



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

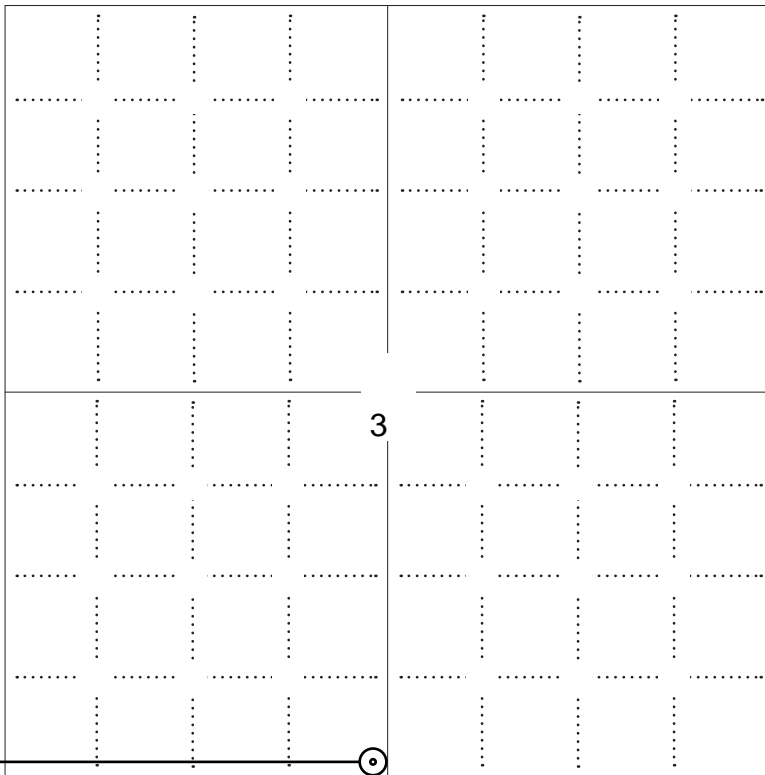
Is Section:  Regular or  Irregular

**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.



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

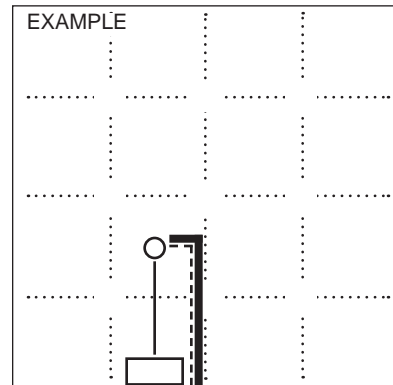
110 ft.

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

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

**LEGEND**

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



SEWARD CO. 3390' FEL

**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.	
Submitted Electronically			

**KCC OFFICE USE ONLY**

Liner     Steel Pit     RFAC     RFAS

Date Received: \_\_\_\_\_ Permit Number: \_\_\_\_\_ Permit Date: \_\_\_\_\_ Lease Inspection:     Yes     No



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

### CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

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

Select the corresponding form being filed:  C-1 (Intent)  CB-1 (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

Mull Drilling Company, Inc.

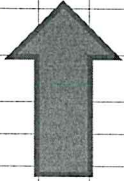
Proposed Location of Roads, Lines and Tank Battery

Well Name:

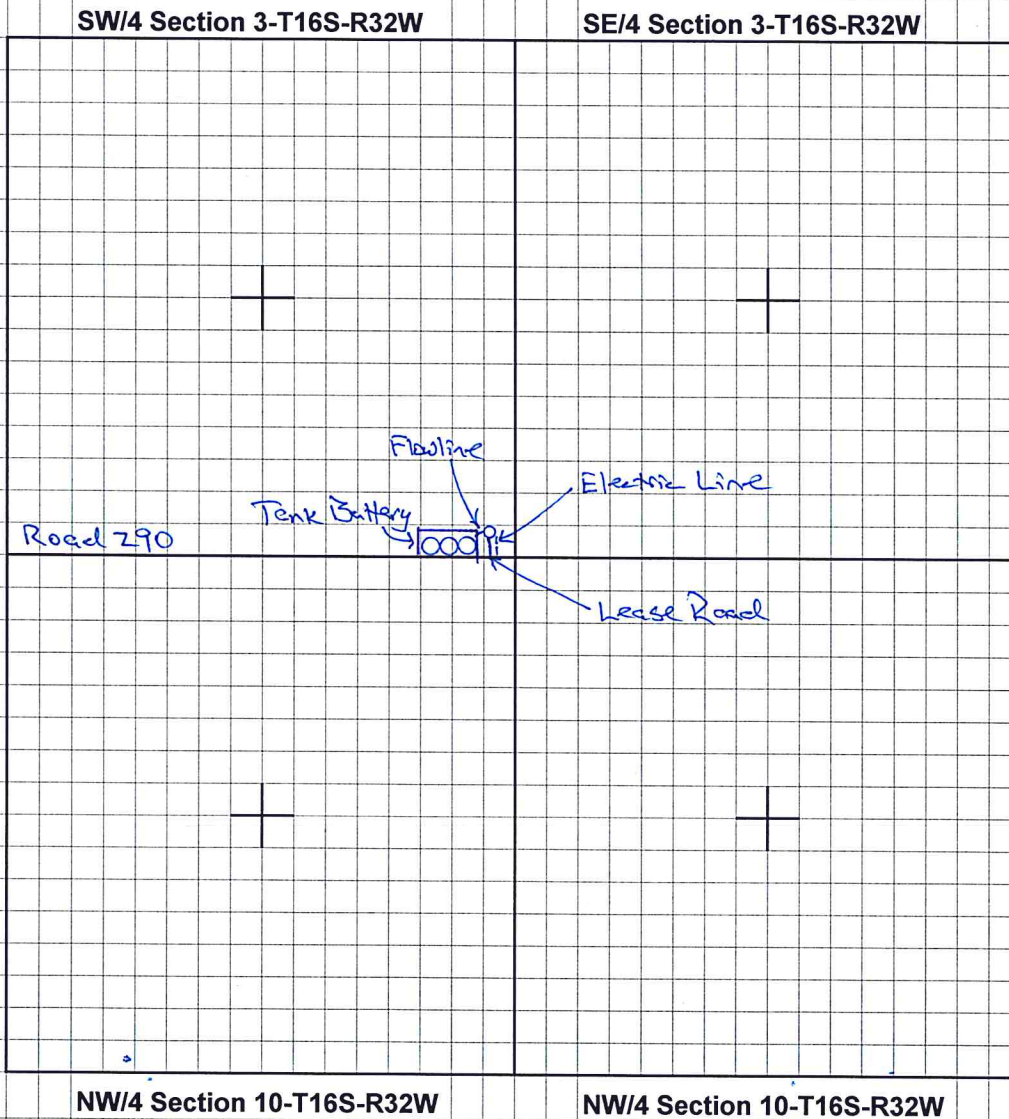
Glasir Unit #1-3

Well Location:

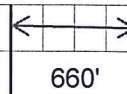
110' FSL & 2530' FWL of Section 3-T16S-R32W, Scott County, KS

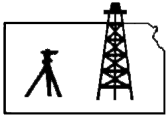


North

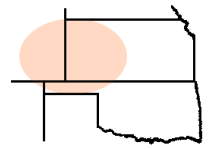


Scale: 1"=1000'





**Pro-Stake LLC**  
*Oil Field & Construction Site Staking*  
 P.O. Box 2324  
 Garden City, Kansas 67846  
 Office/Fax: (620) 276-6159  
 Cell: (620) 272-1499



**351532L**  
 PLAT NO.

**10681**  
 INVOICE NO.

**Mull Drilling Company, Inc.**  
 OPERATOR

**Glasir Unit #1-3**  
 LEASE NAME

**Scott County, KS**  
 COUNTY

**3 16s 32w**  
 Sec. Twp. Rng.

**110' FSL - 2530' FWL**  
 LOCATION SPOT

SCALE: **1" = 1000'**  
 DATE STAKED: **Feb. 15<sup>th</sup>, 2013**  
 MEASURED BY: **Luke R.**  
 DRAWN BY: **Luke R.**  
 AUTHORIZED BY: **Tannis T. & Kyle R.**

