

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

KANSAS CORPORATION COMMISSION 1137366
OIL & GAS CONSERVATION DIVISION

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 Enh Rec Infield Mud Rotary
 Gas Storage Pool Ext. Air Rotary
 Disposal Wildcat Cable
 Seismic ; _____ # of Holes Other
 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: _____
_____-_____-_____-_____-_____-_____-_____-_____-_____-_____-
(Q/Q/Q/Q) 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: _____

Mail to: KCC - Conservation Division,
130 S. Market - Room 2078, Wichita, Kansas 67202

E
W

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

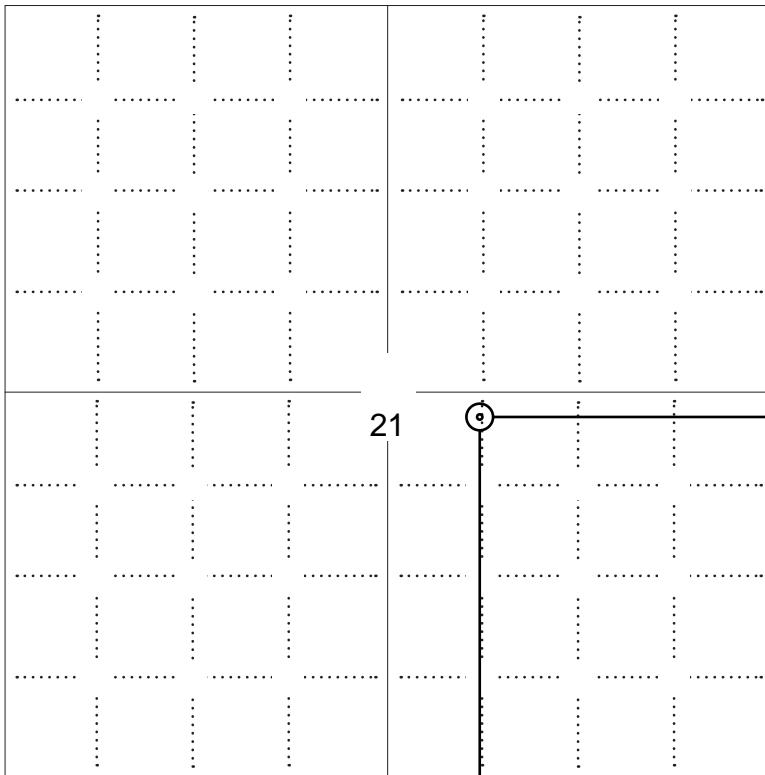
Is Section: Regular or Irregular

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

Section corner used: NE NW SE SW

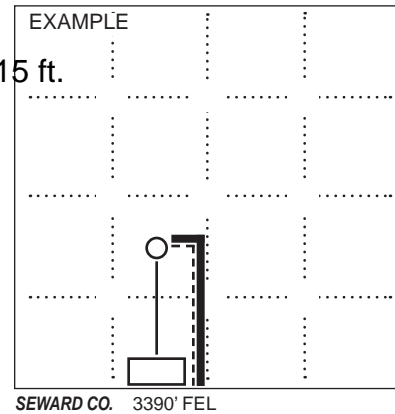
PLAT

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.

2465 ft.

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

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

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			
Date Received: _____		Permit Number: _____	
Permit Date: _____		Lease Inspection: <input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/> Liner		<input type="checkbox"/> Steel Pit <input type="checkbox"/> RFAC <input type="checkbox"/> RFAS	



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

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

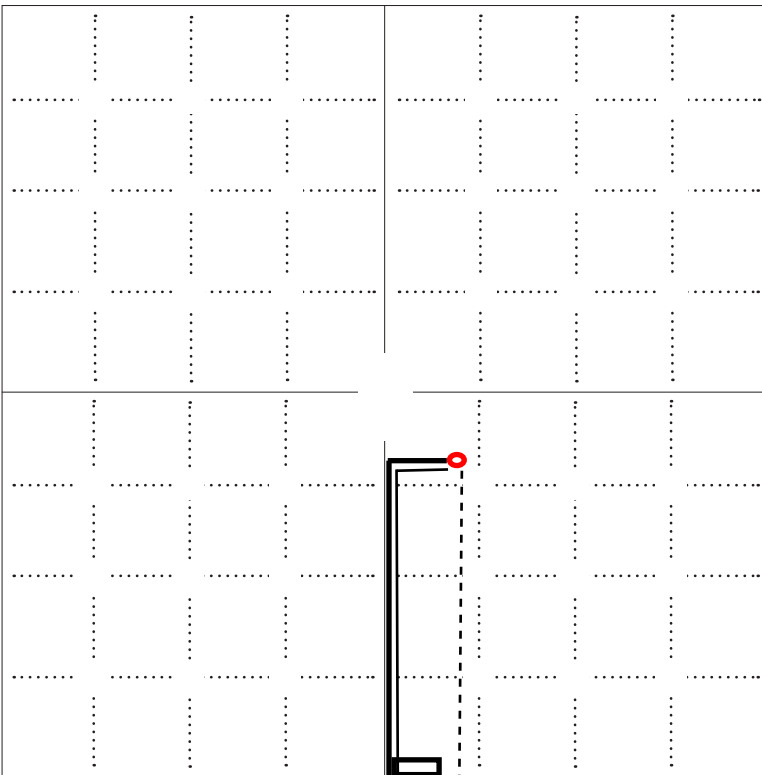
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

