primary term of one (1) year and no (0) months and would expire and terminate on August 1, 2011; and

WHEREAS, Lessor and Lessee have agreed to extend the primary term of the Subject Lease for an additional one (1) year.

NOW THEREFORE, in consideration of Ten Dollars and No/100 and Other Good and Valuable Consideration (\$10.00 & OVC) the receipt and adequacy of which are hereby acknowledged, said Lessors do hereby amend, modify and reform the Subject Lease, as follows:

The Term and Habendum Clause of the Subject Lease shall be and is hereby amended, modified and reformed to provide for a primary term of Two (2) Years and Zero (0) Months.

1. It is expressly declared to be in the intention of the parties that the Subject Lease be extended for twelve (12) additional months, to the same extent and effect as though the Subject Lease have been granted in the first instance for a primary term of two (2) years with the intent that the Lease term shall expire **August 1, 2012**.

2. Lessor herein acknowledges that the Subject Lease, as amended is in full force and effect, and except as expressly amended, modified and reformed herein, the Subject Lease shall remain in full force and effect in accordance with its original terms and provisions. That, the Lessor hereby adopts, ratifies and confirms the Subject Lease, and further grants, leases and lets unto **High Plains Energy Partners, LLC**, whose new mailing address is 1515 Wykoop, Suite 700, Denver, Colorado 80202, as Lessee, in accordance with the terms and provisions of the Subject Lease.

This instrument may be signed by any number of counterparts, each of which shall be binding on the party or parties so signing regardless of whether all of the owners join in the granting of this instrument; and the failure of any party named herein as Lessor to sign this instrument shall not affect the validity as to those whose signatures appear hereon or on a counterpart hereof.

The consideration paid by Lessee to Lessor is accepted as full and adequate consideration for all rights, options and privileges herein granted.

IN WITNESS WHEREOF, this instrument is executed on August 16<sup>th</sup>, 2011.

LESSOR:

MID-AMERICAN OIL COMPANY

*Cameron R. McLain*  
By: CAMERON R. MCLAIN, as President

STATE OF OKLAHOMA

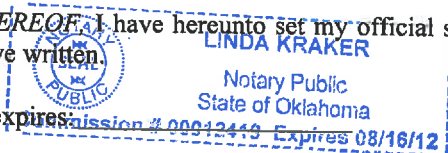
(Corporate Acknowledgement)

COUNTY OF OKLAHOMA

Before me the undersigned, a Notary Public, in and for said County and State, on this 16<sup>th</sup> day of August, 2011, personally appeared Cameron R. McLain to me known to be the identical person who subscribed the name of the maker thereof to the within and foregoing instrument as its President and acknowledged to me that he executed the same as his free and voluntary act and deed, as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my official signature and affixed my official seal the day and year last above written.

My commission expires



*Linda Kraker*  
Notary Public

63U (Rev. 1993)

## OIL AND GAS LEASE

but made

AGREEMENT, Made and entered into the 21st day of September, 2010, effective April 9, 2011  
 by and between John J. Shubert, herein dealing with his separate property  
 whose mailing address is 613 N 1<sup>st</sup>, WaKeeney, KS 67672 hereinafter called Lessor (whether one or more),  
 and High Plains Energy Partners, LLC  
1515 Wynkoop, Suite 700, Denver, CO 80202 hereinafter called Lessee:

Lessor, in consideration of Ten and Other Valuable Considerations Dollars (\$ 10.00 ) in hand paid, receipt of which is hereby 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, 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 Trego State of Kansas described as follows to-wit:

## SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR PROPERTY DESCRIPTION.

In Section 31 Township 11 South Range 21 West and containing 160.00 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of Two (2) 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 pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

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, (including casinghead 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 net proceeds received by Lessee from such sales, such net proceeds to be less a proportionate part of the production, severance, or other excise taxes and the cost incurred by Lessee in delivering, treating for the removal of nitrogen, helium or other impurities in the gas, processing, compressing, or otherwise making any such gas merchantable) for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled or unitized therewith but Lessee is then engaged in drilling, reworking operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled or unitized therewith; and operations shall be considered to be continuously prosecuted if not more than one hundred and twenty (120) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on the leased premises or on acreage pooled or unitized therewith, the production should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or reworking operations within one hundred and twenty (120) days from the date of cessation of production or from the date of completion of a dry hole. If oil or gas shall be discovered and produced as a result of such operations, this lease shall continue in full force and effect so long as oil or gas is produced from the leased premises or on acreage pooled or unitized therewith.

