



For KCC Use:
Effective Date:
District #
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
1132243

Form C-1
March 2010

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

NOTICE OF INTENT TO DRILL

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

Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act, MUST be submitted with this form.

Expected Spud Date: month day year

OPERATOR: License#

Name:

Address 1:

Address 2:

City: State: Zip: + - - - -

Contact Person:

Phone:

CONTRACTOR: License#

Name:

Well Drilled For:

Well Class:

Type Equipment:

Oil, Gas, Enh Rec, Storage, Disposal, Seismic, Other, Infield, Pool Ext, Wildcat, Other, Mud Rotary, Air Rotary, Cable

Seismic; # of Holes
Other:

If OWWO: old well information as follows:

Operator:

Well Name:

Original Completion Date: Original Total Depth:

Directional, Deviated or Horizontal wellbore? Yes No

If Yes, true vertical depth:

Bottom Hole Location:

KCC DKT #:

Spot Description:

Sec. Twp. S. R. E W feet from N S Line of Section

feet from E W Line of Section

Is SECTION: Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)

County:

Lease Name: Well #:

Field Name:

Is this a Prorated / Spaced Field? Yes No

Target Formation(s):

Nearest Lease or unit boundary line (in footage):

Ground Surface Elevation: feet MSL

Water well within one-quarter mile: Yes No

Public water supply well within one mile: Yes No

Depth to bottom of fresh water:

Depth to bottom of usable water:

Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set:

Length of Conductor Pipe (if any):

Projected Total Depth:

Formation at Total Depth:

Water Source for Drilling Operations:

Well Farm Pond Other:

DWR Permit #:

(Note: Apply for Permit with DWR)

Will Cores be taken? Yes No

If Yes, proposed zone:

AFFIDAVIT

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

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

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

Submitted Electronically

For KCC Use ONLY
API # 15 -
Conductor pipe required feet
Minimum surface pipe required feet per ALT. I II
Approved by:
This authorization expires:
(This authorization void if drilling not started within 12 months of approval date.)
Spud date: Agent:

Remember to:

- File Certification of Compliance with the Kansas Surface Owner Notification Act (KSONA-1) with Intent to Drill;
- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spud date;
- File acreage attribution plat according to field proration orders;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CP-4) after plugging is completed (within 60 days);
- Obtain written approval before disposing or injecting salt water.
- If well will not be drilled or permit has expired (See: authorized expiration date) please check the box below and return to the address below.

Well will not be drilled or Permit Expired Date:
Signature of Operator or Agent:

For KCC Use ONLY

API # 15 - \_\_\_\_\_

**IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW**

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

Operator: \_\_\_\_\_

Lease: \_\_\_\_\_

Well Number: \_\_\_\_\_

Field: \_\_\_\_\_

Number of Acres attributable to well: \_\_\_\_\_

QTR/QTR/QTR/QTR of acreage: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

Location of Well: County: \_\_\_\_\_

\_\_\_\_\_ feet from  N /  S Line of Section

\_\_\_\_\_ feet from  E /  W Line of Section

Sec. \_\_\_\_\_ Twp. \_\_\_\_\_ S. R. \_\_\_\_\_  E  W

Is Section:  Regular or  Irregular

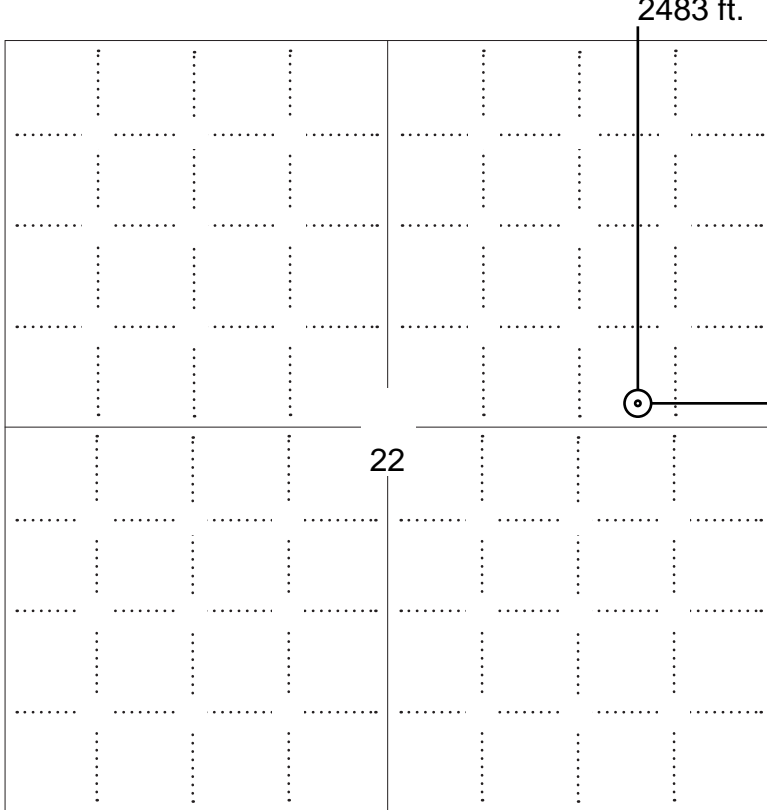
**If Section is Irregular, locate well from nearest corner boundary.**

