

For KCC Use ONLY

API # 15 - _____

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

Operator: _____

Lease: _____

Well Number: _____

Field: _____

Number of Acres attributable to well: _____

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

Location of Well: County: _____

_____ feet from N / S Line of Section

_____ feet from E / W Line of Section

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

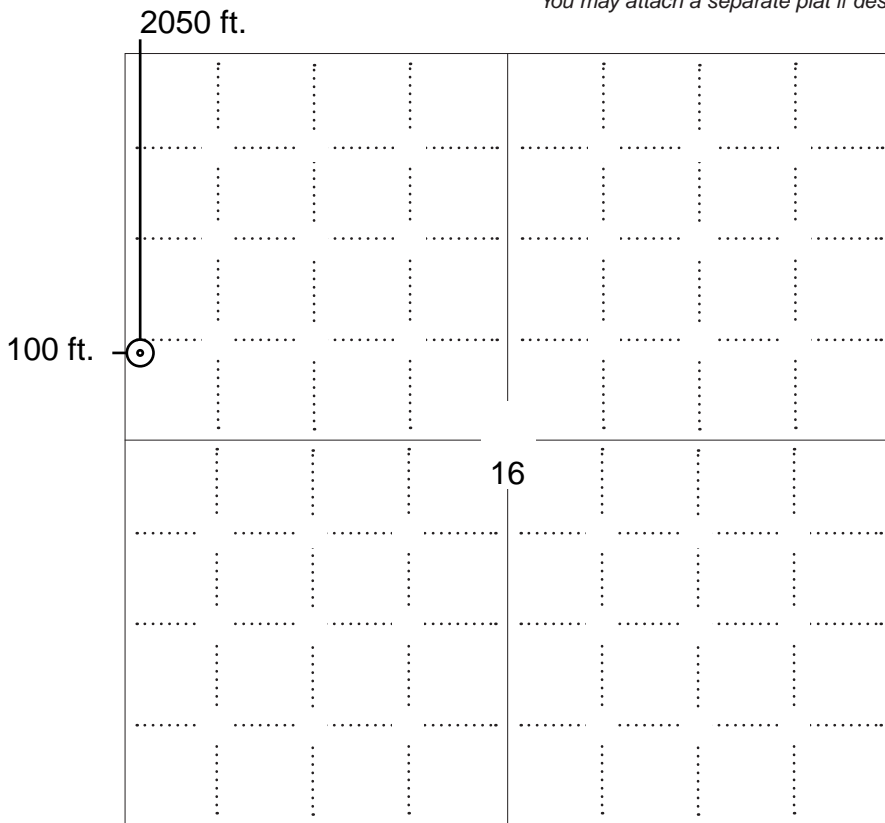
Is Section: Regular or Irregular

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

Section corner used: NE NW SE SW

PLAT

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



LEGEND

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



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

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

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

APPLICATION FOR SURFACE PIT

Submit in Duplicate

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

KCC OFFICE USE ONLY

Liner Steel Pit RFAC RFAS

Date Received: _____ Permit Number: _____ Permit Date: _____ Lease Inspection: Yes No



CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

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

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

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

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

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

Surface Owner Information:

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

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

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

Select one of the following:

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

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

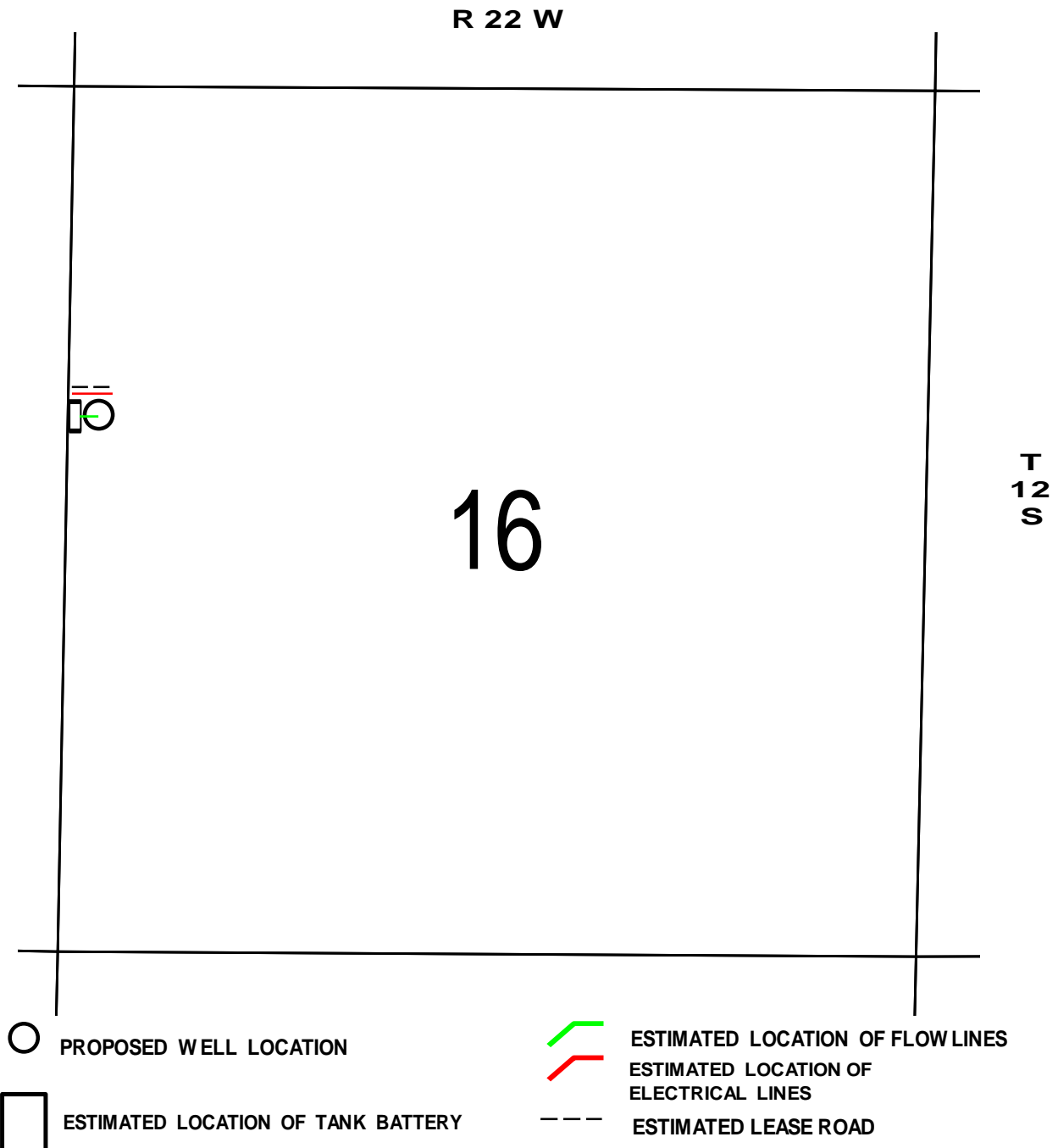
Submitted Electronically

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

WELL NAME : GARRETT RANCH ET AL 1-16

LOCATION : 2050 FNL / 100 FWL Sec. 16-12S-22W TREGO COUNTY

SURFACE OWNER: Garrett Ranch, LLC
Edna C. Garrett
300 Earle Ave.
WaKeeney, KS 67672



9/4

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 1st day of May, 2012

by and between Garrett Ranch, LLC
herein represented by Edna C. Garrett, as manager

whose mailing address is 300 Earle Ave., WaKeeney, Kansas 67672 hereinafter called Lessor (whether one or more),

and High Plains Energy Partners, LLC
1515 Wynkoop Street, Suite 700, Denver, CO 80202 hereinafter called Lessee:

Lessor, in consideration of Ten and Other Valuable Considerations Dollars \$ 10.00 in hand paid, receipt of which is hereby acknowledged and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee, together with ingress and egress, for the purpose of investigating, exploring by geophysical and other means, prospecting, drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, placing 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, regardless of the source of said products or location of said wells, the following described land, together with any reversionary rights and after-acquired interest,

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

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

In Section 16 Township 12 South Range 22 West and containing 160.00 acres, more or less, and all accretions thereto.