If after the primary term one or more wells on the lease premises or lands pooled or unitized therewith are capable of producing oil or gas or other substances covered hereby, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing for the purpose of maintaining the lease. If for a period of ninety (90) consecutive days such well or wells are shut in or production therefrom is not sold by Lessee, the Lessee shall pay an aggregate shut-in royalty of One Dollar (\$1.00) per acre then covered by this lease, such payment to be made to Lessor on or before the anniversary date of this lease next ensuing after the expiration of the said ninety (90) day period and thereafter on or before each anniversary date of this lease while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is in its primary term or otherwise being maintained by operations, or if production is being sold by Lessee from another well on the leased premises or lands pooled or unitized therewith, no shut-in royalty shall be due until the end of the next following anniversary date of this lease that cessation of such operations or production occurs, as the case may be. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in 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, *soil, surface and or improvements (fences etc.) 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, including restrictions on the drilling and production of wells, and regulation of the price or transportation of oil, gas or other substance covered hereby. When drilling, reworking, production or other operations or obligations under this lease are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood or other act of nature, explosion, governmental action, governmental delay, restraint or inaction, or by inability to obtain a satisfactory market for production, or failure of purchasers or carriers to take or transport such production, or by any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within control of Lessee, this lease shall not terminate because of such prevention or delay, and, at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any provision or implied covenants of this lease when drilling, production, or other operations are so prevented or delayed.

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 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, unitize 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 or unitization 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 or unitized acreage. The entire acreage so pooled or unitized 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 or unitized 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 or unitized in the particular unit involved.

This lease may be signed in any number or numbers of counterparts and shall be effective as to each Lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the Lessors above named who may not have joined in the execution hereof. The word "Lessor" as used in this lease shall mean the party or parties who execute this lease as Lessor, although not named above.

Lessee shall have the exclusive right to explore the land herein described by geological, geophysical or other methods, whether similar to those herein specified or not and whether now known or not, including the drilling of holes, use of torsion balance, seismograph explosions, magnetometer, or other geophysical or geological instruments, tests or procedures, for the purpose of securing geological and geophysical information. All information obtained by Lessee as a result of such activity shall be the exclusive property of Lessee, and Lessee may disseminate or sell such information without Lessor's consent. Lessor and Lessee herein agree that a portion of the consideration paid herein is for advance payment of usual and customary damages associated with seismograph operations (i.e. tire tracks in the wheat, pasture or field, road use, etc.) If any extraordinary damages may occur, Lessor or its tenant (if Lessor has a tenant) will be compensated accordingly, or at Lessee's discretion, Lessee may elect to repair the damages in lieu of compensation.

## SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ADDITIONAL TERMS AND PROVISIONS.

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

  
 John J. Shubert

COUNTY OF ELLIS

The foregoing instrument was acknowledged before me this 5th day of OCTOBER, 2010,  
By John J. Shubert

My commission expires 2-19-2012

Doug Williams  
Notary Public



STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,  
By \_\_\_\_\_

My commission expires \_\_\_\_\_

Notary Public

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,  
By \_\_\_\_\_

My commission expires \_\_\_\_\_

Notary Public

No. \_\_\_\_\_

**OIL AND GAS LEASE**

FROM \_\_\_\_\_

TO \_\_\_\_\_

Date \_\_\_\_\_

Section \_\_\_\_\_ Twp. \_\_\_\_\_ Rge. \_\_\_\_\_

No. of Acres \_\_\_\_\_ Term \_\_\_\_\_

County \_\_\_\_\_

STATE OF \_\_\_\_\_

County \_\_\_\_\_

This instrument was filed for record on the \_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock \_\_\_\_\_ M., and duly recorded in Book \_\_\_\_\_ Page \_\_\_\_\_ of the records of this office.