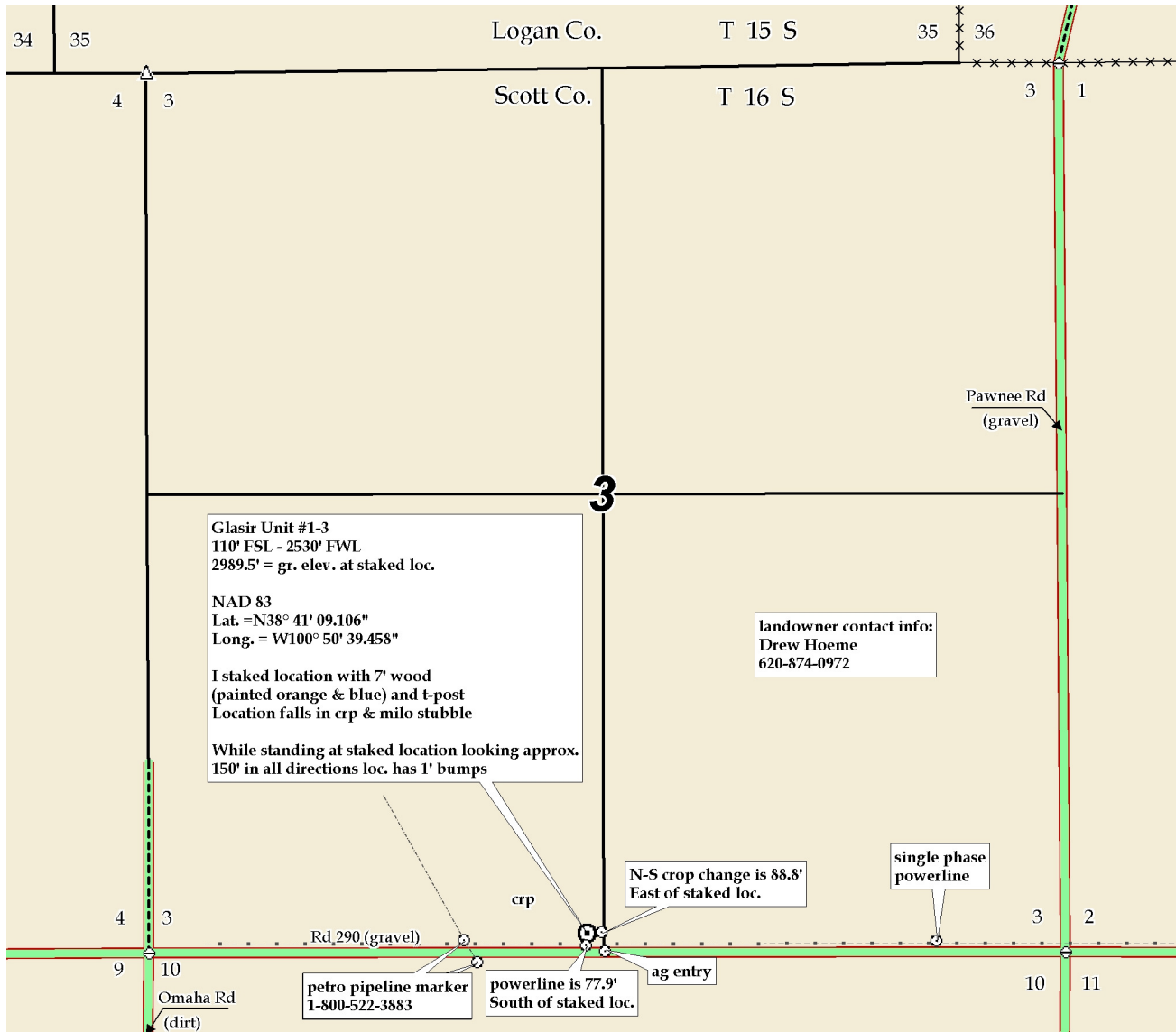
GR. ELEVATION: **2989.5'**



**Directions:** From the center of Scott City Ks at the intersection of Hwy 83 & Hwy 96 – Now go 14.8 miles North on Hwy 83 – Now go 1 mile East on Rd 290 to the SW corner of section 3-16s-32w – Now go 0.5 mile East on Rd 290 – Now go 110' North through crp into staked location.

**Final ingress must be verified with land owner or Operator.**

***This drawing does not constitute a monumented survey or a land survey plat. This drawing is for construction purposes only.***



# OIL AND GAS LEASE

This AGREEMENT, Entered into this 27

day of March

30, 08

between Drew Lynn Hoeme

and

Diane J. Hoeme

his wife

1009 Viola, Scott City, Scott City, KS. 67871-1348

and Fred Hambricht Inc. 125 N. Market, Suite 1415, Wichita, Kansas 67202

Ten & more (\$10.00+)

1. That lease, for and in consideration of the sum of \_\_\_\_\_ Dollars in hand paid and of the covenants and agreements hereinafter recited to be performed by the lessee, has this day granted, leased, and let and by these presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land, with any reversionary rights therein, and with the right to utilize this lease or any part thereof with other oil and gas leases as to all or any part of the lands covered thereby as hereinafter provided for the purpose of carrying on geological, geophysical and other exploratory work thereon, including drilling and the drilling, mining, and operating for, producing and saving all of the oil, gas, gas condensate, gas distillate, catcliffed gasolines and their respective constituent vapors, and all other gases, found thereon, the exclusive right of injecting water, brine, and other fluids and substances into the subsurface strata, and for constructing roads, laying pipe lines, building tanks, starting oil, building power stations, electrical lines and other structures thereon necessary or convenient for the economical operation of said land above or conjointly with neighboring lands, to produce, save, the care of, and manufacture all of such substances and the injection of water, brine, and other substances into the subsurface strata, said tract of land being situated in the County of Scott and described as follows:

Township 16S-Range 32W  
Sec 3: W/2

containing 320 acres, more or less.

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

3. The lessee shall deliver to lessor as follows: free of cost, on the lease, or into the pipe line to which lessee may connect its well, the equal one-eighth part of all oil produced and saved from the leased premises, or at the lessee's option may pay to the lessor for such one-eighth royalty the market price at the wellhead for oil or the grade and gravity prevailing on the day such oil is run into the pipe line or into storage tanks.

4. The lessee shall pay to the lessor, as a royalty, one-eighth (1/8) of the proceeds received by the lessee from the sale of gas, gas condensate, gas distillate, catcliffed gas, gas used for the manufacture of gasoline or any other product, and all other gases, including their constituent gases, produced from the land herein leased. If such gas is more wells, an amount equal to one dollar per net mineral acre, and while said shut in royalty is so paid or tendered, it will be considered under all provisions of this lease that gas is being produced in paying quantities. The first yearly period during which such shut in royalty shall begin on the date the first well is completed for production of gas.

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

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

7. The lessee shall have the right to use, fire of cast, gas, oil and water found on said land for his operations thereon, except water from existing wells of the lessor, when required by lessor, the lessee shall bury its own flow holes, blow down and spill pay for damage caused by its operations to growing crops on said land. No well shall be drilled deeper than 200 feet to the house, or here now, on said premises without written consent of the lessor. Lessee shall have the right at any time during, or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.

8. If the estate of either party herein is assigned and the privileges of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to the heirs, executors, administrators, successors, and assigns, but no change or division in ownership of the land, or royalties, however accomplished, shall operate to abrogate the obligations or diminish the rights of lessee, and no change of ownership in the land or in the royalties or any sum due under this lease shall be binding on the lessee until it has been furnished with either the original recorded instrument of conveyance or a copy, certified copy thereof, or a certified copy of the deed of any decedent owner, whether a complete or partial owner, or a certified copy of the original recorded instrument of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to lessor of the full interest claimed, and all advance payments of royalties made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, or administrator, executor, or heir of lessor.

9. If the leased premises are now or shall hereafter be owned in severally or in separate tenets, the premises may nonetheless be developed and operated as one lease, and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. There shall be no abatement, or in the part of the lessee to object wells on separate tracts into which the land covered by this lease may now or hereafter be divided by sale, devise, descent or otherwise, or to furnish separate measuring or recording plans.

10. Lessee hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at his option, may pay and discharge in whole or in part any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in even it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may discharge itself by applying to the discharge of any such mortgage, tax or other lien, any royalty accruing hereunder.