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

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

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

2nd. To pay Lessor for gas, (including casinghead gas) of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8), at the market price at the well, (but, as to gas sold by Lessee, in no event more than one-eighth (1/8) of the net proceeds received by Lessee from such sales, such net proceeds to be less a proportionate otherwise making any such gas merchantable) for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly.

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

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

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

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

When requested by Lessor, Lessee shall bury Lessee's pipe lines below plow depth.

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

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

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

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

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

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation, including restrictions on the drilling and production of wells, and regulation of the price or transportation of oil, gas or other substance covered hereby. When drilling, reworking, production or other operations or obligations under this lease are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, fire, storm, impaired surface conditions, flood or other act of nature, explosion, governmental action, governmental delay, restraint or inaction, or by inability to obtain a satisfactory market for production, or failure of purchasers or carriers to take or transport such production, or by any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within control of Lessee, this lease shall not terminate because of such prevention or delay, and, at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any provision or implied covenants of this lease when drilling, production, or other operations are so prevented or delayed.

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

Lessee, at its option, is hereby given the right and power to pool, unitize or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling or unitization to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well or a horizontal oil well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled or unitized acreage. The entire acreage so pooled or unitized into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled or unitized acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of this acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled or unitized in the particular unit involved.

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

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

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

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

Garrett Ranch, LLC

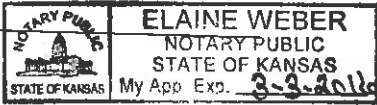
Edna C. Garrett
Edna C. Garrett, manager

COUNTY OF Trego

The foregoing instrument was acknowledged before me this 4th day of May, 2012

By Edna C. Garrett, as manager of Garrett Ranch, LLC

My commission expires _____



Elaine Weber
Notary Public

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 2012

by _____

My commission expires _____

Notary Public

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20____

by _____

My commission expires _____

Notary Public

No. _____

OIL AND GAS LEASE

FROM _____

TO _____

Date _____

Section _____ Twp. _____ Rge. _____

No. of Acres _____ Term _____

County _____

STATE OF _____

County _____

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

By _____ Register of Deeds.

When recorded, return to _____

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

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20____

by _____ of _____

a _____ corporation, on behalf of the corporation.

My commission expires _____

Notary Public

EXHIBIT "A"

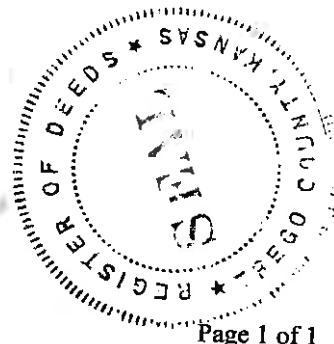
Attached to and made a part of that Certain Oil and Gas Lease dated May 1st, 2012, by and between, Garrett Ranch, LLC, as Lessor, and High Plains Energy Partners, LLC, as Lessee.

PROPERTY DESCRIPTION:

That certain tract or parcel of land estimated to contain 160.00 acres, more or less, and being more particularly described as the Northwest Quarter (NW/4) of Section 16, Township 12 South, Range 22 West, Trego County, Kansas.