Section corner used:  NE  NW  SE  SW

**PLAT**

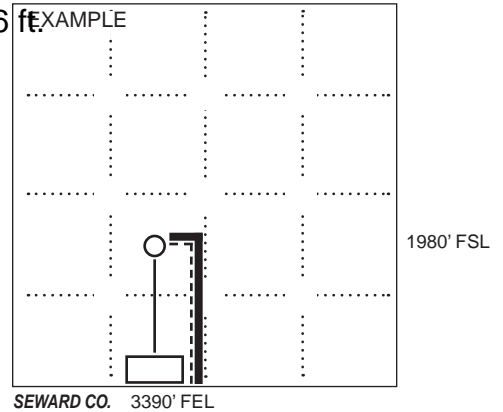
Show location of the well. Show footage to the nearest lease or unit boundary line. Show the predicted locations of lease roads, tank batteries, pipelines and electrical lines, as required by the Kansas Surface Owner Notice Act (House Bill 2032).

You may attach a separate plat if desired.



**LEGEND**

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



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

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

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

**APPLICATION FOR SURFACE PIT**

*Submit in Duplicate*

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

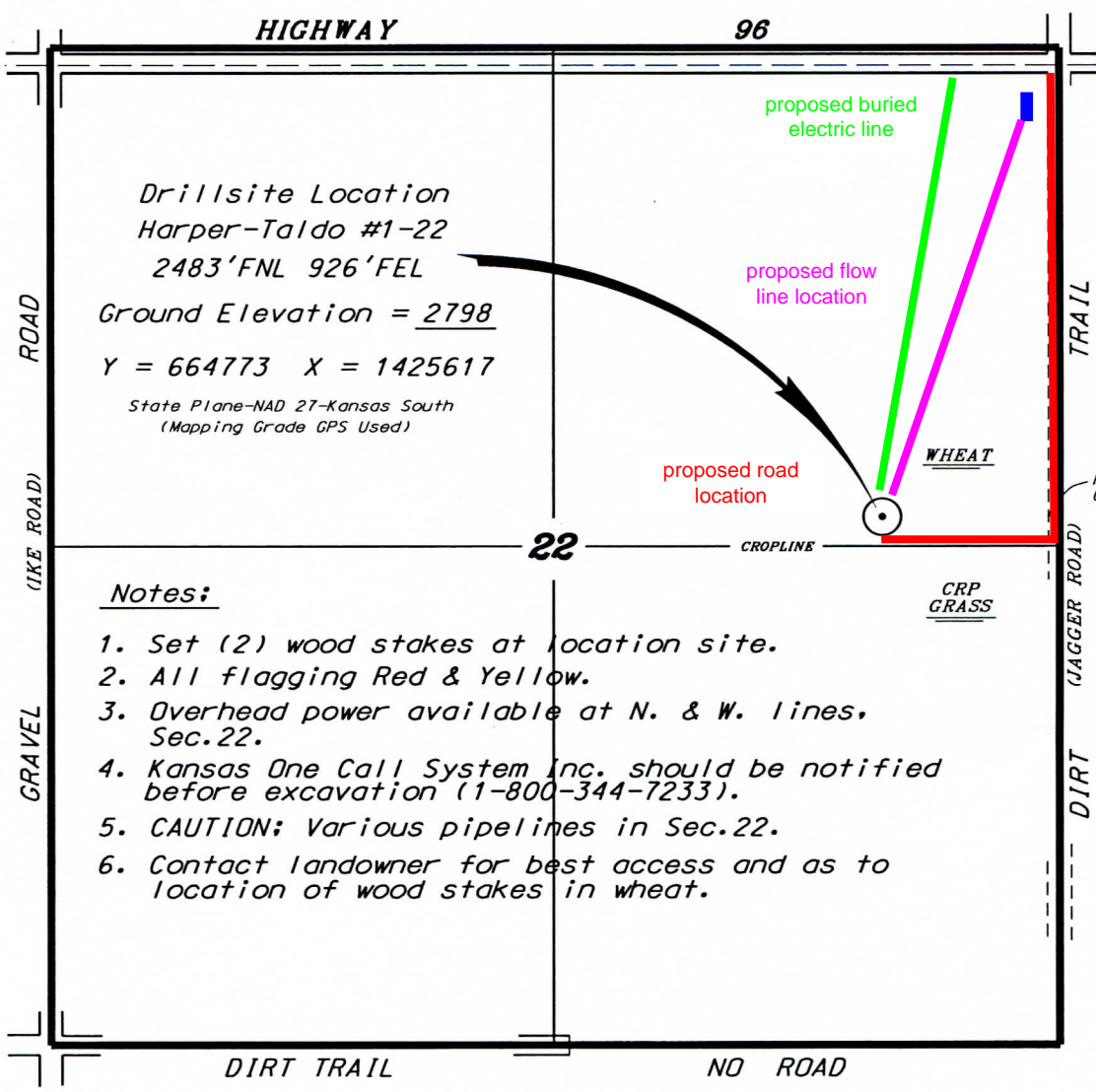
- I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this 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