11. If after the expiration of the primary term, production of oil or gas should cease from any cause, this lease shall not terminate if lessee commences additional drilling or reworking operations within one hundred-twenty (120) days thereafter, or if at the expiration of the primary term, oil or gas is not being produced on said land, but lessee is then engaged in drilling or reworking operations thereon, then in either event, this lease shall remain in force so long as operations are prosecuted either on the same well or remain in effect so long thereafter as there is production of oil or gas under any provision of this lease.

12. Lessee may at any time surrender or cancel this lease in whole or in part by delivering or mailing such release to the lessor, or by placing same of record in the proper county, in case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms herein in full force and effect for all purposes.

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

14. Lessee, at its option, is hereby given the right and power to pool or combine this one or more units the land covered by this lease, or any portion thereof, with other land covered by another lease, or leases when, in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as well or units not exceeding 640 acres each in the event of a gas and/or condensate or distillate well, plus a tolerance of ten percent (10%) to conform to Governmental Survey quarter sections. Lessee shall exercise its pooling and uniting right in writing and file for record in the county in which the land is situated an instrument identifying and describing the pooled acreage. So pooled this a well or units shall be treated for all purposes, except the payments of royalties on production from the pooled unit, as if it were treated in this lease. If production is found on any part of the pooled acreage it shall be treated as if production is had from this lease whether any well is located on the land covered by this lease or not. Any well drilled on any such unit shall be and constitute a well hereunder. In the event the royalties hereon herein specified hereon shall be based on production from the unit so pooled any such portion of the royalty stipulated herein as the amount of his net royalty interest therein on an acreage basis bears to the total net acreage so pooled in the particular unit involved.

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

See Rider attached hereto and made a part hereof



This instrument was filed for record on the 27 day of March, A.D. 2008  
219 pages  
16.00 per page

Diane J. Hoeme  
Register of Deeds  
COMPUTER AND  
NUMERICAL DATA

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

X Drew Lynn Hoeme

X Diane J. Hoeme

SS#

SS#

BOOK 219 PAGE 77 MBGE (PAGE 1 OF 3)

**LEASE RIDER**

This Rider is attached to and considered to be a part of that certain Oil and Gas Lease dated March 27, 2008 by and between Drew Lynn Hoeme (Lessor) and J. Fred Hanbright, Inc., (Lessee) covering the following described premises located in Scott County, State of Kansas, to wit:

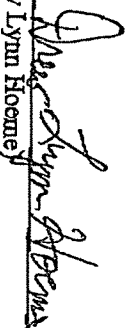
Township 16 South - Range 32 West

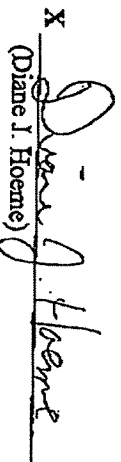
Sec 3; W/2

**CRP Provisions:** The Lessee acknowledges that all or part of the land covered by the Addendum may be enrolled in the Conversation Reserve Program (CRP) of the Commodity Credit Corporation (CCC), United States Department of Agriculture. In such event the Lessee shall be responsible for obtaining prior written approval from the local FSA Office before entering the premise for the purpose of drilling a well. As long as any land is enrolled in the CRP, the lessee shall be obligated, at Lessee's expense, to reseed and establish native grass cover on the well site and the adjoining land used in the drilling operations, and to take all necessary precautions to prevent soil erosion resulting from drilling operations. Such work shall be performed in a good and workmanlike manner and in such manner as may be required by the FSA under the terms of the CRP Contract. If drilling a well causes Lessor to lose any benefits of the CRP contract, including repayment of past CRP payment, or loss of future CRP payment, Lessee shall reimburse Lessor for such damages. Lessee agrees to hold Lessor harmless from penalties or liquidated damages assessed by the Conversation Reserve Program as a result of Lessee's operations. The Lessee will be liable and will either pay the FSA or repay the Lessor for any refund of cost sharing payments, annual rental payments, other payments or liquidated damages to the Farm Services Agency (FSA), and the Lessee will re-establish any disturbed cover as required by the FSA on the affected acres after the Lessee completes operations to the extent necessary to enable the Lessor to sign up the land in a subsequent sign up. The determination by the FSA shall be determinative on all parties as to amounts to be paid or repaid and the restoration of the affected acres.

Lessee or assigns agree that in the event of drilling operations to restore the surface of the land to its original contour and condition as nearly as is reasonably practicable and to pay for damages caused by its operations. All top soil shall be piled separately and returned to the surface when the pits are filled. Lessee or assigns shall consult with Lessor or Lessor's agent as to routes of ingress and egress and the location of equipment on the leased premises. All pipelines shall be buried to a depth of 36 inches where the subsurface is free of rocks to allow the trenching and 24 inches if otherwise practicable.

If, at the end of the primary term, this lease is not otherwise continued in force under the provisions hereof, this lease shall expire unless Lessee, on or before the end of the primary term shall pay or tender to Lessor the sum of Ten (\$10.00) Dollars multiplied by the number of net mineral acres owned by Lessor in all or any part of the lands above described and subject to this lease; and subject to the other provisions of this lease, the primary term shall be extended for an additional term of two (2) years from the end of the primary term hereof on those tracts designated for the extension, whether all or any part thereof.

X   
Drew Lynn Hoeme

X   
(Diane J. Hoeme)



# OIL AND GAS LEASE

27 day of March

1983 and

THIS AGREEMENT, Entered into this  
between **Larry Dale Hoeme**  
**Kathleen M. Hoeme**

his wife

1109 Elizabeth, Scott City, Ks. 67871-1837  
and J. Fred Hambricht Inc. 125 N. Market, Suite 1415, Wichita, Ks. 67202

of the first & more (\$10.00+)  
and described as follows:  
State of Kansas  
Township 16S-Range 32W  
Sec 3: W/2

320 acres, more or less.

1. That lessor, her and in consideration of the sum of Three (3) years (including primary term) and as long thereafter as oil gas casinghead gas casinghead gasline or any of the products covered by this lease is or can be produced.

2. The lessee shall deliver to lessor as royalty, free of cost, on the lease, or two the pipe line to which message may connect its wells the equal one-eighth part of all oil produced and saved from the leased premises, or at the lessee's option may pay to the lessor for such one-eighth royalty the market price at the wellhead for oil of the grade and gravity prevailing on the day such oil is run into the pipe line or into storage tanks.

3. The lessee shall pay to the lessor, as a royalty, one-eighth (1/8) of the net proceeds received by the lessee from the sale of gas, gas condensate, gas distillate, casinghead gas, gas used for the manufacture of gasoline or any other product, and all other gases, including their constituent parts, produced from the land herein leased. If such gas is not sold by the lessee, lessee may pay or tender annually at or before the end of each year paid during which such gas is not sold, as a shut-in royalty whether one or more wells, an amount equal to one dollar per net mineral acre, and while said shut in royalty is so paid or tendered, it will be considered under all provisions of this lease, that gas is being produced in paying quantities. The first yearly period during which such gas is not sold shall begin on the date the first well is completed for production at gas.

4. This lease is a paid-up lease and may be maintained during the primary term without further payments or drilling operations.  
5. In the event said lessor owns a less interest in the above described land than the entire and undivided fee simple estate herein then the royalties herein provided for shall be paid to said lessor only in the proportion which his interest bears to the whole and undivided fee. However, in the event the title to any interest in said land should revert to lessor, or his heirs, or his or their grantee, this lease shall cover such reversion.

6. The lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water from existing wells of the lessor. When required by lessor, the lessee shall bury its pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled deeper than 200 feet to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during, or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.

7. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, executors, administrators, successors, and assigns, but no change or division in ownership of the land, or royalties, however reorganized, shall operate to change the obligations or diminish the rights of lessor, and no change of ownership in the land or in the royalties or any sum due under this lease shall be binding on the lessor until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof, or a certified copy of any deceased owner and of the original thereof, or certified copy of the proceedings showing appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with an original recorded instrument of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to lessor of the full mineral claim, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, or administrator, executor, or heir of lessor.

8. If the leased premises are now or shall hereafter be owned in severally or in separate tracts, the premises may nonetheless be developed and operated as one lease and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessor to effect wells on separate tracts into which the land covered by this lease may now or hereafter be divided by sale, devise, descent or otherwise, or to furnish separate measuring or receiving tanks.

9. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge in whole or in part any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such option it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty accruing hereunder.  
10. If after the expiration of the primary term, production of oil or gas should cease from any cause, this lease shall not terminate if lessee commences additional drilling or reworking operations within one hundred-twenty (120) days thereafter, or if at the expiration of the primary term, oil or gas is not being produced on said land, but lessee is then engaged in drilling or reworking operations thereon, then in either event, this lease shall remain in force so long as operations are prosecuted either on the same well or any other well thereafter commenced, with no cessation of more than one hundred-twenty (120) consecutive days, and if they result in production of oil or gas, this lease shall remain in effect so long thereafter as there is production of oil or gas under any provision of this lease.

11. Lessee may at any time surrender or cancel this lease in whole or in part by delivering or mailing such release to the lessor, or by placing same of record in the proper county. In case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and royalties thereafter accruing under the terms of said lease as to the portion canceled shall cease and determine, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes.

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

13. Lessee, at its option, is hereby given the right and power to pool or combine into one or more units the land covered by this lease, or any portion thereof, with other land covered by another lease, or leases which, in lessee's judgment, it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of such minerals in and under said land, such pooling to be in a unit or units not exceeding 80 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas and/or condensate or distillate well, plus a variance of ten percent (10%) to conform to Governmental Survey Quarter sections. Lessee shall exercise its pooling and uniting rights in writing and file for record in the county in which the land is situated an individual identifying and describing the pooled acreage. The entire acreage so pooled into a unit or units shall be treated for all purposes, except the payments of royalties on production from the pooled unit, as if it were included in this lease. If production is found on any part of the pooled acreage it shall be treated as if production is had from this lease whether any well is located on the land covered by this lease or not. Any well drilled on any such unit shall be, and conditions a well hereunder, in favor of the royalties elsewhere herein specified. Lessor shall receive on production from the unit so pooled only such portion of the net royalty stipulated herein as the amount of the net royalty interest therein on an acreage basis bears to the total mineral acreage so pooled in the particular unit involved.  
15. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor and lessee.

See Rider attached hereto and made a part hereof (PARTS), SCOTT COUNTY, KS



This instrument was filed for record on the  
21 day of April, A.D. 1983  
at 9:00 A.M. and duly recorded in book  
219 page 16.00  
Register address  
16.00

COMPUTER DUG  
NUMERICAL DATA

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

X *Larry Dale Hoeme*  
Larry Dale Hoeme  
Kathleen M. Hoeme

X *Kathleen M. Hoeme*  
Kathleen M. Hoeme

BOOK 219 PAGE 76 PARTS (PAGE 1 OF 3)

**LEASE RIDER**

This Rider is attached to and considered to be a part of that certain Oil and Gas Lease dated March 27, 2008 by and between Larry Dale Hoeme (Lessor) and J. Fred Hambright, Inc., (Lessee) covering the following described premises located in Scott County, State of Kansas, to wit;

Township 16 South - Range 32 West

Sec 3: W/2

**CRP Provisions:** The Lessee acknowledges that all or part of the land covered by the Addendum may be enrolled in the Conservation Reserve Program (CRP) of the Commodity Credit Corporation (CCC), United States Department of Agriculture. In such event the Lessee shall be responsible for obtaining prior written approval from the local FSA Office before entering the premise for the purpose of drilling a well. As long as any land is enrolled in the CRP, the lessee shall be obligated, at Lessee's expense, to reseed and establish native grass cover on the well site and the adjoining land used in the drilling operations, and to take all necessary precautions to prevent soil erosion resulting from drilling operations. Such work shall be performed in a good and workmanlike manner and in such manner as may be required by the FSA under the terms of the CRP Contract. If drilling a well causes Lessor to lose any benefits of the CRP contract, including repayment of past CRP payment, or loss of future CRP payment, Lessee shall reimburse Lessor for such damages. Lessee agrees to hold Lessor harmless from penalties or liquidated damages assessed by the Conservation Reserve Program as a result of Lessee's operations. The Lessee will be liable and will either pay the FSA or repay the Lessor for any refund of cost sharing payments, annual rental payments, other payments or liquidated damages to the Farm Services Agency (FSA), and the Lessee will re-establish any disturbed cover as required by the FSA on the affected acres after the Lessee completes operations to the extent necessary to enable the Lessor to sign up the land in a subsequent sign up. The determination by the FSA shall be determinative on all parties as to amounts to be paid or repaid and the restoration of the affected acres.

Lessee or assigns agree that in the event of drilling operations to restore the surface of the land to its original contour and condition as nearly as is reasonably practicable and to pay for damages caused by its operations. All top soil shall be piled separately and returned to the surface when the pits are filled. Lessee or assigns shall consult with Lessor or Lessor's agent as to routes of ingress and egress and the location of equipment on the leased premises. All pipelines shall be buried to a depth of 36 inches where the subsurface is free of rocks to allow the trenching and 24 inches if otherwise practicable.

If, at the end of the primary term, this lease is not otherwise continued in force under the provisions hereof, this lease shall expire unless Lessee, on or before the end of the primary term shall pay or tender to Lessor the sum of Ten (\$10.00) Dollars multiplied by the number of net mineral acres owned by Lessor in all or any part of the lands above described and subject to this lease; and subject to the other provisions of this lease, the primary term shall be extended for an additional term of two (2) years from the end of the primary term hereof on those tracts designated for the extension, whether all or any part thereof.

X   
(Larry Dale Hoeme)

X   
(Kathleen M. Hoeme)

OIL AND GAS LEASE

THIS AGREEMENT, Entered into this 27 day of March, 2008

between Carol Ann Hoeme-Walker and her husband  
Stephen G. Walker aka Steven Walker

3561W. Hemlock, Oxnard, CA. 93035

and Fred Hambricht Inc. 125 N. Market, suite 1415, Wichita, Kansas 67202 witness:  
Ten. & More (S10, 094) her/his/their agent/lessor,

1. That lessee, for and in consideration of the sum of Three (3) acres, more or less, has the day hereby leased, and let and by these presents does hereby grant, lease, and let absolutely and agreeable heretofore contained to be performed by the lessee, has the day hereby leased, and let and by these presents does hereby grant, lease, and let absolutely unto the lessee the hereinafter described land, with any reversionary rights therein, and with the right to further sublease or any part thereof with other oil and gas leases as to all or any part of the lands covered thereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work thereon, including core drilling and core drilling, mining, and operating for, producing and saving all of the oil, gas, gas condensate, gas distillate, casinghead gasoline and their respective constituents vapor, and all other gases, found thereon, the exclusive right of injecting water, brine, and other fluids and substances into the subsurface strata, and for constructing roads, laying pipe lines, building tanks, storing oil, building power stations, electrical lines and other structures thereon necessary or convenient for the economical operation of said land above or adjoining with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and the injection of water, brine, and other substances into the subsurface strata, said tract of land being situated in the County of Scott and State of Kansas, and described as follows:

Township 16S-Range 32W  
Sec 3: W/2

STATE OF KANSAS, SCOTT COUNTY, KS  
This instrument was filed for record on the  
27 day of March, A.D. 2008  
at 10 o'clock A.M., and duly recorded in Book  
220 Page 187  
Robert Murphy  
Register of Deeds



containing 320 acres, more or less.

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

3. The lessee shall deliver to lessor as royalty, free of cost, of the lease, or into the pipe line to which leases may connect, its wells the actual one-eighth part of all oil produced and saved from the leased premises, or at the lessee's option may pay to the lessor for such one-eighth royalty the market price at the wellhead for oil of the grade and gravity prevailing on the day such oil is run into the pipe line or into storage tanks.

4. The lessee shall pay to the lessor, as a royalty, one-eighth (1/8th) of the proceeds received by the lessee from the sale of gas, gas condensate, gas distillate, casinghead gas, gas used for the manufacture of gasoline and all other products, and all other gases, including their constituent parts, produced from the land herein leased. If such gas is not sold by the lessee, lessee may pay or tender annually at or before the end of each year, pooled during which such gas is not sold, as a shut-in royalty, whether one or more wells, an amount equal to one dollar per net mineral acre, and while said shut in royalty is so paid or tendered, it will be considered under all provisions of this lease that gas is being produced in paying quantities. The first yearly pooled during which such gas is not sold shall begin on the date the first well is completed for production of gas.

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

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

7. The lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water from existing wells of the lessor, when required by lessor, the lessee shall bury its pipe lines below plow depth and shall pay for damage caused by its operations of growing crops on said land. No well shall be drilled nearer than 200 feet to the house, or barn, nor on said premises without written consent of the lessor. Lessee shall have the right at any time during, or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.

8. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change or division in ownership of the land, or royalties, however accomplished, shall operate to change the obligations or diminish the rights of lessors, and no change or division in the land or in the royalties or any sum due under this lease shall be binding on the lessee until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof, or a certified copy of any deceased owner's and all the original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to lessor of the full interest claimed, and all advance payments of royalty made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, or administrator, executor, or heir of lessor.

9. If the leased premises are now or shall hereafter be owned in severally or in separate tracts, the premises may nonetheless be developed and operated as one lease, and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to operate wells on separate tracts into which the land covered by this lease may now or hereafter be divided by sale, devise, descent or otherwise, or to furnish separate measuring or receiving tanks.

10. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that, in event, at his option, may pay and discharge in whole or in part, any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event, it exercises such options it shall be subordinated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharger of any such mortgage, tax or other lien, any royalty accruing hereunder.

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

12. Lessee may, at any time, surrender or cancel this lease in whole or in part by delivering or mailing such release to the lessor, or by filing some of record in the proper county in case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities whatsoever accruing under the terms of said lease as to the portion canceled shall cease and determine, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes.

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

14. Lessee, at its option, is hereby given the right and power to pool or combine into one or more units the land covered by this lease, or any portion thereof, with other land covered by another lease, or leases when, in lessee's judgment, it is necessary or advisable to do so in order to properly develop, and operate said lease premises so as to promote the conservation of such minerals in and under said land, such pooling to be in a unit or units not exceeding 80 acres each, in the event of an oil well, or into a unit or units not exceeding 840 acres each in the event of a gas and/or condensate or distillate well, plus a tolerance of ten percent (10%), to conform to Governmental Survey quarter sections. Lessee shall execute in writing and file for record in the county in which the land is situated an instrument identifying and describing the pooled acreage. The parties hereto do pool into a unit or units shall be treated for all purposes, except the payments of royalties on production from the pooled unit, as if it were included in this lease. If production is found on any part of the pooled acreage it shall be treated as if production is had from this lease whether any well is drilled on the land covered by this lease or not. Any well drilled on any such unit shall be, and constitute a well hereunder, in fee of the royalties elsewhere herein specified lessor shall receive on production from this well so pooled only such portion of the royalty stipulated herein as the amount of his net royalty interest therein on an acreage basis bears to the total mineral acreage so pooled in the particular well involved.

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

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

X  
Carol Ann Hoeme-Walker  
a/k/a Carol Hoeme-Walker

X  
Stephen G. Walker

SS# Carol Hoeme Walker

SS# Stephen G. Walker

BOOK 220 PAGE 187 W/2 (PAGE 1 OF 3)

LEASE RIDER

This Rider is attached to and considered to be a part of that certain Oil and Gas Lease dated March 27, 2008 by and between Carol Ann Hoeme-Walker (Lessor) and J. Fred Hambright, Inc., (Lessee) covering the following described premises located in Scott County, State of Kansas, to wit;

Township 16 South - Range 32 West

Sec 3: W/2

**CRP Provisions:** The Lessee acknowledges that all or part of the land covered by the Addendum may be enrolled in the Conservation Reserve Program (CRP) of the Commodity Credit Corporation (CCC), United States Department of Agriculture. In such event the Lessee shall be responsible for obtaining prior written approval from the local FSA Office before entering the premise for the purpose of drilling a well. As long as any land is enrolled in the CRP, the lessee shall be obligated, at Lessee's expense, to reseed and establish native grass cover on the well site and the adjoining land used in the drilling operations, and to take all necessary precautions to prevent soil erosion resulting from drilling operations. Such work shall be performed in a good and workmanlike manner and in such manner as may be required by the FSA under the terms of the CRP Contract. If drilling a well causes Lessor to lose any benefits of the CRP contract, including repayment of past CRP payment, or loss of future CRP payment, Lessee shall reimburse Lessor for such damages. Lessee agrees to hold Lessor harmless from penalties or liquidated damages assessed by the Conservation Reserve Program as a result of Lessee's operations. The Lessee will be liable and will either pay the FSA or repay the Lessor for any refund of cost sharing payments, annual rental payments, other payments or liquidated damages to the Farm Services Agency (FSA), and the Lessee will re-establish any disturbed cover as required by the FSA on the affected acres after the Lessee completes operations to the extent necessary to enable the Lessor to sign up the land in a subsequent sign up. The determination by the FSA shall be determinative on all parties as to amounts to be paid or repaid and the restoration of the affected acres.

Lessee or assigns agree that in the event of drilling operations to restore the surface of the land to its original contour and condition as nearly as is reasonably practicable and to pay for damages caused by its operations. All top soil shall be piled separately and returned to the surface when the pits are filled. Lessee or assigns shall consult with Lessor or Lessor's agent as to routes of ingress and egress and the location of equipment on the leased premises. All pipelines shall be buried to a depth of 36 inches where the subsurface is free of rocks to allow the trenching and 24 inches if otherwise practicable.

If, at the end of the primary term, this lease is not otherwise continued in force under the provisions hereof, this lease shall expire unless Lessee, on or before the end of the primary term shall pay or tender to Lessor the sum of Ten (\$10.00) Dollars multiplied by the number of net mineral acres owned by Lessor in all or any part of the lands above described and subject to this lease; and subject to the other provisions of this lease, the primary term shall be extended for an additional term of two (2) years from the end of the primary term hereof on those tracts designated for the extension, whether all or any part thereof.

X    
(Carol Ann Hoeme-Walker) (Stephen G. Walker)

STATE OF KANSAS, SCOTT COUNTY, SS  
This instrument was filed for record on the  
9 day of March A.D. 2013  
at 10 o'clock A.M., and duly recorded in book  
240 page 97  
Chibi M. Hoerne  
Register of Deeds



**AFFIDAVIT OF EXTENSION OF OIL AND GAS LEASE**

Lease No. X-10021A  
X-10021B  
X-10021C

STATE OF KANSAS )  
 ) §  
COUNTY OF SCOTT )

Charles B. Spradlin, Jr., of lawful age, being first duly sworn on his oath, states that Manuel Corporation, corporate name formerly BEREXCO INC., is the owner of the following described Oil and Gas Leases located in Scott County, Kansas:

COMPUTERED NUMERICAL *do*

Date: March 27, 2008  
Lessor: Drew Lynn Hoerne and Diane J. Hoerne, husband and wife  
Lessee: J. Fred Hambricht, Inc.  
Recorded: Book 219, Page 77  
Description: Township 16 South, Range 32 West  
Section 3: W/2

Date: March 27, 2008  
Lessor: Carol Ann Hoerne-Walker and Stephen G. Walker a/k/a Steven Walker, wife and husband  
Lessee: J. Fred Hambricht, Inc.  
Recorded: Book 220, Page 187  
Description: Township 16 South, Range 32 West  
Section 3: W/2

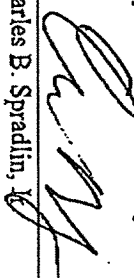
Date: March 27, 2008  
Lessor: Larry Dale Hoerne and Kathleen M. Hoerne, husband and wife  
Lessee: J. Fred Hambricht, Inc.  
Recorded: Book 219, Page 76  
Description: Township 16 South, Range 32 West  
Section 3: W/2

And that said leases contain a written provision granting Lessee or its assigns the option to extend the primary term of the leases for an additional two (2) year period upon payment of the stipulated consideration for said extension.

Affiant states that Manuel Corporation has caused to be tendered to Lessors the additional consideration in compliance with the terms contained in said leases and, by reason thereof, the primary term of said leases have been extended for a period of two (2) years to March 27, 2013.

Affiant further saith not.

**MANUEL CORPORATION,**  
corporate name formerly BEREXCO INC.

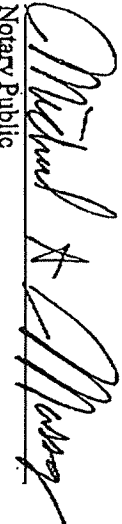
  
\_\_\_\_\_  
Charles B. Spradlin, Jr.  
Vice President

STATE OF KANSAS )  
 ) §  
COUNTY OF SEDGWICK )

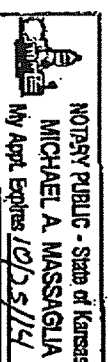
Before me, the undersigned, a Notary Public, within and for said County and State, on this 2<sup>nd</sup> day of March, 2011, personally appeared Charles B. Spradlin, Jr., Vice President of Manuel Corporation.