ADDITIONAL TERMS AND PROVISIONS:

1. The provisions of this EXHIBIT "A" shall control and supersede the terms of the attached oil and gas lease when such terms conflict.
2. Lessee shall bury and maintain all pipelines below 36".
3. Lessee shall pay all damages, caused by Lessee's operations hereunder to crops, including grass, and restore as nearly as practical, said premises to the same conditions and contour as previously existed, upon termination of this lease.
4. In addition to the other provisions set forth herein, it is agreed and understood, the Lessee shall pay all damages caused by Lessee in investigating, exploring by geophysical and other means, drilling or operating for production of oil or gas upon the subject land that is enrolled in the Conservation Reserve Program including but not limited to all liquidated damages, all repayment of annual payments, all repayment of cost share for cover crop, all repayments for cost share for grass seed and planting thereof, and any and all payments of penalty or interest together with all loss of payments through the Conservation Reserve Program. These payments would be in addition to other damage provisions provided in this lease.
5. Lessee agrees that at the end of all drilling operations on the leased premises, Lessee shall proceed with reasonable diligence to restore the surface of the leased premises to as near as its original condition as is reasonably practical. Further Lessee agrees to plug and abandon any such well or wells, in accordance with all State and/or Federal rules and regulations and to protect Lessor's property from damage caused by its operations, including, but not limited to any environmental damage. Lessee agrees to pay for any damages caused by its operations to Lessor's land and crops. Minimum damages of \$2,000.00 per vertical well and \$500 per tank battery shall be paid to the Lessor. Minimum damages of \$4,500.00 per horizontal well and \$500 per tank battery shall be paid to the Lessor.
6. Lessee is hereby granted the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. This option may be exercised by Lessee, in total, on or before the expiration date of lease by paying and delivering to Lessor at the above address, the sum of \$50.00 per acre covered by the lease. In the event Lessee exercises this option, Lessee must renew all acreage covered by this lease. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a term of five (5) years.



Date Recorded: 8/17/2012 9:00:00 AM

Trego County Register of Deeds
 Book: 182 Page: 290
 Receipt #: 9617 Total Fees: \$16.00
 Pages Recorded: 3
 Eveya M. Rumpfelfl
Eveya M. Rumpfelfl



Evea M. Rumpel
Evea M. Rumpel

Date Recorded: 1/7/2013 8:45:00 AM

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 9th day of December 2012

by and between Donald L. Babb & Cathleen M. Babb, husband & wife; and, Samuel M. Babb & Kathryn J. Babb, husband & wife

whose mailing addresses are 308 Hollie Circle, Sulphur Springs, TX 75482 and 5317 Fossil Creek Drive, Fort Collins, CO 80526 hereinafter called Lessor (whether one or more), and KANOCO LLC

1515 Wynkoop Street, Suite 700, Denver, CO 80202, hereinafter called Lessee:

Lessor, in consideration of Ten and Other Valuable Considerations Dollars (\$ 10.00) in hand paid, receipt of which is hereby acknowledged and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee, together with ingress and egress, for the purpose of investigating, exploring by geophysical and other means, prospecting, drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, placing 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, regardless of the source of said products or location of said wells, the following described land, together with any reversionary rights and after-acquired interest,

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

Northeast Quarter (NE/4)

In Section 17 Township 12 South Range 22 West and containing 160.00 acres, more or less, and all accretions thereto.

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

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

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

2nd. To pay Lessor for gas, (including casinghead gas) of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8), at the market price at the well, (but, as to gas sold by Lessee, in no event more than one-eighth (1/8) of the net proceeds received by Lessee from such sales, such net proceeds to be less a proportionate part of the production, severance, or other excise taxes and the cost incurred by Lessee in delivering, treating for the removal of nitrogen, helium or other impurities in the gas, processing, compressing, or otherwise making any such gas merchantable) for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled or unitized therewith but Lessee is then engaged in drilling, reworking operations thereon or on acreage pooled or unitized therewith, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled or unitized therewith; and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on the leased premises or on acreage pooled or unitized therewith, the production should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or reworking operations within ninety (90) days from the date of cessation of production or from the date of completion of a dry hole. If oil or gas shall be discovered and produced as a result of such operations, this lease shall continue in full force and effect so long as oil or gas is produced from the leased premises or on acreage pooled or unitized therewith.

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

When requested by Lessor, Lessee shall bury Lessee's pipe lines below plow depth.

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

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

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

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

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

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation, including restrictions on the drilling and production of wells, and regulation of the price or transportation of oil, gas or other substance covered hereby.