**LARSON ENGINEERING, INC.**  
**HARPER-TALDO LEASE**  
**NE. 1/4, SECTION 22, T18S, R29W**  
**LANE COUNTY, KANSAS**

proposed tank battery location

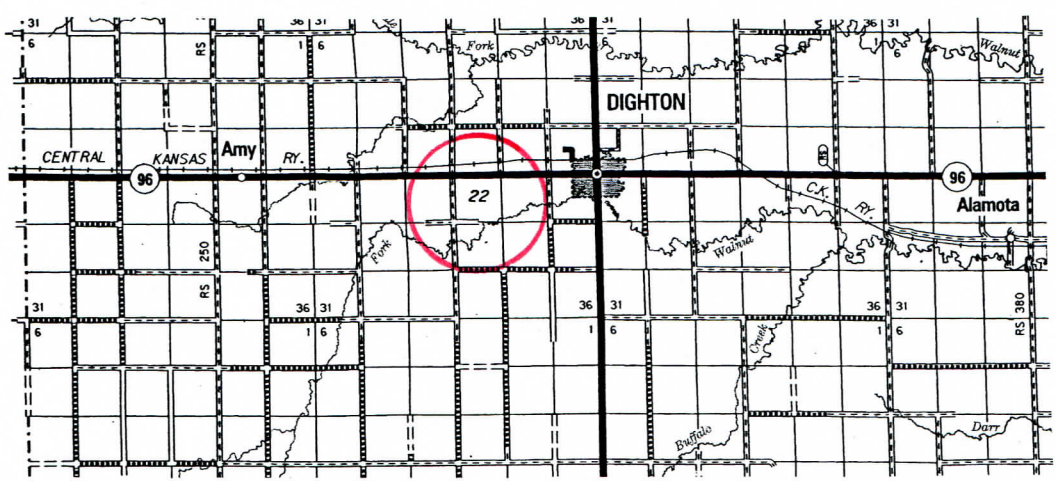


*Drillsite Location*  
*Harper-Taldo #1-22*  
*2483'FNL 926'FEL*  
*Ground Elevation = 2798*  
*Y = 664773 X = 1425617*  
*State Plane-NAD 27-Kansas South*  
*(Mapping Grade GPS Used)*

Notes:

1. Set (2) wood stakes at location site.
2. All flagging Red & Yellow.
3. Overhead power available at N. & W. lines. Sec.22.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION: Various pipelines in Sec.22.
6. Contact landowner for best access and as to location of wood stakes in wheat.

\*Ingress and egress to location as shown on this plat is per usage only and may not be legally opened for public use. Contact landowner, tenant and county road department for access.



\* Controlling data is based upon the best maps and photographs available to us and upon a regular section of land containing 640 acres.  
 \* Approximate section lines were determined using the normal standard of care of oilfield surveyors practicing in the state of Kansas. The section corners, which establish the precise section lines, were not necessarily located, and the exact location of the drillsite location in the section is not guaranteed. Therefore, the operator securing this service and accepting this plat and all other parties relying thereon agree to hold Central Kansas Oilfield Services, Inc., its officers and employees harmless from all losses, costs and expenses and said entities released from any liability from incidental or consequential damages.  
 \* Elevations derived from National Geodetic Vertical Datum.