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

My commission expires:  
10/25/14

  
\_\_\_\_\_  
Notary Public

Return to:  
BEREXCO LLC  
Attn: Land Dept  
2020 N. Bramblewood  
Wichita, KS 67206



OIL AND GAS LEASE  
(Paid Up)

AGREEMENT, Made and entered into this 11th day of February, 2013, by and between Bandera Minerals, LLC, an Oklahoma Limited Liability Company, 7134 S Yale Ave., Suite 510, Tulsa, OK 74136, Party of the first part, hereinafter called lessor (whether one or more), and, Mull Drilling Company, Inc., 1700 N. Waterfront Pkwy., Building 1200, Wichita, KS 67206, Party of the second part, hereinafter called lessee.

WITNESSETH, That the said lessor, for and in consideration of Ten and OVC/100 DOLLARS, cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereunder contained on the part of the 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, developing, producing, operating and marketing oil (including but not limited to distillate and condensate) and 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 the certain tract of land, together with any reversionary rights therein, situated in the County of Scott, State of Kansas, described as follows, to wit:

W/2

of Section 3, Township 16S, Range 32W and containing 320 acres, more or less.

It is agreed that this lease shall remain in force for a term of 6 months from date (herein called primary term) and as long thereafter as oil or gas (as defined above), or either or them, is produced from said land by the lessee.

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

1<sup>st</sup>. To deliver to the credit of the lessor free of cost, in the pipeline to which it may connect its wells, the three-sixteenth (3/16th) part of all oil (including but not limited to condensate and distillate) produced from said land by lessee.

2<sup>nd</sup>. 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 therefrom, three-sixteenth (3/16th) of the gross proceeds received for the gas sold, used off the premises, or in the manufacture of products therefrom, but in no event more than three-sixteenth (3/16th) 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 of 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.

3<sup>rd</sup>. To pay lessor for gas produced from any oil well and used off the premises, or for the manufacture of casinghead gasoline or dry commercial gas, three-sixteenth (3/16th) 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 unitize 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 Lessor.

Lessee shall pay for all damages caused by its operation 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 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.

## ADDENDUM

Attached to and made a part of that certain Oil and Gas Lease dated February 11, 2013, between Bandera Minerals, LLC, Lessor, and, Mull Drilling Company, Inc., as Lessee, covering lands in Section 3-16S-32W, Scott County, Kansas:

- 1) Lessee shall furnish Lessor with daily drilling reports, mailed to Lessor on a weekly basis, and shall furnish copies of completion reports when such reports are made to the appropriate governmental agency. In addition, upon Lessor's written request, Lessee shall provide to Lessor, free of cost, copies of all logs and/or surveys, including, but not limited to, prints of all open-hole and cased-hole wireline logs, mud logs, DST charts with evaluations, open flow tests, BHP surveys, prints of all velocity surveys, temperature surveys, copies of all core and fluid analyses, copies of drillers and drilling time logs and any other pertinent information obtained in connection with the drilling of any test well on lands covered by this lease or on lands unitized therewith, and drilled pursuant to the terms of this lease.
- 2) Notwithstanding anything herein to the contrary, it is expressly agreed and provided that, when production is established under the terms of this lease, Lessee shall: (i) deliver free of cost to Lessor at the well or wells, or to the credit of Lessor at the pipeline to which the wells may be connected, Lessor's share (as stated in the lease) of all oil and other liquid hydrocarbons (recovered or separated on the leased premises) produced and saved from the leased premises; or at Lessor's option, which may be exercised from time to time, pay to Lessor the same share of the market value at the well for such oil and other liquid hydrocarbons; and/or (ii) pay to Lessor its share (as stated in the lease) of the market value at the well or wells for all gas, including all casinghead gas or other vaporous or gaseous substances, produced from the land, provided, however, that there shall be no deductions from the amount due to Lessor for any processing that is required or is performed on such gas (including, without limitation, the cost of dehydration, and the cost of separation and/or removal of hydrogen sulfide, nitrogen, carbon dioxide or other nonhydrocarbon substances), or the cost of compression, separation (in a conventional field-type separator) or gathering. The term "gathering" as used in this paragraph shall be conclusively presumed to mean any and all costs incurred in transporting the gas to market, except transportation costs paid to any intrastate or interstate pipeline company whose rates are regulated by a state or federal regulatory authority. The term "market value" as used in this paragraph shall be conclusively presumed to be the price received by Lessee for the sale of its share of gas when such sale is made under the terms of an arms-length contract to a non-affiliated purchaser less transportation costs paid to any intrastate or interstate pipeline company whose rates are regulated by a state or federal regulatory authority, provided that such costs reflect a cost-based rate approved by such applicable regulatory authority or authorities.
- 3) At the end of the primary term of this lease, it is expressly provided that this lease shall then terminate as to all the acreage covered hereby, SAVE AND EXCEPT any acreage contained within any "proration unit" or "spacing unit" attributable to each producing well (or well capable of producing gas, but shut-in), or well then being reworked, which is located on the leased premises or acreage pooled therewith, BUT ONLY as to depths down to 100 feet below the deepest completion depth in each such well or wells. The terms "proration unit" or "spacing unit", as used herein, shall mean (i) the acreage included within any voluntary recorded pooling or unitization agreement, or (ii) the acreage assigned to a productive well by the applicable regulatory authority, or, in the event neither (i) or (ii) exist, (iii) the acreage included within a tract as nearly in the form of a square as possible, the size of which shall be the minimum required by the appropriate regulatory authority to entitle the well to a full production allowable.
- 4) Notwithstanding anything herein to the contrary, it is expressly agreed and provided that after the expiration of the primary term this lease may not be maintained in force solely by the payment of shut-in royalty payments for any period in excess of two (2) consecutive years.
- 5) In the event Lessee or any successor Lessee secures an examination of title to the land herein leased, a copy of the opinion shall be furnished, free of cost, to Lessor at such time as said opinion is received by Lessee.
- 6) Lessee shall furnish Lessor with a copy of a recorded release within ninety (90) days after the expiration of this lease.
- 7) The rights of the Lessee hereunder shall not be assigned in whole or in part without prior written notice to Lessor.
- 8) Non-compliance with any of the terms of this lease and addendum shall be considered a breach thereof and shall be grounds for termination of the lease. Upon receipt of written notice of default from Lessor, Lessee shall have ninety (90) days to comply with the terms hereof, or show cause why such non-compliance should not be considered a breach, after which time the lease shall terminate.

In the event of a conflict between the terms and provisions of the attached Oil and Gas Lease and those of the addendum, the terms and provisions of the addendum shall prevail.

Initialed for Identification:

OIL AND GAS LEASE

AGREEMENT Made and entered into the 5th day of March, 2012

by and between Elizabeth Grube f/k/a Elizabeth Riney, single

1202 S. Antelope

Scott City, KS 67871

whose

mailing address is hereinafter called Lessor (whether one or more),

and Mull Drilling Company, Inc., 1700 N. Waterfront Pkwy, Bldg. 1200, Wichita, KS 67206, hereinafter called Lessee.

TEN AND MORE

Dollars (\$ 10.00)

in hand paid, receipt of which is here

Lessor, in consideration 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 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, including but not limited to 3-D seismic, 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 Scott State of Kansas described as follows, to-wit:

- Township 16 South, Range 32 West,
- Tract 1: Section 10: NW/4 -111981A-0119
- Tract 2: Section 10: SW/4 111994A
- Tract 3: Section 10: SE/4 112004A
- Tract 4: Section 10: NE/4 11201A

In Section Township Range and containing 640 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 with which said land is pooled.