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

Lessee, at its option, is hereby given the right and power to pool, unitize or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling or unitization to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well or a horizontal well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled or unitized acreage. The entire acreage so pooled or unitized into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled or unitized acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled or unitized in the particular unit involved.

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

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

Lessor (and Lessee) herein agree to less and except from the terms of this Oil and Gas Lease any currently existing oil and/or gas well(s), bore hole(s) or other related facilities located on the hereinabove described lease premises, unless Lessee in its sole discretion chooses to utilize any such well or bore holes. Lessor further agrees that unless Lessee in its sole discretion chooses to utilize any such well or bore holes Lessee shall not be liable nor shall Lessee have the obligation to plug and abandon any of said existing oil and/or gas wells(s), bore hole(s) or related facilities.

SEE ADDENDUM ATTACHED HERETO AND MADE A PART HEREOF FOR ADDITIONAL TERMS AND PROVISIONS. LEASE IS NULL AND VOID WITHOUT THE ADDENDUM WHICH IS EXECUTED BY BOTH THE LESSOR AND LESSEE.

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

DB

Donald L. Babb
Donald L. Babb

Cathleen M. Babb
Cathleen M. Babb

Samuel M. Babb
Samuel M. Babb

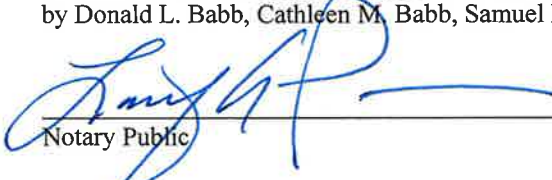
Kathryn J. Babb
Kathryn J. Babb

OIL AND GAS LEASE
December 9, 2012

STATE OF TEXAS

COUNTY OF HOPKINS

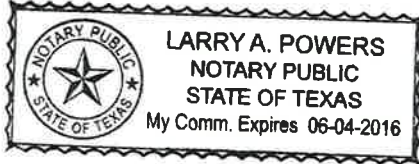
This instrument was acknowledged before me on December 9, 2012
by Donald L. Babb, Cathleen M. Babb, Samuel M. Babb and Kathryn J. Babb.



Notary Public

Print Name: Larry A. Powers

My commission expires: June 4, 2016





No. _____

OIL AND GAS LEASE

FROM _____

TO _____

Date _____ Rge. _____

Section _____ Twp. _____

No. of Acres _____ Term _____

_____ County _____

STATE OF _____

County _____

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

By _____ Register of Deeds.

When recorded, return to _____

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

ADDENDUM TO OIL AND GAS LEASE DATED DECEMBER 9, 2012
BETWEEN DONALD L. BABB & CATHLEEN M. BABB, HUSBAND & WIFE;
AND SAMUEL M. BABB & KATHRYN J. BABB, HUSBAND & WIFE, LESSOR,
AND KANOCO LLC, LESSEE, COVERING THE NORTHEAST QUARTER (NE/4) OF
SECTION 17, TOWNSHIP 12 SOUTH, RANGE 22 WEST, TREGO COUNTY, KANSAS

IN THE EVENT OF CONFLICT BETWEEN THE LEASE PROVISIONS AND THE PROVISIONS OF THIS ADDENDUM, THE PROVISIONS OF THIS ADDENDUM SHALL BE BINDING AND CONCLUSIVE. WHEN USED HEREIN THE TERM "LESSOR" SHALL MEAN ALL LESSORS WHETHER SINGULAR OR PLURAL.

1. This Addendum is incorporated in the above referenced oil and gas Lease and made a part thereof, as if fully set forth therein.

2. It is understood and agreed by the parties that all references to "1/8th" in the Lease agreement are modified, changed, and shall read "3/16th", being 18.75% of production. Notwithstanding anything to the contrary, Lessor's proportionate 3/16th share of gas, oil, condensate and hydrocarbons and other gas and substances produced from this Lease shall not have been charged with or had deducted costs associated with creating a marketable product, including but not limited to transportation, compression, dehydration, treating, processing or blending.