Date April 2, 2013



63U (Rev 1993)

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 3<sup>RD</sup> day of June, 2008, by and between

Gerhard Neufeld and Julie Neufeld, husband and wife

(316) 288-1967

Julia Lee Neufeld

whose mailing address is 606 Mockingbird Lane, Newton, Kansas 67114 hereinafter called Lessor (whether one or more), and Scout Exploration Corp., P.O. Box 1348, Edmond, Oklahoma 73083-1348 hereinafter called Lessee.

Lessor, in consideration of \*\*\*\*\* ten and other \*\*\*\*\* Dollars (\$ \*\*10.00\*\*) in hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring by geophysical and other means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest,

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

The Northeast Quarter (NE 1/4)

In Section 22, Township 18 South, Range 29 West, and containing 160 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 October 28, 2008 (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:

1<sup>st</sup>. To deliver to the credit of lessor, free of cost, in the pipeline 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.

2<sup>nd</sup>. 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, 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 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 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 operations 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 the 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 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 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 tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled 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 his 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.

Lessee agrees upon the completion of any test as a dry hole or upon abandonment of any producing well, to restore the premises to their original condition as nearly as practicable and to remove all equipment within a reasonable time.

Lessee shall have the option of renewing this lease for a period of two (2) years under the same bonus consideration paid hereunder.

Scout Exploration Corp. has your permission to conduct a seismic survey across your lands as listed herein for the purpose of Oil & Gas Exploration. Our operations will be conducted in accordance with good standard practices and careful manner; we agree to hold you free and harmless from any and all claims and damages that may result from our work by virtue of your permission herein granted.

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

Witnesses

Gerhard Neufeld

Julie Neufeld

By: Gerhard Neufeld

By: Julie Neufeld

SS/Tax ID#

SS/Tax ID#

STATE OF Kansas

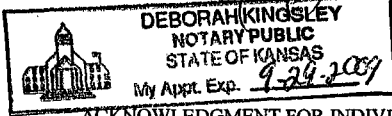
ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

COUNTY OF Harvey  
The foregoing instrument was acknowledged before me this 12th day of June, 2008, by

Gerhard Neufeld and

Julie Neufeld

My Commission Expires 9-29-2009



*Deborah Kingsley*  
Notary Public

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

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

COUNTY OF \_\_\_\_\_  
The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2008, by

and \_\_\_\_\_

My Commission Expires \_\_\_\_\_

Notary Public

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

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

COUNTY OF \_\_\_\_\_  
The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2008, by

and \_\_\_\_\_

My Commission Expires \_\_\_\_\_

Notary Public

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

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

COUNTY OF \_\_\_\_\_  
The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2008, by

and \_\_\_\_\_

My Commission Expires \_\_\_\_\_

Notary Public

No.	<b>OIL AND GAS LEASE</b>	FROM	TO	Date	Section	Twp.	Rge.	No. of Acres	Term	County	STATE OF <u>Kansas</u>	County <u>Same</u>	This instrument was filed for record on the <u>14</u> Day of <u>July</u> <u>20</u> <u>08</u> At <u>8:00</u> o'clock <u>AM</u> , and duly recorded In Book <u>123</u> Page <u>55</u> of the records of this office.	<i>Betty Leburne</i> Register of Deeds.	By _____ When recorded, return to SCOUT EXPLORATION CORP. P.O. BOX 1348 EDMOND, OK 73063-1348
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NUMERICAL  
DIRECT  
INDIRECT  
COMP. ORIG.

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

ACKNOWLEDGMENT FOR CORPORATION (KsOkCoNe)

COUNTY OF \_\_\_\_\_  
The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2008, by

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

My Commission Expires \_\_\_\_\_

Notary Public

63U (Rev 1993)

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 3<sup>RD</sup> day of June, 2008, by and between

Delbert C. Harper and Joan E. Harper, husband and wife

(620) 278-2060

both deceased -> TOD to Delbert C. Harper Revocable Trust d. 2.18.2012

whose mailing address is P.O. Box 321, Sterling, Kansas 67579

Cynthia A. Chiles, Trust

spouse Arlin

hereinafter called Lessor (whether one or more), and Scout Exploration Corp., P.O. Box 1348, Edmond, Oklahoma 73083-1348 Lakewood CO 80232 hereinafter called Lessee.