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

1st. To tender to Lessor, free of cost, three-sixteenth (3/16) of all proceeds received by Lessee for oil produced and sold from the leased premises. 2nd. To pay Lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, three-sixteenth (3/16) of the proceeds received by Lessee from such sales, for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. Where gas from a well producing gas only is not sold or used, Lessee may pay or tender as royalty One Dollar (\$1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

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

If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid to said Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

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

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing. If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to the heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the Lessee until after the Lessee has been furnished with a written transfer or assignment or a true copy thereof. In case Lessee assigns this lease, in whole or in part, Lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

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

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

Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 80 acres each in the event of a vertical oil well and 640 acres for a horizontal oil well, or into a unit or units not exceeding 640 acres each in the event of a vertical or horizontal gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of this acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

SEE ATTACHED RIDER

STATE OF KANSAS, SCOTT COUNTY, SS  
 This instrument was filed for record on the 2nd day of April, A.D. 2012, at 10 o'clock A.M., and duly recorded in book 253 page 31  
 Elizabeth Grube Register of Deeds



COMPUTER do  
 NUMERICAL

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

Elizabeth Grube  
 Elizabeth Grube



Lease Rider

The rider is attached to and is to be considered a part of that certain Oil and Gas Lease dated MARCH 5, 2012, by and between Elizabeth Grube f/k/a Elizabeth Riney, single, as Lessor and Mull Drilling Company, Inc., as Lessee covering the following described premises in Scott County, State of Kansas, to-wit:

Township 16 South, Range 32 West.

Tract 1: Section 10: NW/4 - ~~11198A~~  
Tract 2: Section 10: SW/4 ~~11199A~~  
Tract 3: Section 10: SE/4 ~~11200A~~  
Tract 4: Section 10: NE/4 ~~11201A~~

- A. Lessor reserves all rights to grant, lease, mine and/or produce any minerals from said lands except interests in gas and oil and their constituent products herein leased to Lessee.
- B. Lessee shall bury pipelines and utility lines to a depth of not less than 48 inches below the surface. Lessee shall pay Lessor for reasonable damage to all property, real, personal or mixed, caused by its operations on the land, including but not specifically limited to land, growing crops, grass, buildings, livestock, surfaces, fences, and other improvements and personal property. All slush pits shall be filled and leveled within a reasonable period of time after well completion or abandonment. All damages under this paragraph shall be due and payable on or before three (3) months after such damages occur.
- C. Lessee agrees to notify Lessor's designated local agent, LARRY BROWN, of intent to drill any wells and prior to construction of any roads, pipelines, tank batteries or the installation of other equipment on the leased premises, Lessee shall consult and agree with Lessor's agent and tenant as to the location and direction of the same. There shall be no oil road surfaces or hard surfacing of any access roads without prior written consent of Lessor's designated local agent.
- D. The use of fresh water provided for under the terms of this lease is limited to use for drilling operations on the leased premises only. Lessee shall specifically not have any right to use fresh water from the premises for the purpose of water flooding or injecting in any water flooding program.
- E. Unless otherwise negotiated by Lessee, all salt water produced from the premises shall be disposed of off the leased lands.
- F. Anything herein contained to the contrary notwithstanding where the words "one-eighth (1/8<sup>th</sup>)" shall appear, it shall read "three-sixteenths (3/16)" in every case.

- G. Subject to Lessee's obligations under Paragraph "B" above, in the event there is no production in paying quantities found by Lessee during the term of this lease and there is abandonment of said lease, Lessee shall fill all pits, ponds, remove all structures, replace all topsoil, and reasonably restore the premises to the condition existing at the time this lease is executed. Within six (6) months after the expiration of the lease by its terms, Lessee shall have the obligation to restore as nearly as is practicable and possible, the leased premises to the same condition as received, natural wear, tear and damages by the elements excepted.
- H. Upon written request of Lessor, Lessee shall furnish to Lessor a copy of all logs and results of all tests run and made by Lessee in connection with its drilling operations on the premises. Lessor or Lessor's agent shall access to all wells during the drilling operations. Lessor agrees to keep confidential all information provided by Lessor.
- I. Lessee agrees to maintain any well site, storage tank location or any other areas used in its operations hereon free of weeds but without the use of salt substances in such weed control.
- J. Wherever necessary and where context requires, the singular term and related pronoun shall include the plural, the masculine and the feminine.
- K. The leased premises may not be unitized (pooled) without express written consent of Lessor.
- L. If Lessee proposes to drill a well on any of the above listed lands (tracts) within 18 months of the date of leases, and continues to drill an additional well on any of the above listed lands (tracts) within 180 days after the completion of each well previously drilled, then the primary term of all of leases shall be extended by such continuous drilling until Lessee fails to drill a well with the subsequent resulting 180 day period.
- M. Notwithstanding any provisions of this lease, or any wording contained in this lease (such as "the lands", "this lease", or any similar terms) each of the separately designated tracts ("Tracts") to this lease shall be treated for all purposes as a separate and distinct lease. All provisions contained in this lease form shall be applicable to each separate tract and construed as if a separate lease agreement had been made and executed covering each separate tract.

OIL AND GAS LEASE

THIS AGREEMENT, Entered into this 21 day of March, 2008,  
between Allan Hoeme and his wife

Anita Hoeme heretofore called Lessor,  
1101 Cedar Dr., Scott City, KS, 67871  
and Fred Hambricht Inc. 125 N. Market, Suite 1415, Wichita, KS, 67202 as witness:

1. That Lessor, for and in consideration of the sum of Ten & more (\$10-00) Dollars in hand paid and of the covenants and agreements hereinafter contained to be performed by the lessee, leased, and let and by these presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land, with any reservations, rights therein, and with the right to utilize this lease or any part thereof with other oil and gas leases so to all or any part of the lands covered thereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work thereon, including core drilling and the drilling, mining, and operating for, producing and/or saving all of the oil, gas, gas condensate, gas distillate, casinghead gasoline and their associated constituent vapors, and all other gases, found thereon, the exclusive right-of including water, brine, and other fluids and substances into the subsurface strata, and for constructing roads, laying pipe lines, building tanks, storing oil, building power stations, electrical lines and other structures thereon necessary or convenient for the economical operation of said land here or hereinafter with neighboring lands, to produce, save, the care of, and re-injecture all of such substances, and the injection of water, brine, and other substances into the subsurface strata, said tract of land being situated in the County of Scott State of Kansas and described as follows:

Township 16 South & Range 32 West

Tract I Section 2; SW/4 - 11384 - 1008  
Tract II Section 3; SE/4 - 11385 - 1008

containing 320 acres, more or less, consisting of 3 years called "primary term" and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of the products covered by this lease is or can be produced.

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

3. The lessee shall deliver to lessor as royalty, free of cost, on the lease, or into the pipe line to which lessee may connect its well the equal one-eighth part of all oil produced and saved from the leased premises, or at the lessee's option may pay to the lessor for such one-eighth royalty the market price at the wellhead for oil of the grade and gravity prevailing on the day such oil is run into the pipe line or into storage tanks.

4. The lessee shall pay to the lessor, as a royalty, one-eighth (1/8th) of the proceeds (received by the lessee from the sale of gas, gas condensate, gas distillate, casinghead gas, gas used for the manufacture of gasoline or any other product, and all other gases, including their constituent parts, produced from the land herein leased. If such gas is not sold by the lessee, lessee may pay for lessee's royalty annually at or before the end of each year, including during which such gas is not sold, as a shut-in royalty, whether or not there exists an amount equal to one dollar per net mineral acre, and while said shut in royalty is so paid or tendered, it will be considered under all provisions of this lease that gas is being produced in paying quantities. The first yearly period during which such shut in royalty shall begin on the date the first well is completed for production of gas.

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

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

7. The lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water from existing wells of the lessee. When required by lessor, the lessee shall bury its pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled deeper than 200 feet to the house or barn floor on said premises without the consent of the lessor. Lessee shall have the right at any time during, or after, the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.

8. If the estate of either party hereto is assigned, the privilege of assigning in whole or in part is expressly allowed; the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change or decrease in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessor, and no change of ownership in the land or in the royalties or any sum due under this lease shall be binding on the lessee until it has been furnished with either the original recording instrument of conveyance or a duly certified copy thereof, or a detached copy of any detached portion, together with an accurate mineral, or certified copy of the proceedings showing application to an administrator or a duly designated owner, whichever is appropriate, together with an original recorded instrument of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to lessor of the full interest conveyed, and all foregoing payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, or administrator, executor, or heir of lessor.

9. If the leased premises are now or shall hereafter be owned in severalty, the permittee may nonproleptically be developed and operated as one lease, and all royalties received hereunder shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may now or hereafter be divided by sale, devise, descent or otherwise, or to furnish separate metering or recording bills.

10. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge in whole or in part any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such options it shall be subrogated to the rights of any holder of holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty accruing hereunder.