3. Lessee shall have one (1) year, hereinafter called "shut in period", from the date of completion of a gas well in which to make pipeline connection for production or marketing of gas. This shut in period may be extended for a period not to exceed one (1) additional year at the option of Lessee. During the shut in period, Lessee shall pay to Lessor, shut in royalty at the rate of ten and 00/100 dollars (\$10.00) per acre, which royalty shall be due and payable on the anniversary date of this Lease.

4. The disposal of salt water or other deleterious substances into any well on or under the Lease premises by Lessee is prohibited. This does not prohibit Lessee from conducting enhanced recovery operations on the Lease, which operations may include injection of produced fluids; provided Kansas Corporation Commission approval has been obtained. Lessor shall receive notice of any application filed by Lessee with the Kansas Corporation Commission for injection onto or under the Lease for enhanced recovery purposes

5. Lessee shall be liable for, and agrees to pay for damages caused by its operations on or under the Lease premises, including without limitation, damage to all personal property, wells, appurtenances, improvements, livestock, and growing crops, grasses, and trees, and loss of income as a result thereof. Lessee agrees to pay a minimum damage fee of Two Thousand Five Hundred and 00/100 Dollars (\$2,500.00) for each drill site for a vertical well, that covers 1.5 acres or less, and Seven Thousand Five Hundred and 00/100 Dollars (\$7,500.00) for each drill site for a vertical well that exceeds 1.5 acres, and for each drill site for a horizontal well, payable to the surface owner prior to preparation of the location. Upon Lessor's request, Lessee shall fence drill sites, pits, well sites, tank batteries and other appurtenances. Lessor's prior written approval of routes of ingress and egress by Lessee to the premises is required, which approval shall not be unreasonably withheld, and which includes routes and locations of power lines, tank batteries, pipelines and other appurtenances located on the Lease premises. In the event Lessee uses existing roads of Lessor, Lessee shall maintain such roads. There shall be no oil road surfaces or hard surfacing of any access roads without the written consent of Lessor. Lessee shall bury all pipelines a minimum depth of three (3) feet and all electrical lines a minimum depth of four (4) feet. No above ground power lines are permitted. The Lessee agrees it will use its best effort to protect all fresh water strata and the surface from pollution by salt water and other refuse.

6. With regard to leased lands covered by the Conservation Reserve Program ("CRP"), Lessee agrees to reimburse Lessor for any charges, assessments or penalties, if caused by Lessee's operations, including but not limited to liquidated damages, repayment of annual payments, repayment of cost share for CRP conservation practices (including but not limited to cover crops, seed, planting of seed, wildlife enhancements), and payments of penalty or interest.



ADDENDUM TO OIL AND GAS LEASE DATED DECEMBER 9, 2012

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7. A separate permit and fee agreement between Lessor and Lessee shall be required for geophysical exploration. An initial geophysical permit and fee agreement is being entered into contemporaneously with this Lease. If after completion of the initial geophysical survey, Lessee determines a need for further geophysical exploration, a mutually acceptable permit and fee agreement shall be negotiated at that time. Approval of said agreement shall not be unreasonably withheld by Lessor. For purposes of this paragraph, "geophysical exploration" shall refer to any wide-area survey, conducted on the Lease Premises, through the use of technologies now existing or developed in the future including but not limited to seismic, gravity, magnetic, electrical technology, torsion balance, seismograph explosions, magnetometer, or other instruments or other means, for determining subsurface conditions. Nothing in this paragraph shall require or be construed to require a permit and fee agreement to drill, repair, test, log, rework, or otherwise operate oil and/or gas wells on the Leased Premises.

8. It is recognized by the parties that the Lease premises are used by Lessor or Lessor's tenant(s) for agriculture and other purposes. Lessee agrees to maintain in good repair all roads used by Lessee for ingress and egress, whether existing or developed by Lessee and to keep closed all gates and access roads or install and maintain suitable cattle guards.

9. Lessee acknowledges and agrees upon abandonment of any well drilled pursuant to this Lease, said well shall be plugged within 120 days of abandonment according to the Kansas Corporation Commission regulations and Lessee will as nearly reasonable and practical restore the surface to the original contour and condition.