PLAT

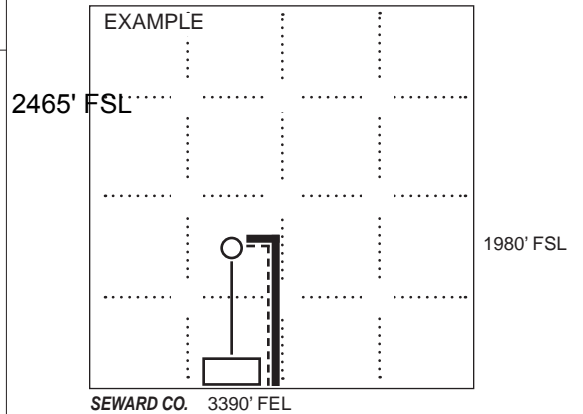
Show location of the well. Show footage to the nearest lease or unit boundary line. Show the predicted locations of lease roads, tank batteries, pipelines and electrical lines, as required by the Kansas Surface Owner Notice Act (House Bill 2032). You may attach a separate plat if desired.

Barton



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 location.

2015' FEL

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.



REGISTER OF DEEDS
WORNKEY BARTON COUNTY, KS
Book: 617 Page: 5072
Receipt #: 117676 Total Fees: \$8.00
Pages Recorded: 1
Date Recorded: 1/14/2013 3:30:46 PM

EXTENSION OF OIL & GAS LEASE

WHEREAS, Shelby Resources, LLC is the owner and holders of an oil and gas lease dated February 1, 2008, which was executed by Alvin Slattery, a single man, as Lessor, to Shelby Resources, LLC as Lessee, covering the following described lands in Barton County, State of Kansas, to-wit:

TOWNSHIP 18 SOUTH, RANGE 14 WEST, 6TH P.M.
Section 21: SW¼

such lease having been recorded in Book 614, Page 6616 of the records of said county; and,

WHEREAS, the primary term of said lease expires on February 1, 2013, and it is the desire of the said owners and holders and of the undersigned that the term of said lease be extended.

NOW, THEREFORE, the undersigned, for and in consideration of Ten Dollars, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, do hereby agree that the original term of said lease be and is hereby extended, with the same force and effect as if such term had been originally expressed in such lease, for a period of **one (1) year** from the aforesaid original expiration date thereof, and for as long thereafter as oil, gas or other hydrocarbons is produced as provided in said lease; subject, however, in all other respects, to the provisions and conditions of said lease and/or terms of any modification or amendment; provided, however, that the consideration for this extension includes the delay rental, if any, which would become payable on said original expiration date because of this extension.

The undersigned acknowledge that said lease is valid and in full force and effect and for such purpose the undersigned hereby grant, lease and let to the aforesaid owners and holders all of the interest of the undersigned in the above described lands upon the same terms, conditions and provisions as are contained in said lease as extended hereby, and by any amendment heretofore executed, and for such purpose the rights of dower and/or homestead in such lands are hereby released.

This extension of oil and gas lease shall be binding upon and shall inure to the benefit of the aforesaid owners and holders and of the undersigned, their successors, personal representatives and assigns.

IN WITNESS WHEREOF, this instrument is executed on this 2nd day of January, 2013.

By: Alvin Slattery
Alvin Slattery, a single man

State of Kansas

§

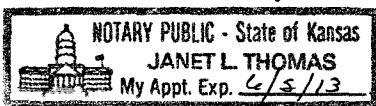
County of Ford

The foregoing instrument was acknowledged before me this 2nd day of January, 2013, by Alvin Slattery, a single man.

WITNESS my hand and official seal.