By \_\_\_\_\_ Register of Deeds.

When recorded, return to \_\_\_\_\_

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,  
by \_\_\_\_\_ of \_\_\_\_\_  
a \_\_\_\_\_ corporation, on behalf of the corporation.

My commission expires \_\_\_\_\_

Notary Public

EXHIBIT "A"

but made effective April 9, 2011

Attached to and made a part of that Certain Oil and Gas Lease dated September 21, 2010, by and between, John J. Shubert, herein dealing with his separate property, as Lessor, and HIGH PLAINS ENERGY PARTNERS, LLC., as Lessee.

PROPERTY DESCRIPTION:

TOWNSHIP 11 SOUTH – RANGE 21 WEST

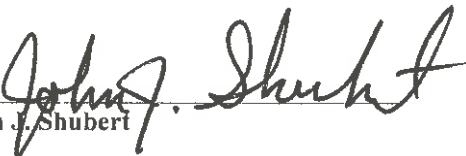
SECTION 31:

That certain tract or parcel of land estimated to contain 160.00 acres, more or less, and being described as the Northwest (NW/4) of Section 31, Township 11 South, Range 21 West, Trego County, Kansas.

It is the intention of this lease to cover and include any mineral interest which the Lessor may own in and to the above described tract, including streets, roads, canals, drainage ditches, rights of way or other servitudes, including, but not limited to, any reversionary interest which Lessor may acquire in the same, by prescription of nonuse.

ADDITIONAL TERMS AND PROVISIONS:

1. The provisions of this EXHIBIT "A" shall control and supersede the terms of the attached oil and gas lease when such terms conflict.
2. Lessee shall bury and maintain all pipelines below ordinary plow depth (36").
3. Lessee shall pay all damages to crops, including grass, and restore as nearly as practical, said premises to the same conditions and contour as previously existed, upon termination of this lease.
4. Lessee is hereby granted the option to extend the primary term of this lease for an additional two (1) year from the expiration of the original primary term. This option may be exercised by Lessee, in total, on or before the expiration date of lease by paying and delivering to Lessor at the above address, the sum of \$20.00 per acre covered by the lease. In the event Lessee exercises this option, Lessee must renew all acreage covered by this lease. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a term of five (3) years.

  
 John J. Shubert



STATE OF KANSAS            SS  
 COUNTY OF TREGO  
 THIS INSTRUMENT WAS FILED  
 FOR RECORD THIS 17th DAY OF  
March, 2011 AT 9:00 AM  
 AND RECORDED IN BOOK 168 OF  
 RECORDS AT PAGE 624 FEE \$ 16.00

  
 Eeva M. Rumpel, REGISTER OF DEEDS



*Evea M. Rumpel*  
Evea M. Rumpel

Date Recorded: 12/19/2011 9:00:00 AM  
0017500158

**Memorandum of Lease**

THIS MEMORANDUM OF LEASE ("Memorandum") is made and entered into as of **October 19, 2011**, by and between **PEC Minerals, LP**, whose address for the purposes hereof is **14860 Montfort Drive, Suite 209, Dallas, Texas 75254** ("Lessor"), and **High Plains Energy Partners, LLC** whose address for the purposes hereof is **1515 Wynkoop, Suite 700, Denver, Colorado 80202** ("Lessee").

1. **Lease.** For the term and upon the provisions set forth in that Oil and Gas Lease between Lessor and Lessee (the "Agreement"), all of which provisions are specifically made a part hereof as though fully and completely set forth herein, Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, that certain real property (the "Property") located in the County of Trego, State of Kansas, as more particularly described in Exhibit A attached hereto, together with all rights of ingress and egress and all other rights appurtenant to the Property, as more particularly described in the Agreement.
2. **Notice.** This Memorandum is prepared for the purpose of giving notice of the Agreement and in no way modifies the express provisions of the Agreement. Lessor, hereby acknowledges and 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, 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 the following described lands, together with any reversionary rights and after-acquired interest.
3. **Term.** Subject to the provisions herein contained, this lease shall remain in force for a term of One (1) year(s) 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 lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions stated in the lease agreement.
4. **Successors and Assigns.** Lessor and Lessee intend that the covenants, conditions, and restrictions contained in the Agreement shall be both personal to Lessor and Lessee and binding on their successors and assigns. Each successive owner of the Property or of any portion thereof, and each person or entity having any interest therein derived through any owner thereof, shall be bound by such covenants, conditions and restrictions for the benefit of the Property.
5. **Counterparts.** This lease may be signed in any number or numbers of counterparts and shall be effective as to each Lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the Lessors above named who may not have joined in the execution hereof. The word "Lessor" as used in this lease shall mean the party or parties who execute this lease as Lessor, although not named above. **IN WITNESS WHEREOF,** this Memorandum of Lease has been executed as of the date first written above.

