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9 KANSAS [PAID **AND GAS LEASE** Ę

A.D. 3012 at 10 30 0's duly recorded in Cook 138 This instrument ATE OF KANSAS, LANE COUNTY, SS o'clocky M for record on the) ag

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Grace 221 N Healy, KS 67850 ice Elaine N. 11-Road ين تي January
Elaine Snider Trust No. 1 dated February 23. 1995

hereinafter called Lessor, (whether one or more) ed Lessor, (whether one or more) and CKEDO PETRO
1801 Broadway, Suite 900, Denver, Colorado 80202 PETROLEUM CORPORATION

hereinafter called Lessee:

1. That the Lessor, for and in consideration of the sum of ten and more Dellars (\$ 10.00+), and other good and valuable consideration, receipt of which is hereby acknowledged, and the covenants and provisions contained herein to be kept by Lessee, does hereby grant, demise, lease and let unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, operating for, producing, and taking care of all oil, gas and all of the products of oil and gas, with rights of way and easements for laying pipelines, telephone and telegraph lines and the exclusive right of injecting water, brine and other fluids into subsurface strata, and the building of structures, tanks, roadways and any and all other rights and privileges necessary, incident to, or convenient for the economical operation alone, or conjointly with neighboring land, for the production, saving and taking care of all said products on that certain tract of land situated in the County of Lane State of Kansas,

TOWNSHIP 17 SOUTH, RANGE29 WEST OF THE 6^{TH} P.M.

Section 10: S1/2

- Three (3) years from the effective date Š,
- January 22, 201 as hereinafter provided 2. It is agreed that this lease shall remain in full force and effect for a primary term of Three (3) years from 22, 2013 and as long thereafter as oil, gas or the products of oil or gas are produced from said leased premises, or drilling operations
- 3. This is a PAID-UP LEASE. In consideration of the down payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term, or to make any rental payments during the primary term. Lessee may at any time or times during or after the primary term hereof surrender this lease as to all or a portion of the lands covered herein by delivering to Lessor, or by filing for record a release or releases, and thereafter be relieved of all obligations accruing hereunder as to the acreage surrendered. The lease shall continue in force and effect as to all of the acreage not surrendered:

bank with which it may be merged, or consolidated, or which succes as the depository regardless of changes in the ownership of said land All payments required to be made under this lease shall be made or tendered to the Lessor or to the Lessor's credit in the Pay Directly to Lessor Bank (depository bank) at This is the marged, or consolidated; or which is the business or exacts or any part thereof, by purchase or of the consolidated by the first lead that the consolidated is the same and the consolidated by the consol or otherwise successors, or any which shall continue

- 5. Lessee agrees to pay Lessor a royalty on production covered hereby as follows:

 1st . Lessee shall deliver to the credit of Lessor as royalty, free of cost, in the pipeline to which Lessee eighth part of all oil produced and saved from the leased premises, or at Lessee's option, may pay to the Lessor for such one-of like grade and gravity prevailing on the day such oil is run into the pipeline, or into storage tanks. may connect its wells, the equal eighth royalty the market price f al one-for oil
- premises, . Lessee shall pay Lessor as royalty on gas marketed from each well one-eighth of the proceeds if sold at the well, or mises, then one-eighth of its market value at the well. if marketed by
- 3rd. Lessee shall pay Lessor one-eighth of the proceeds received by the Lessee from the sale of casinghead gas produced fro and one-eighth of the value, at the mouth of the well, computed at the prevailing market price, of the casinghead gas produced from any oil well and off the leased premises for any purpose or used on the leased premises by Lessee for purposes other than the development and operation thereof.
- . Lessee shall pay to Lessor one-eighth of the proceeds from the sale of all other products of oil and gas not otherwise
- 6. Where there is a gas well, or wells on the lands covered by this Lease, or acreage pooled therewith, whether it be before or after the primary ter hereof, and such well or wells are shut-in, and there is no other production, drilling operations or other operations being conducted capable of keeping this Lease force under any of its provisions, Lessee shall pay as royalty to Lessor the sum of One Dollar (\$1.00) per year per net royalty acre, such payment to be made on before the anniversary date of this Lease next ensuing after the expiration of 90 days from the date such well or wells are shut-in, and thereafter on the anniversa date of this Lease during the period such wells are shut-in, and upon such payment it shall be considered that this Lease is maintained in full force and effect.
- 7. If the Lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (i any shut-in gas royalty) herein provided for shall be paid the said Lessor only in the proportion which Lessor's interests bear to the whole and undivided fer then the royalties (including
- 3. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if Lessee shall commence operations for drilling a well any time while this lease is in force, this lease shall remain in force and its term shall continue so long as such operations are prosecuted as set out in Paragraph hereof, and if production results therefrom, then so long as production continues. 9≌
- 9. If at the expiration of the primary term of this lease, oil, gas, or the products of oil and gas are not being produced on the leased premises but Lessee has been engaged in drilling or reworking operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises; and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or the abandonment of one well and the beginning of operations for the drilling of a subsequent well. If, after the discovery of oil or gas or the products of oil or gas on said land or acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or reworking operations, (including but not limited to drilling, testing, completing, reworking, recompleting, deepening, or plugging back) within ninety (90) days from the date of cessation of production or from date of completion of a dry hole. If oil, gas or the products of oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil, gas, or products of oil and gas shall be produced from the leased premises.
- 10. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operations thereon, except water from the wells of the Lessor. When requested by Lessor, Lessee shall bury pipelines below plow depth. No well shall be drilled nearer than 200 feet to any house or barn on said premises as of the date of this lease without written consent of the Lesser. Lessee shall pay for all 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, but shall not have the obligation to do so

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no other notice of any kind or character, whre total or constructive, shall be binding on the Lessee. Nent or inture division of Lessor's ownership as to different portions or parcels of said land sha. Tate to enlarge the obligations, or to diminish the right. The Lessee, and all of Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission on the part of any other leasehold owner.

- 12. Lessee, at its option, is hereby given the right and power to voluntarily pool or combine the lands covered by this lease, or any portion thereof, as to the oil and gas, or either of them, with any other land, lease or leases adjacent thereto when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said premises, such pooling to be into units not exceeding eighty (80) acres for an oil well, plus a tolerance of ten percent (10%), and not exceeding six hundred forty (640) acres for a gas well, plus a tolerance of ten percent (10%), except that larger units may be created to conform to any spacing or well unit pattern that may be prescribed by governmental authorities having jurisdiction. Lessee shall execute in writing and record in the County Records as instrument identifying and describing the pooled acreage. The entire acreage so pooled into units shall be treated for all purposes, except the payment of royalties, as if it were included in this lease, and drilling or reworking operations thereon or production of oil or gas therefrom, or the completion thereon of a well as a shutin gas well, shall be considered for all purposes, except the payment of royalties, as if such operation were on, or such production were from, or such completion was on the land covered by this lease, whether or not the well or wells be located on the premises covered by this lease. In lieu of royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive from a unit so formed only such portion of the royalties stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein bears to the total acreage so pooled.
- Ten and No/100ths DOLLARS (\$10.00) per net mineral acre for each acre to which the term of this lease is extended, and to release this lease as to those portions of the leased premises to which an extension is not sought. as to all or any portion of the acreage described herein and extend the primary term thereto an additional One (1) years commencing on the expiration of the primary term of this lease, by making payment to Lessor's credit in the depository bank hereinabove shown on or before such expiration date in the sum of 13. On or before the expiration of the primary term of this lease, the Lessee, its successors or assigns, shall have the option and right to renew this lease One (1)
- this lease shall not terminate in whole or in part, nor shall Ler failure is the result of any such law, order, rule, or regulation. 14. In the absence of production, Lessee may terminate any unitized area by filing in the county records a Notice of Termination of the unit. All express or implied covenants of this lease shall be subject to all federal and state laws, executed orders, rules or regulations of governmental bodies having jurisdiction, and this lease shall not terminate in whole or in part, nor shall Lessee be held liable in damages for failure to comply therewith, if compliance is prevented by or if such
- 15. 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 land in the event of failure of payment by the Lessor, and be subrogated to the rights of the holder thereof, and in addition Lessee may reimburse itself for such payments out of any royalties or rentals payable to Lessor.
- 16. All the provisions of this Lease shall be binding on the heirs, successors, assigns, and legal representatives of the Lessor and Lessee

REFER TO ADDENDUM TO OIL AND GAS LEASE ATTACHED HERETO.