10. Lessee agrees to indemnify and hold harmless and defend Lessor at Lessee's cost against all claims for damages to person or property however denominated arising out of or connected with Lessee's operation on or under, or occupancy of, the Lease premises. Lessee further agrees to the extent possible to prevent trespass onto Lessor's property by third parties interested in or curious about Lessee's operations upon the property and to hold Lessor harmless from any damage caused by such trespassers.

11. Lessee agrees to conduct its operations on the premises in such a way such as not to interfere with irrigation activities on the leased premises, including but not limited to, the flow of irrigation water and/or irrigation systems.

12. This Lease shall be filed of record with the Register of Deeds Office, Trego County, Kansas, within thirty (30) days of delivery to Lessee by Lessor.

13. This Lease, including the express and implied covenants and rights included herein shall be subject to all federal and state laws, executive orders, rules and regulations, and this Lease shall not be terminated, in whole or in part, nor Lessee held liable in damage 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, or Act of God, if such compliance is prevented by or failure is the result of inability of Lessee through no fault of its own, to obtain sufficient and satisfactory material and equipment or governmental authorization to facilitate the commencement of drilling operations or to continue production of oil or gas from the leased premises.

14. Upon three (3) years following the expiration of the primary term of this Lease or the expiration of any extension or renewal of the primary term, whichever occurs last, and in the absence of a horizontal well located on the leased premises or on lands pooled therewith, and in the event there are lands under this Lease not included in a pooled unit or units, this Lease shall terminate as to all lands outside of any pooled unit or units, or a contiguous forty acre (40) acre tract around each producing vertical well, unless Lessee is then engaged in drilling operations of an additional well on the leased premises or on lands pooled or unitized therewith. The drilling of such well will, in the absence of a horizontal well, maintain the Lease in full force and effect as to all lands covered by the Lease, for an additional three (3) year period and successive three (3) year periods, provided Lessee drills a minimum of one (1) well every three years. The dimension or description of the contiguous forty (40) acre tract(s) shall be determined by Lessee or as otherwise allowed by the Kansas Corporation Commission. The drilling of any well, whether completed as a producer or plugged and abandoned as a dry hole, or the workover of a non-producing wellbore, shall be deemed to have met the 3-year drilling requirement under this clause.

15. Notwithstanding the provisions for pooling and/or unitization as set forth in this Lease, in the event a well or wells producing oil or gas in paying quantities should be drilled on land adjacent to the

ADDENDUM TO OIL AND GAS LEASE DATED DECEMBER 9, 2012

Page 3 of 4

Lease premises, Lessee agrees to drill such offset well or wells as a reasonable and prudent operator would drill under such circumstances.

16. Lessee may not use water obtained from or under the Lease premises without the express written consent of the surface owner.

17. No right is granted to the Lessee to erect on any part of said premises any plant or facility. Lessee agrees to install the necessary production and/or metering equipment along the access road to any well and where the well or wells can be satisfactorily and safely produced, the meter houses and other production equipment shall be located adjacent to any county or state road or highway adjoining the above described premises. It is understood however, that the sale of gas at a meter installed along the leased property line for the purpose of this Lease be considered to be a well head sale.

18. This Lease covers only oil and gas and their constituent products herein leased. Lessor reserves all right to grant lease, mine and/or produce any other minerals from said premises.

19. The covenants and indemnity agreements contained herein shall survive termination, expiration, and release of this Lease. This Lease and Addendum and their terms, conditions, and stipulations shall extend to and be binding upon all the heirs, grantees, administrators, successors or assigns of said Lessor or Lessee.

20. By acceptance of this Lease, Lessee covenants and agrees that it will fully comply with all statutes and all rules and regulations of all governmental agencies having jurisdiction over compliance with all environmental legislation. Lessee further agrees to indemnify, save, protect, and hold Lessor harmless from any environmental damage or contamination caused, contributed to, or permitted by Lessee, its successors, and assigns.