LESSEE:

**HIGH PLAINS ENERGY PARTNERS, LLC**

By: *[Signature]*  
Craig Ambler, Chief Operating Officer

LESSOR:

**PEC MINERAL, LP**

By: PEC Minerals GP LLC, its sole general partner

By: *[Signature]* *EA*  
Michael Allen, Manager



STATE OF Texas

COUNTY OF Dallas

The foregoing instrument was acknowledged before me this 25<sup>th</sup> day of October, 2011

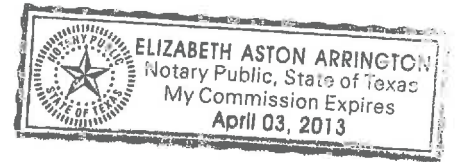
by Michael Allen, Manager

My commission expires April 3, 2013

Elizabeth Aston Arrington  
Notary Public

STATE OF Colorado

COUNTY OF Denver



The foregoing instrument was acknowledged before me this 3<sup>rd</sup> day of November, 2011

by Craig Ambler, Chief Operating Officer

My commission expires \_\_\_\_\_

Mistal Pupov  
Notary Public



My Commission Expires 05/11/2013

**EXHIBIT A TO MEMORANDUM OF LEASE**  
**LEGAL DESCRIPTION OF PROPERTY**

**ATTACHED TO AND MADE A PART OF THAT CERTAIN MEMORANDUM OF LEASE** dated October 19, 2011, by and between **PEC Minerals, LP**, as Landowner, and High Plains Energy Partners, LLC, as Lessee.

All that real property located in Trego County, Kansas, described as follows:

That certain tract or parcel of land estimated to contain **320.00 acres**, more or less, and being described as the South Half (S/2) of Section 19, Township 11 South, Range 21 West, Trego County, Kansas.

That certain tract or parcel of land estimated to contain **160.00 acres**, more or less, and being described as the Southeast Quarter (SE/4) of Section 30, Township 11 South, Range 21 West, Trego County, Kansas.

That certain tract or parcel of land estimated to contain **160.00 acres**, more or less, and being described as the Northeast Quarter (NE/4) of Section 31, Township 11 South, Range 21 West, Trego County, Kansas.

Total aggregate of the tracts herein described is estimated to contain **640.00 acres**, more or less.

FORM 88-330 - (Prod. Pooling)(Oklahoma)(640 Shut-in)(Paid-up)(Revised 1963) SD Bl. Royalty  
Copyright© by BURKHART'S Legal Forms (Since 1968) - Tulsa, OK

Mailing Address 1515 Wynkoop, Suite 700, Denver, CO 80202

**OIL AND GAS LEASE**  
(PAID UP)

**AGREEMENT**, Made and entered into this 1st day of August, 2010 by and between **Mid-American Oil Company**, 6801 N. Broadway, Suite 300, Oklahoma City, OK 73116-9037, party of the first part, hereinafter called lessor (whether one or more), and **High Plains Energy Partners, LLC, 1515 Wynkoop, Suite 700, Denver, CO 80202**, party of the second part, hereinafter called lessee.

**WITNESSETH**, That the said lessor, for and in consideration of ----- Ten and More ----- DOLLARS, cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto the said lessee, for the sole and only purpose of exploring by geophysical and other methods mining and operating for oil (including but not limited to distillate and condensate), gas (including casing-head gas and helium and all other constituents) and for laying pipe lines, and building tanks, power stations and structures thereon, to produce, save and take care of said products, all that certain tract of land, together with any reversionary rights therein, situated in the County of **Trego**, State of **Kansas**, described as follows, to-wit:

Northeast Quarter (NE/4)

Of Section 31 Township 11S, Range 21W, and containing 160 acres, more or less.