Janet L. Thomas
Notary Public

My commission expires: June 5, 2013



Index _____
Numerical d _____
Cross d _____
DC Book _____
Plat Book _____
Military Book _____
Art of Inc Book _____
Scanned _____

AFFIDAVIT OF LEASE EXTENSION

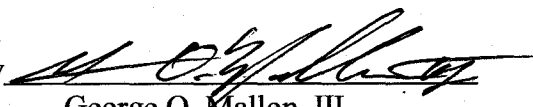


George O. Mallon, III, being duly sworn, deposes and says:

1. That he is the Attorney-in-Fact for Shelby Resources LLC, a Colorado Limited Liability Company and is authorized by such company to make this affidavit;
2. That Shelby Resources, LLC is the lessee or the owner of an interest in the oil and gas leases (the "Leases") set forth and described on Exhibit "A" attached hereto and made a party hereof, which Leases are situate in Barton County, Kansas;
3. That the Leases or amendments thereto provide that the lessee thereunder shall have the sole and exclusive option to extend the primary terms of the Leases for a period of two (2) years by tendering certain monies to the lessors under the Leases;
4. That Shelby Resources, LLC, as lessee under the Leases, has exercised its option to extend the primary terms of the Leases, has tendered to the lessors under the Leases all required funds, and that the primary terms of the Leases have thereby been extended as provided in the Leases or amendments thereto as to the lands described on Exhibit "A."

Further affiant saith not.

SHELBY RESOURCES, LLC

By 
George O. Mallon, III,
Attorney-in-Fact

Index	_____
Numerical	<u> n </u>
Cross	<u> n </u>
DC Book	_____
Plat Book	_____
Military Book	_____
Art of Inc Book	_____
Scanned	_____

State of Colorado)
) ss.
County of Jefferson)

The foregoing instrument was acknowledged before me this 11th day of February, 2011, by George O. Mallon, III, as Attorney-in-Fact for Shelby Resources, LLC. Witness my hand and official seal.

JOHN F. SIMPSON, JR.
Notary Public
State of Colorado

My commission expires February 29, 2013

1/29/2013

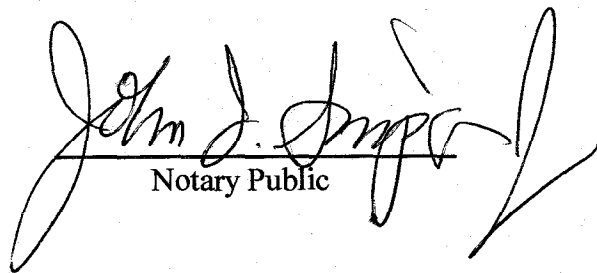

Notary Public

EXHIBIT "A"

LESSOR	DATE	RECORDED	DESCRIPTION OF LANDS AFFECTED
Collene C. Schneider, a single woman	2/04/2008	614/6606	<u>TOWNSHIP 18 SOUTH, RANGE 14 WEST, 6TH P.M.</u> Section 21: SE ¹ / ₄
Shirer Well Servicing Co., Inc.	02/13/2008	614/6609	<u>TOWNSHIP 18 SOUTH, RANGE 14 WEST, 6TH P.M.</u> Section 17: SE ¹ / ₄
Shirer Well Servicing Co., Inc.	02/13/2008	614/6608	<u>TOWNSHIP 18 SOUTH, RANGE 14 WEST, 6TH P.M.</u> Section 17: SW ¹ / ₄
Ray Slattery, et ux	2/01/2008	614/6631	<u>TOWNSHIP 18 SOUTH, RANGE 14 WEST, 6TH P.M.</u> Section 16: SW ¹ / ₄
Don Slattery, a single man	2/01/2008	614/6629	<u>TOWNSHIP 18 SOUTH, RANGE 14 WEST, 6TH P.M.</u> Section 16: SW ¹ / ₄
Ray Slattery, et ux	2/01/2008	614/6632	<u>TOWNSHIP 18 SOUTH, RANGE 14 WEST, 6TH P.M.</u> Section 16: NW ¹ / ₄
Don Slattery, a single man	2/01/2008	614/6630	<u>TOWNSHIP 18 SOUTH, RANGE 14 WEST, 6TH P.M.</u> Section 16: NW ¹ / ₄
Alvin Slattery, a single man	2/01/2008	614/6616	<u>TOWNSHIP 18 SOUTH, RANGE 14 WEST, 6TH P.M.</u> Section 21: SW ¹ / ₄

EXHIBIT "A"

Page 2 of 2

<u>LESSOR</u>	<u>DATE</u>	<u>RECORDED</u>	<u>DESCRIPTION OF LANDS AFFECTED</u>
Robert Morgenstern, et ux	2/01/2008	614/6622	<p>TOWNSHIP 18 SOUTH, RANGE 14 WEST, 6TH P.M. Section 17: NW¹/₄, LESS AND EXCEPT the following described tract: Commencing at a point on the West line of said Section and 1900.0 feet South of the Northwest corner of said Section as a point of beginning; thence East at right angles a distance of 326.7 feet; thence South and parallel with the West line of said Section a distance of 400.00 feet; thence West 326.7 feet; thence North a distance of 400.00 feet to the point of beginning.</p>