11. If after the expiration of the primary term, production of oil or gas should cease (and, any cause, this lease shall not terminate if lessee commences additional drilling or reworking operations within one hundred-twenty (120) days thereafter, or if at the expiration of the primary term, oil or gas is not being produced on said land, but lessee or their other well thereafter commenced, with no cessation of more than one hundred-twenty (120) consecutive days, and if they result in production of oil or gas, this lease shall remain in effect so long thereafter as there is production of oil or gas under any provision of this lease.

12. Lessee may at any time surrender or cancel this lease in whole or in part by delivering or mailing such release to the lessor or by filing same of record in the proper county; in case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities hereafter accruing under the terms of said lease as to the portion canceled shall cease and determine, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes.

13. All provisions heretofore expressed or implied, shall be subject to all federal and state laws and the orders, rules, or regulations (and interpretations thereof) of all governmental agencies administering the same, and this lease shall not be in any way terminated, voided, or partially not shall the lessee be liable in damages for failure to comply with any of the express or implied provisions hereof if such failure accedes with any such laws, orders, rules or regulations for interpretations thereof; if lessee should be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction hereover, the primary term of this lease shall continue until six months after said order is suspended.

14. Lessee, at its option, is hereby given the right and power to pool or combine into one or more units the land covered by this lease, or any portion thereof, with other land covered by another lease, or leases when, in lessee's judgment, it is necessary or advisable to do so in order to properly develop and operate said lease operations so as to promote the conservation of such minerals in and under said land, such pooling to be in a unit or units not exceeding 80 acres each in the event of an oil well, or to combine to General-Water Survey unit or units not exceeding 640 acres each in the event of a gas and/or condensate or distillate well, plus a tolerance of ten percent (10%) to conform to General-Water Survey quarter sections. Lessee shall execute in writing and file for record in the county in which the land is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a unit or units shall be treated for all purposes, except the payments of royalties on production from the pooled unit, as if it were included in this lease. If production is found on any part of the pooled acreage it shall be treated as if production is had from this lease whether any well is located on the land covered by this lease or not. Any well drilled on any such unit shall be and constitute a well hereunder, in lieu of the royalties otherwise herein specified, shall receive an production from the unit so pooled any such portion of the royalty stipulated herein as the amount of his net royalty interest therein on an acreage basis bears to the total royalty acreage so pooled in the particular unit hereunder.

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

See Rider attached hereto and made a part hereof



STATE OF KANSAS, SCOTT COUNTY, KS  
This instrument was filed for record on the  
day of April, AD. 2008  
at 10 o'clock A.M., and duly recorded in book  
219 page 74  
Debbie M. Judd  
Register of Deeds  
COMPUTER 40  
NUMERICAL 16.00 Register of Deeds

IN WITNESS WHEREOF, we sign this day and year first above written  
X Allan Hoeme

X Anita Hoeme

SS# \_\_\_\_\_

SS# \_\_\_\_\_

BOOK 219 PAGE 74

(PAGE 1 OF 3)

LEASE RIDER

This Rider is attached to and considered to be a part of that certain Oil and Gas Lease dated March 21, 2008 by and between Allan Hoeme and Anita Hoeme (Lessors) and J. Fred Hambricht, Inc., (Lessee) covering the following described premises located in Scott County, State of Kansas, to wit;

Township 16 South - Range 32 West  
Tract I: Section 2: SW/4  
Tract II: Section 3: SE/4

Notwithstanding any provisions of this lease, or any wording contained in this lease (such as "the lands", "this lease", or any similar terms) each of the separately designated tracts ("Tracts") to this lease shall be treated for all purposes as a separate and distinct lease. All provisions contained in this lease form shall be applicable to each separate tract and construed as if a separate lease agreement had been made and executed covering each separate tract.

**CRP Provisions:** The Lessee acknowledges that all or part of the land covered by the Addendum may be enrolled in the Conservation Reserve Program (CRP) of the Commodity Credit Corporation (CCC), United States Department of Agriculture. In such event the Lessee shall be responsible for obtaining prior written approval from the local FSA Office before entering the premise for the purpose of drilling a well. As long as any land is enrolled in the CRP, the lessee shall be obligated, at Lessee's expense, to reseed and establish native grass cover on the well site and the adjoining land used in the drilling operations, and to take all necessary precautions to prevent soil erosion resulting from drilling operations. Such work shall be performed in a good and workmanlike manner and in such manner as may be required by the FSA under the terms of the CRP Contract. If drilling a well causes Lessor to lose any benefits of the CRP contract, including repayment of past CRP payment, or loss of future CRP payment, Lessee shall reimburse Lessor for such damages. Lessee agrees to hold Lessor harmless from penalties or liquidated damages assessed by the Conservation Reserve Program as a result of Lessee's operations. The Lessee will be liable and will either pay the FSA or repay the Lessor for any refund of cost sharing payments, annual rental payments, other payments or liquidated damages to the Farm Services Agency (FSA), and the Lessee will re-establish any disturbed cover as required by the FSA on the affected acres after the Lessee completes operations to the extent necessary to enable the Lessor to sign up the land in a subsequent sign up. The determination by the FSA shall be determinative on all parties as to amounts to be paid or repaid and the restoration of the affected acres.

Lessee or assigns agree that in the event of drilling operations to restore the surface of the land to its original contour and condition as nearly as is reasonably practicable and to pay for damages caused by its operations. All top soil shall be piled separately and returned to the surface when the pits are filled. Lessee or assigns shall consult with Lessor or Lessor's agent as to routes of ingress and egress and the location of equipment on the leased premises. All pipelines shall be buried to a depth of 36 inches where the subsurface is free of rocks to allow the trenching and 24 inches if otherwise practicable.

If, at the end of the primary term, this lease is not otherwise continued in force under the provisions hereof, this lease shall expire unless Lessee, on or before the end of the primary term shall pay or tender to Lessor the sum of Ten (\$10.00) Dollars multiplied by the number of net mineral acres owned by Lessor in all or any part of the lands above described and subject to this lease; and subject to the other provisions of this lease, the primary term shall be extended for an additional term of two (2) years from the end of the primary term hereof on those tracts designated for the extension, whether all or any part thereof.

X Allan Hoeme  
(Allan Hoeme)

X Anita Hoeme  
(Anita Hoeme)

AFFIDAVIT OF EXTENSION OF OIL AND GAS LEASE

Lease No. X-10037,  
X-10038

STATE OF KANSAS )  
 ) §  
COUNTY OF SCOTT )

Charles B. Spradlin, Jr., of lawful age, being first duly sworn on his oath, states that Manuel Corporation, corporate name formerly BEREXCO INC., is the owner of the following described Oil and Gas Lease located in Scott County, Kansas:

Date: March 21, 2008  
Lessor: Allan Hoeme and Anita Hoeme, husband and wife  
Lessee: J. Fred Hambricht, Inc.  
Recorded: Book 2119, Page 74  
Description: Township 16 South, Range 32 West  
Section 2: SW/4  
Section 3: SE/4

And that said lease contains a written provision granting Lessee or its assigns the option to extend the primary term of the lease for an additional two (2) year period upon payment of the stipulated consideration for said extension.

Affiant states that Manuel Corporation has caused to be tendered to Lessors the additional consideration in compliance with the terms contained in said lease and, by reason thereof, the primary term of said lease has been extended for a period of two (2) years to March 21, 2013.

Affiant further saith not.

COMPUTER *ds*  
NUMERICAL *ds*



MANUEL CORPORATION,  
corporate name formerly BEREXCO INC.

*Charles B. Spradlin, Jr.*  
Charles B. Spradlin, Jr.  
Vice President

STATE OF KANSAS SCOTT COUNTY, SS  
This instrument was filed for record on the  
3 day of March A.D. 2011  
of clock 11 M., and duly recorded in book  
2119 page 74  
*Charles B. Spradlin, Jr.*  
Register of Deeds

STATE OF KANSAS )  
 ) §  
COUNTY OF SEDGWICK )

Before me, the undersigned, a Notary Public, within and for said County and State, on this 1<sup>st</sup> day of March, 2011, personally appeared Charles B. Spradlin, Jr., Vice President of Manuel Corporation.

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

My commission expires:  
10/25/14

*Michael A. Massaglia*  
Notary Public



Return to:  
BEREXCO LLC  
Attn: Land Dept.  
2020 N. Bramblewood  
Wichita, KS 67205