It is agreed that this lease shall remain in force for a term of One Year (1) from date (herein called primary term) and as long thereafter as oil or gas, or either of them, is produced from said land by the lessee.

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 it may connect its wells, the 3/16ths part of all oil (including but not limited to condensate and distillate) produced and saved from the leased premises.

**2nd.** To pay lessor for gas of whatsoever nature or kind (with all of its constituents) produced and sold or used off the leased premises, or used in the manufacture of products there from, 3/16ths of the gross proceeds received for the gas sold, used off the premises, or in the manufacture of products there from, but in no event more than 3/16ths of the actual amount received by the lessee, said payments to be made monthly. During any period (whether before or after expiration of the primary term hereof) when gas is not being so sold or used and the well or wells are shut in and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, lessee shall pay or tender a royalty of One Dollar (\$1.00) per year per net royalty acre retained hereunder, such payment or tender to be made, on or before the anniversary date of this lease next ensuing after the expiration of ninety (90) days from the date such well is shut in and thereafter on the anniversary date of this lease during the period such well is shut in, to the royalty owners. When such payment or tender is made it will be considered that gas is being produced within the meaning of the entire lease. Lessor shall have the privilege at his risk and expense of using gas from any well, producing gas only, on the leased premises for stoves and inside lights in the principal dwelling thereon out of any surplus gas not needed for operations hereunder.

**3rd.** To pay lessor for gas produced from any oil well and used off the premises, or for the manufacture of casing-head gasoline or dry commercial gas, 3/16ths of the gross proceeds, at the mouth of the well, received by lessee for the gas during the time such gas shall be used, said payments to be made monthly.

If the lessee shall commence to drill a well or commence reworking operations on an existing well within the term of this lease or any extension thereof, or on acreage pooled therewith, the lessee shall have the right to drill such well to completion or complete reworking operations 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.

Lessee is hereby granted the right at any time and from time to time to utilize the leased premises or any portion or portions thereof, as to all strata or any stratum or strata, with any other lands as to all strata or any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate. However, no unit for the production primarily of oil shall embrace more than 40 acres, or for the production primarily of gas with or without distillate more than 640 acres, provided that if any governmental regulation shall prescribe a spacing pattern for the development of the field or allocate a producing allowable based on acreage per well, then any such unit may embrace as much additional acreage as may be so prescribed or as may be used in such allocation of allowable. Lessee shall file written unit designations in the county in which the leased premises are located. Operations upon and production from the unit shall be treated as if such operations were upon or such production were from the leased premises whether or not the well or wells are located thereon. The entire acreage within a unit shall be treated for all purposes as if it were covered by and included in this lease except that the royalty on production from the unit shall be as below provided, and except that in calculating the amount of any shut in gas royalties, only the part of the acreage originally leased and then actually embraced by this lease shall be counted. In respect to production from the unit, Lessee shall pay Lessor, in lieu of other royalties thereon, only such proportion of the royalties 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 in the unit.

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 shall be paid to the lessor only in the proportion which his 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 its operations thereon, except water from wells of lessor.

When requested by the lessor, lessee shall bury his pipe lines below plow depth.

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

Lessee shall pay for all damages caused by its 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. However, no change or division in ownership of the land or royalties shall enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land 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.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules and 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 such failure is the result of any such Law, Order, Rule or Regulation.

This lease shall be effective as to each lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the lessors above named may not join in the execution hereof. The word "Lessor" as used in this lease means the party or parties who execute this lease as Lessor, although not named above.

Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to lessor, or by placing a release of record in the proper County.

Lessor hereby 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.

Exhibit "A" attached, is made a part of this lease and the terms of Exhibit "A" shall prevail over the terms of this lease form in the event of conflict.

IN TESTIMONY WHEREOF, we sign this the 1st day of August, 2010.