(303) 986-4411

Lessor, in consideration of \*\*\*\*\* ten and other \*\*\*\*\* Dollars (\$ \*\*10.00\*\*) in hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring by geophysical and other means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of; treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest,

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

The Northeast Quarter (NE 1/4)

In Section 22 Township 18 South Range 29 West and containing 160 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 October 28, 2008 (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:

1<sup>st</sup>. To deliver to the credit of lessor, free of cost, in the pipeline 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.

2<sup>nd</sup>. 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, 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 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 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 operations 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 the 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 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 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 tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled 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 his 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.

Lessee agrees upon the completion of any test as a dry hole or upon abandonment of any producing well, to restore the premises to their original condition as nearly as practicable and to remove all equipment within a reasonable time.

Lessee shall have the option of renewing this lease for a period of two (2) years under the same bonus consideration paid hereunder.

Scout Exploration Corp. has your permission to conduct a seismic survey across your lands as listed herein for the purpose of Oil & Gas Exploration. Our operations will be conducted in accordance with good standard practices and careful manner; we agree to hold you free and harmless from any and all claims and damages that may result from our work by virtue of your permission herein granted.

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

Witnesses:

Delbert C. Harper

Joan E. Harper

By: Delbert C. Harper

By: Joan E. Harper

SS/Tax ID#

SS/Tax ID#



STATE OF Kansas

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

COUNTY OF Rice

The foregoing instrument was acknowledged before me this 6th day of June, 2008, by

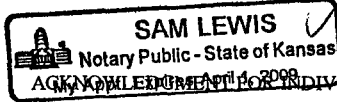
Delbert C. Harper

and

Joan E. Harper

My Commission Expires 4/1/2009

*[Signature]*  
Notary Public



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

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2008, by

and

My Commission Expires \_\_\_\_\_

Notary Public

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

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2008, by

and

My Commission Expires \_\_\_\_\_

Notary Public

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

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2008, by

and

My Commission Expires \_\_\_\_\_

Notary Public

No.	OIL AND GAS LEASE	
	FROM	TO
Date	Section	Twp.
	No. of Acres	Term
		County
STATE OF <u>Kansas</u>		
County <u>Rice</u>		
This instrument was filed for record on the		
<u>14</u>	Day of <u>July</u>	<u>20 08</u>
At <u>8:00</u> o'clock <u>A</u> .M., and duly recorded		
In Book <u>123</u>	Page <u>53</u>	of _____
the records of this office.		
<i>[Signature]</i> Register of Deeds.		
By	When recorded, return to	
	SCOUT EXPLORATION CORP.	
	P.O. BOX 1348	
	EDMOND, OK 73083-1348	
	<input checked="" type="checkbox"/>	NUMERICAL
	<input checked="" type="checkbox"/>	DIRECT
	<input checked="" type="checkbox"/>	INDIRECT
	<input checked="" type="checkbox"/>	COMP. ORIG.
	<input checked="" type="checkbox"/>	COMPUTER

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

ACKNOWLEDGMENT FOR CORPORATION (KsOkCoNe)

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2008, by

of \_\_\_\_\_ a \_\_\_\_\_

corporation, on behalf of the corporation.

My Commission Expires \_\_\_\_\_

Notary Public

63U (Rev 1993)

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 27th day of May, 2008, by and between

William J. Taldo and Margaret L. Taldo, husband and wife

whose mailing address is 2005 West Wisconsin, Healy, Kansas 67850, hereinafter called Lessor (whether one or more),

and Scout Exploration Corp. P.O. Box 1348 Edmond, Oklahoma 73083-1348, hereinafter called Lessee.

Lessor, in consideration of Ten and other Dollars (\$10.00) in hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring by geophysical and other means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest,

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

The Southeast Quarter ( SE ¼ )

In Section 22, Township 18 South, Range 29 West, and containing 160 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 October 28th 2008 (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 deliver to the credit of lessor, free of cost, in the pipeline 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 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 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 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 operations 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 the 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 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 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 tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled 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 his 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.

Lessee agrees upon the completion of any test as a dry hole or upon abandonment of any producing well, to restore the premises to their original condition as nearly as practicable and to remove all equipment within a reasonable time.

Lessee shall have the option of renewing this lease for a period of two (2) years under the same bonus consideration paid hereunder.

Scout Exploration Corp. has your permission to conduct a seismic survey across your lands as listed herein for the purpose of Oil & Gas Exploration. Our operations will be conducted in accordance with good standard practices and careful manner; we agree to hold you free and harmless from any and all claims and damages that may result from our work by virtue of your permission herein granted.