IN WITNESS WHEREOF this instrument is executed on the day and year first hereinabove set out

GRACE ELAINE SNIDER, TRUST #1	
Giore Cleving bridly	
Grace Elaine Snider, Trustee	
STATE OF Kansas) SS	(INDIVIDUAL ACKNOWLEDGMENT)
COUNTY OF Lane	
Before me the undersigned, a Notary Public, within personally appeared Grace Elaine Snider, Trustee and to me personally to be the identical person v acknowledged to me that she executed the same as therein set forth.	Before me the undersigned, a Notary Public, within and for said county and state, on this \(\frac{2}{2}\). Tanuary \(\frac{20}{20}\) personally appeared \(\frac{\text{Grace Elaine Snider. Trustee of the Grace Elaine Snider Trust #1 dated February 23, 199 and to me personally to be the identical person \(\text{who executed the within and foregoing instrument and acknowledged to me that \(\frac{\text{She}}{20}\) executed the same as \(\frac{\text{her}}{20}\) free and voluntary act and deed for the uses and purposes therein set forth.
IN WITNESS WHEREOF, I have hereunto	IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.
My commission expires <u>8-३५-३०</u> १३	NOTARY PUBLIC - State of Kansas Noy Appt. Expires 8-24-13
STATE OF) SS	(CORPORATION ACKNOWLEDGMENT)
COUNTY OF	before me, the undersigned, a Notary Public in and for the county and state
d, personally appeared	to me
personally known to be the identical person who signistrument as its	personally known to be the identical person who signed the name of the maker thereof to the within and foregoing instrument as its
free and voluntary act and deed, and as the	aid corpor

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and purposes therein set forth.

My commission expires

Given under my hand and seal the day and year last above written

Notary Public

as

Grace Elaine Snider, Trustee of the Grace E and Credo Petroleum Corporation, as Lessee. ADDENDUM to and made a part of that certain oil and gas lease dated January 3, 2012 by and between Grace Elaine Snider, Trustee of the Grace Elaine Snider Trust No. 1 dated February 23, 1995 as Lessor Trust No. 1 dated February 23, 1995 as Lessor

ADDENDUM TO OIL AND GAS LEASE

- 17. Notwithstanding that Lessee will require ingress and egress for operations without delay of the four (4) corners of the leased premises. Notwithstanding, all storage tanks and tank battery installations shall be installed in any installations, provided that such designated and/or access route shall be sufficient in width for normal direction and designation of any roadway or access route on the leased premises, Lessee shall consult with the Lessor (surface owner and/or tenant) as to the location, with the Furthermore prior to the construction of any roads, pipelines, tank battery, or installations of other equipment on the leased premises, Lessee shall surface owner and/or tenant as to the locations O.
- 18. Lessee shall reasonably restore the premises as nearly as practicable to its original contours and condition, including but not limited to the filing of all pits, ponds, and abandonment. the provisions of restoration herein set forth within six (6) months from the date of removal of all structures, including roadway surface material, if any, placed thereon during the term of said lease; and upon abandonment, Lessee shall similarly comply with
- 19. Lessee shall agree to conduct its operations on the leased premises in such a way as to minimize interference with irrigation activities that are now being conducted or system to traverse said land. gas shall be placed on the land at such a level, which will permit a circular irrigation profile pumping equipment and any other equipment required for production of oil and premises and completed for production of oil and/or gas, Lessee agrees to install lowhereinafter are conducted on the surface. In the event a test well(s) is drilled on the leased
- 20. This lease is subordinate to that certain Oil and Gas Lease dated January 22, 2008 and recorded at Book 122, Page 05. Lessor hereby agrees not to revise, modify or extend the
- 21. In the event a well is drilled on the leased premises by the current Lessee, its successors to the effective date referenced herein. or assigns, Credo Petroleum Corporation shall have the option to release this Lease prior

Signed for Identification

Strace Elaine Snider, Trustee