21. All exploration, drilling, pumping and related activities shall be conducted in a manner that meets or exceeds the requirements of this agreement, all laws and regulations then in effect, and how a reasonably prudent operator would conduct such activity.

22. Lessee may assign this Lease in whole or in part to any of Lessee's affiliates, investors, partners, or other business associates. However, Lessee's transfer of control of the Lease operations to any person not affiliated with Samuel Gary, Jr. & Associates, Inc. shall be subject to Lessor's written consent, which consent shall not be unreasonably withheld.

23. Lessee may at any time execute and place of public 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 future obligations as to the acreage surrendered. Lessee shall be provided written notice thereof to Lessor.

24. In addition to the cash bonus which has been paid to Lessor for the execution of this Lease, Lessee shall have the right, but not the obligation, to mail payment on or before the end of the primary term of this Lease, to extend the primary term of this Lease for a period of two (2) additional years, commencing at the expiration of the initial primary term, and as long thereafter as oil and gas is produced from said land or lands pooled herewith, by paying Lessor an amount equal to the payment made for the primary term of this Lease.

25. In the event Lessor is required to take action to enforce any provision of the Lease or addendum, Lessee or its assigns shall indemnify and hold Lessor harmless from all costs thereof, including but not limited to reasonable attorneys fees.

26. Time is of the essence in this Lease. Upon written notice to Lessee by Lessor of any breach of this Lease or Addendum, Lessee shall have 45 days to remedy or dispute the breach. If the remedy requires more than 45 days to complete, Lessee shall submit to Lessor, for Lessor's approval a plan of remediation. Said plan shall provide for prompt and prudent remediation of the breach. Lessor's written notice of such breach shall be delivered via overnight courier or via US Certified Mail with return receipt, to Lessee, Attn: Land Manager. The above-described 45 days shall run from the postmark date on the Lessor's notice. If Lessee fails to remedy the breach, Lessor shall have the right to petition the courts for any remedies not precluded by Kansas Law, including but not limited to cancellation of the lease.

ADDENDUM TO OIL AND GAS LEASE DATED DECEMBER 9, 2012

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27. The individuals signing as Lessor represent and warrant that they have sufficient authority and capacity to execute the documents and to bind themselves thereto. The individual(s) signing on behalf of the Lessee personally represent and warrant that he/she has sufficient authority and capacity to execute the documents on behalf of Lessee and to bind the Lessee thereto.

Donald L. Babb
Donald L. Babb

Cathleen M. Babb
Cathleen M. Babb

Samuel M. Babb
Samuel M. Babb

Kathryn J. Babb
Kathryn J. Babb

"Lessor"

KANOCO LLC

By: *Samuel Gary, Jr.*
Samuel Gary, Jr., Manager

"Lessee"

STATE OF TEXAS

COUNTY OF HOPKINS

This instrument was acknowledged before me on December 9, 2012 by Donald L. Babb, Cathleen M. Babb, Samuel M. Babb and Kathryn J. Babb.

Larry A. Powers
Notary Public

Print Name: Larry A. Powers

My commission expires: June 4, 2016



STATE OF COLORADO

CITY AND COUNTY OF DENVER

This instrument was acknowledged before me on December 17, 2012 by Samuel Gary, Jr. as Manager of KANOCO LLC.

Tammy B. McFadden
Notary Public

Print Name: _____

My commission expires: _____



My Commission Expires 09/22/2013

WJ

March 27, 2013

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

Re: Drilling Pit Application
GARRETT RANCH ET AL 1-16
NW/4 Sec.16-12S-22W
Trego County, Kansas

Dear CHRISTOPHER MITCHELL:

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

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

The fluids should be taken to an authorized disposal well. Please call the District Office at (785) 625-0550 when the fluids have been removed. Please file form CDP-5 (August 2008), Exploration and Production Waste Transfer, through KOLAR within 30 days of fluid removal.

A copy of this letter should be posted in the doghouse along with the approved Intent to Drill. If you have any questions or concerns please feel free to contact the District Office at (785) 625-0550.