ATTEST:



MID-AMERICAN OIL COMPANY

BY:   
Cameron R. McLain, President

Tax ID#73-0231200

Note: We have omitted the 'Title Box' normally located on the back of our forms, in order to provide additional space for stamps and seals by County Clerks.

To avoid additional filing fees for nonconforming instruments, do not write or stamp in any margin of forms which will be filed. (HB 2011)

STATE OF OKLAHOMA

(Individual Acknowledgment)

County of \_\_\_\_\_  
Before me, the undersigned, a Notary Public, in and for said County and State, on this \_\_\_\_\_ day of \_\_\_\_\_ personally appeared \_\_\_\_\_

to me known to be the identical person \_\_\_\_\_ who executed the within and foregoing instrument, and acknowledged to me that \_\_\_\_\_ executed the same as \_\_\_\_\_ free and voluntary act and deed, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my official signature and affixed my official seal the day and year last above written.

My commission expires: \_\_\_\_\_  
Notary Public

STATE OF OKLAHOMA

(Individual Acknowledgment)

County of \_\_\_\_\_  
Before me, the undersigned, a Notary Public, in and for said County and State, on this \_\_\_\_\_ day of \_\_\_\_\_ personally appeared \_\_\_\_\_

to me known to be the identical person \_\_\_\_\_ who executed the within and foregoing instrument, and acknowledged to me that \_\_\_\_\_ executed the same as \_\_\_\_\_ free and voluntary act and deed, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my official signature and affixed my official seal the day and year last above written.

My commission expires: \_\_\_\_\_  
Notary Public

STATE OF OKLAHOMA

(Individual Acknowledgment)

County of \_\_\_\_\_  
Before me, the undersigned, a Notary Public, in and for said County and State, on this \_\_\_\_\_ day of \_\_\_\_\_ personally appeared \_\_\_\_\_

to me known to be the identical person \_\_\_\_\_ who executed the within and foregoing instrument, and acknowledged to me that \_\_\_\_\_ executed the same as \_\_\_\_\_ free and voluntary act and deed, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my official signature and affixed my official seal the day and year last above written.

My commission expires: \_\_\_\_\_  
Notary Public

STATE OF OKLAHOMA

(Corporation Acknowledgment)

County of OKLAHOMA

Before me, the undersigned, a Notary Public, in and for said County and State, on this 1st day of August, 2010, personally appeared Cameron R. McLain to me known to be the identical person who subscribed the name of the maker thereof to the within and foregoing instrument as its President, and acknowledged to me that he executed the same as his free and voluntary act and deed, as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my official signature and affixed my official seal the day and year last above written.

My commission expires: 12-12-13 Darla K Presley Notary Public



EXHIBIT "A"

Upon the expiration of the primary term, this Lease shall terminate and Lessee shall release this Lease, insofar as it covers the herein leased premises, below the base of the deepest horizon producing or capable of producing, in any well drilled on said land, or drilled on land with which said land is pooled; and, if a well or wells have been completed on the herein leased premises and such well or wells are producing or capable of producing paying quantities and are not included in a pooled unit, Lessee agrees to release all of the leased premises in excess of 40 acres for each oil well and 160 acres for each gas well.


Lessee shall provide, or cause to be provided to lessor, copies of daily drilling reports, and copies of logs and tests run by Lessee on any well drilled on the above described land or lands pooled therewith. Also Lessee shall provide, upon receipt of a request from Lessor, all other information on wells drilled.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

ATTEST:




MID-AMERICAN OIL COMPANY

  
Cameron R. McLain, President  
ID#73-0231200



STATE OF KANSAS  
COUNTY OF TREGO SS  
THIS INSTRUMENT WAS FILED  
FOR RECORD THIS 26th DAY OF  
August, 2010 AT 9:00 AM  
AND RECORDED IN BOOK 164 OF  
RECORDS AT PAGE 261 FEE \$ 16.00

  
Evea M. Rumpel, REGISTER OF DEEDS

63U (Rev. 1993)

## OIL AND GAS LEASE

but made

AGREEMENT, Made and entered into the 21st day of September, 2010, effective April 9, 2011  
 by and between Donnie D. Shubert and Kathryn Shubert, husband and wife  
 whose mailing address is 19052 180 Ave, Wakeeney, KS 67672 hereinafter called Lessor (whether one or more),  
 and High Plains Energy Partners, LLC  
1515 Wynkoop, Suite 700, Denver, CO 80202 hereinafter called Lessee:

Lessor, in consideration of Ten and Other Valuable Considerations Dollars (\$ 10.00 ) in hand paid, receipt of which is hereby 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, 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 Trego State of Kansas described as follows to-wit:

## SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR PROPERTY DESCRIPTION.

In Section 31 Township 11 South Range 21 West and containing 160.00 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of Two (2) 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 pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

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, (including casinghead 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 net proceeds received by Lessee from such sales, such net proceeds to be less a proportionate part of the production, severance, or other excise taxes and the cost incurred by Lessee in delivering, treating for the removal of nitrogen, helium or other impurities in the gas, processing, compressing, or otherwise making any such gas merchantable) for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled or unitized therewith but Lessee is then engaged in drilling, reworking operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled or unitized therewith; and operations shall be considered to be continuously prosecuted if not more than one hundred and twenty (120) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on the leased premises or on acreage pooled or unitized therewith, the production should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or reworking operations within one hundred and twenty (120) days from the date of cessation of production or from the date of completion of a dry hole. If oil or gas shall be discovered and produced as a result of such operations, this lease shall continue in full force and effect so long as oil or gas is produced from the leased premises or on acreage pooled or unitized therewith.

If after the primary term one or more wells on the lease premises or lands pooled or unitized therewith are capable of producing oil or gas or other substances covered hereby, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing for the purpose of maintaining the lease. If for a period of ninety (90) consecutive days such well or wells are shut in or production therefrom is not sold by Lessee, the Lessee shall pay an aggregate shut-in royalty of One Dollar (\$1.00) per acre then covered by this lease, such payment to be made to Lessor on or before the anniversary date of this lease next ensuing after the expiration of the said ninety (90) day period and thereafter on or before each anniversary date of this lease while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is in its primary term or otherwise being maintained by operations, or if production is being sold by Lessee from another well on the leased premises or lands pooled or unitized therewith, no shut-in royalty shall be due until the end of the next following anniversary date of this lease that cessation of such operations or production occurs, as the case may be. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in 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, soil, surface and or improvements (fences etc.) 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, including restrictions on the drilling and production of wells, and regulation of the price or transportation of oil, gas or other substance covered hereby. When drilling, reworking, production or other operations or obligations under this lease are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood or other act of nature, explosion, governmental action, governmental delay, restraint or inaction, or by inability to obtain a satisfactory market for production, or failure of purchasers or carriers to take or transport such production, or by any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within control of Lessee, this lease shall not terminate because of such prevention or delay, and, at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any provision or implied covenants of this lease when drilling, production, or other operations are so prevented or delayed.

Lessee 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 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, unitize 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 or unitization 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 or unitized acreage. The entire acreage so pooled or unitized 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 or unitized 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 or unitized in the particular unit involved.

This lease may be signed in any number or numbers of counterparts and shall be effective as to each Lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the Lessors above named who may not have joined in the execution hereof. The word "Lessor" as used in this lease shall mean the party or parties who execute this lease as Lessor, although not named above.

Lessee shall have the exclusive right to explore the land herein described by geological, geophysical or other methods, whether similar to those herein specified or not and whether now known or not, including the drilling of holes, use of torsion balance, seismograph explosions, magnetometer, or other geophysical or geological instruments, tests or procedures, for the purpose of securing geological and geophysical information. All information obtained by Lessee as a result of such activity shall be the exclusive property of Lessee, and Lessee may disseminate or sell such information without Lessor's consent. Lessor and Lessee herein agree that a portion of the consideration paid herein is for advance payment of usual and customary damages associated with seismograph operations (ie: tire tracks in the wheat, pasture or field, road use, etc.) If any extraordinary damages may occur, Lessor or its tenant (if Lessor has a tenant) will be compensated accordingly, or at Lessee's discretion, Lessee may elect to repair the damages in lieu of compensation.

## SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ADDITIONAL TERMS AND PROVISIONS.

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

  
Donnie D. Shubert

  
Kathryn Shubert

COUNTY OF Trego

The foregoing instrument was acknowledged before me this 4th day of October, 2010.

By Donnie D. Shubert and Kathryn Shubert

My commission expires 1-15-2013

Kaylene Nickelson  
Notary Public

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_



The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

By \_\_\_\_\_

My commission expires \_\_\_\_\_

Notary Public

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

By \_\_\_\_\_

My commission expires \_\_\_\_\_

Notary Public

No. \_\_\_\_\_

**OIL AND GAS LEASE**

FROM \_\_\_\_\_

TO \_\_\_\_\_

Date \_\_\_\_\_

Section \_\_\_\_\_ Twp. \_\_\_\_\_ Rge. \_\_\_\_\_

No. of Acres \_\_\_\_\_ Term \_\_\_\_\_

County \_\_\_\_\_

STATE OF \_\_\_\_\_

County \_\_\_\_\_

This instrument was filed for record on the \_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock \_\_\_\_\_ M., and duly recorded in Book \_\_\_\_\_ Page \_\_\_\_\_ of the records of this office.

By \_\_\_\_\_ Register of Deeds.

When recorded, return to \_\_\_\_\_

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

by \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ corporation, on behalf of the corporation.

My commission expires \_\_\_\_\_

Notary Public

EXHIBIT "A"

Attached to and made a part of that Certain Oil and Gas Lease dated September 21, 2010, <sup>but made effective April 9, 2011</sup> by and between, **Donnie D. Shubert and Kathryn Shubert**, husband and wife, as Lessor, and **HIGH PLAINS ENERGY PARTNERS, LLC.**, as Lessee.

PROPERTY DESCRIPTION:

TOWNSHIP 11 SOUTH – RANGE 21 WEST

SECTION 31:

That certain tract or parcel of land estimated to contain **160.00 acres**, more or less, and being described as the Northwest (NW/4) of Section 31, Township 11 South, Range 21 West, Trego County, Kansas.

It is the intention of this lease to cover and include any mineral interest which the Lessor may own in and to the above described tract, including streets, roads, canals, drainage ditches, rights of way or other servitudes, including, but not limited to, any reversionary interest which Lessor may acquire in the same, by prescription of nonuse.

ADDITIONAL TERMS AND PROVISIONS:

1. The provisions of this EXHIBIT "A" shall control and supersede the terms of the attached oil and gas lease when such terms conflict.
2. Lessee shall bury and maintain all pipelines below ordinary plow depth (36").
3. Lessee shall pay all damages to crops, including grass, and restore as nearly as practical, said premises to the same conditions and contour as previously existed, upon termination of this lease.
4. Lessee is hereby granted the option to extend the primary term of this lease for an additional two (1) year from the expiration of the original primary term. This option may be exercised by Lessee, in total, on or before the expiration date of lease by paying and delivering to Lessor at the above address, the sum of \$20.00 per acre covered by the lease. In the event Lessee exercises this option, Lessee must renew all acreage covered by this lease. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a term of five (3) years.

*Donnie D. Shubert*

Donnie D. Shubert

*Kathryn Shubert*

Kathryn Shubert



STATE OF KANSAS            SS  
COUNTY OF TREGO  
THIS INSTRUMENT WAS FILED  
FOR RECORD THIS 17th DAY OF  
March, 2011 AT 9:00 AM  
AND RECORDED IN BOOK 168 OF  
RECORDS AT PAGE 621 FEE \$ 16.00

*Evea M. Rumpel*  
Evea M. Rumpel, REGISTER OF DEEDS



**Additional Surface Owners Shubert Et Al 2-31:**

John and Lynelle Shubert  
613 N 1st  
WaKeeney, KS 67672

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

October 31, 2012

CHRISTOPHER MITCHELL  
Samuel Gary Jr. & Associates, Inc.  
1515 WYNKOOP, STE 700  
DENVER, CO 80202

Re: Drilling Pit Application  
SHUBERT ET AL 2-31  
NW/4 Sec.31-11S-21W  
Trego County, Kansas

Dear CHRISTOPHER MITCHELL:

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 (785) 625-0550 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 (785) 625-0550.