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

Witnesses:

William Taldo

By: William J. Taldo

SSN/Tax ID#

Margaret L. Taldo

By: Margaret L. Taldo

SSN/Tax ID#

STATE OF Kansas

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

COUNTY OF Lane

The foregoing instrument was acknowledged before me this 30 day of July, 2008, by

William J. Taldo

and

My Commission Expires March 6, 2010

*Robin Barnett*

Notary Public



STATE OF Kansas

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

COUNTY OF Lane

The foregoing instrument was acknowledged before me this 30 day of July, 2008, by

Margaret L. Taldo

and

My Commission Expires March 6, 2010

*Robin Barnett*

Notary Public



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

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2008, by

and

My Commission Expires \_\_\_\_\_

Notary Public

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

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2008, by

and

My Commission Expires \_\_\_\_\_

Notary Public

NUMERICAL  
DIRECT  
INDIRECT  
COMP. ORIG.  
COMPUTER

No.	<b>OIL AND GAS LEASE</b>	FROM	TO	Date	Section	Twp.	Rge.	No. of Acres	Term	County
STATE OF <u>Kansas</u>										
County <u>Lane</u>										
This instrument was filed for record on the										
<u>17</u> Day of <u>April</u> , 20 <u>08</u>										
At <u>2:30</u> o'clock <u>P.</u> M., and duly recorded										
In Book <u>123</u> Page <u>237</u> of										
the records of this office.										
By <u>Betty Varsell</u>										
Register of Deeds.										
By <u>J. De Baaykowski</u>										
When recorded, return to										

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

ACKNOWLEDGMENT FOR CORPORATION (KsOkCoNe)

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2008, by

and

My Commission Expires \_\_\_\_\_

Notary Public

NOTICE FOR EXTENSION  
OF OIL AND GAS LEASE

WHEREAS, **Scout Exploration Corp., P.O. Box 1410, Edmond, OK 73083**, is the owner and holder of an oil and gas lease on the following described lands in Lane County, State of Kansas:

The Southeast Quarter (SE/4) of Section 22, Township 18 South, Range 29 West, Recorded Book 123, Page 237

dated May 27, 2008, but effective October 28, 2008, and recorded in Book and Page as listed above of the records of said county, and

IN ACCORDANCE with the provision for extension on the referenced Oil and Gas Lease, notice is hereby given that the required Ten and Other Dollars have been paid in order to extend and keep in effect that certain Oil and Gas Lease for an additional Two (2) years as provided.

IN WITNESS WHEREOF, this instrument is signed on this 1st of April, 2011.

SCOUT EXPLORATION CORP.

ATTEST

J. Kyle Carter  
By: J. Kyle Carter, President

Emily M. Wisner  
By: Emily M. Wisner, Secretary

ACKNOWLEDGEMENT

State of Oklahoma )  
County of Oklahoma )

Before me the undersigned, a notary public, within and for said county and state, on this 1st day of April, 2011, personally appeared J. Kyle Carter, President of Scout Exploration Corp. known to me to be the person who executed the foregoing instrument on behalf of Scout Exploration Corp., and such person duly acknowledged to me the execution of the same for the purposes therein expressed.

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

My Commission Expires:  
06-24-2014

Kelly R. Ruark  
Notary Public - Kelly R. Ruark

My Commission Number:  
10005075

RECORD & RETURN TO:  
SCOUT EXPLORATION CORP.  
P.O. BOX 1410  
EDMOND, OK 73083-1410



NUMERICAL  
DIRECT  
INDIRECT  
COMP. ORIG.  
COMPUTER

STATE OF KANSAS, LANE COUNTY, SS  
This instrument was filed for record on the  
19 day of August  
A.D. 2011 at 2:30 o'clock P M and  
duly recorded in Book 135 on page 76  
Fee 8.00  
DeLonne Bulinski - Deputy  
Register of Deeds

April 10, 2013

Tom Larson  
Larson Engineering, Inc. dba Larson Operating  
Company  
562 W STATE RD 4  
OLMITZ, KS 67564-8561

Re: Drilling Pit Application  
API 15-101-22432-00-00  
Harper-Taldo 1-22  
NE/4 Sec.22-18S-29W  
Lane County, Kansas

Dear Tom Larson:

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 within 96 hours of completion of drilling operations.

**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 (620) 225-8888 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 (620) 225-8888.