Barton County, Kansas

Index _____
Numerical d _____
Cross _____
DC Book _____
Plat Book _____
Military Book _____
Art of Inc Book _____
Scanned _____

FORM 88 - (PRODUCERS SPECIAL)(PAID-UP W/OPT)
63U (Rev. 2004 CRI)

OIL & GAS LEASE

AGREEMENT, Made and entered into the 1st day of February, 2008, by and between **Alvin F. Slattery, a single man**, whose mailing address is 1925 Hart Avenue, Dodge City, KS 67801, hereinafter called Lessor (whether one or more), and **SHELBY RESOURCES, LLC**, 1658 Cole Boulevard, Suite 205, Lakewood, CO 80401, hereinafter called Lessee:

Lessor, in consideration of Ten and more Dollars (\$10.00) in hand paid, receipt of which is hereby acknowledged and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, 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 Barton, State of Kansas described as follows, to-wit:

TOWNSHIP 18 SOUTH, RANGE 14 WEST OF THE 6TH PRINCIPAL MERIDIAN
Section 21: SW/4

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 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 pipe line to which Lessee may connect wells on said land, the equal one eighth (1/8th) 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 (1/8th), at the market price at the well, (but, as to gas sold by Lessee, in no event more than one-eighth (1/8th) 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 located 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.

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 interests in the immediate vicinity thereof, when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 160 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, its successors and assigns, shall have the sole and exclusive options, but not the obligation, ending upon the expiration date of the primary or secondary term of this lease, to elect to extend the term of all or any part of said lease for a term of two (2) years by tendering to Lessor hereunder the sum of \$20.00 per acre mineral acre owned by Lessor and selected by Lessee. Lessee shall file an Affidavit of Extension in the records of Barton County, Kansas, upon its election to exercise the foregoing option.

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

Alvin F. Slattery
Alvin F. Slattery

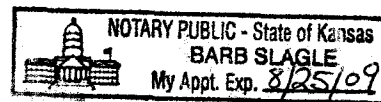
X _____

STATE OF Kansas §.
COUNTY OF Ford

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 4th day of February, 2008, personally appeared Alvin F. Slattery, a single man

My Commission Expires: August 25, 2009

Barb Slagle
Notary Public:
Address:



AMENDMENT TO OIL AND GAS LEASE

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For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, LaNORA F. BARNES, SOLE SURVIVING TRUSTEE OF THE LaNORA F. BARNES KANSAS INTER VIVOS TRUST, dated April 28, 1977, or the successor trustees, hereinafter called "LESSOR", and L. D. DAVIS, hereinafter called "LESSEE", do hereby modify the terms and conditions of a certain oil and gas lease between the parties, recorded in Book 616, page 9290, in the office of the Register of Deeds of Barton County, Kansas, as follows:

1. Lessor does hereby agree that the oil and gas lease dated February 17, 2012, and recorded in Book 616, page 9290, covering the Northwest Quarter (NW/4) of Section Twenty-one (21), Township Eighteen (18) South, Range Fourteen (14) West, Barton County, Kansas, shall be amended as follows:

The following clause shall be inserted into said lease:

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



2. In exchange for Lessor's execution of this Amendment, Lessee agrees to drill a test well on a unit consisting of a portion of the above lease and a portion of the lease also held by lessee covering the Northeast Quarter (NE/4) of Section Twenty-one (21), Township Eighteen (18) South, Range Fourteen (14) West, Barton County, Kansas. Further, lessee agrees that the above amendment shall apply to the single test well to be drilled by lessee during 2013. Lessor is not consenting to the creation of any units other than the single unit contemplated by the drilling of the initial test well.

3. In all other respects said oil and gas lease shall remain unchanged.

Executed this 1st day of Feb., 2013.

"LESSOR":

LaNora F Barnes, Trustee
LaNora F. Barnes, sole surviving trustee of the
LaNora F. Barnes Kansas Inter Vivos Trust,
dated April 28, 1977, or the successor trustees

"LESSEE":

L. D. Davis
L. D. Davis

Page 2 - Amendment to Oil and Gas Lease

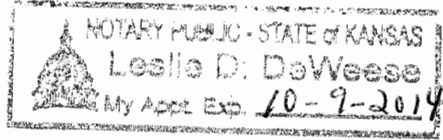
STATE OF KANSAS, COUNTY OF BARTON, ss:

The forgoing instrument was acknowledged before me this 1 day of February, 2013, by LaNora F. Barnes, sole surviving trustee of the LaNora F. Barnes Kansas Inter Vivos Trust, dated April 28, 1977, or the successor trustees.

Leslie D. DeWeese

Notary Public

My appointment expires: 10-9-2014



STATE OF KANSAS, COUNTY OF BARTON, ss:

The forgoing instrument was acknowledged before me this 4 day of FEBRUARY, 2013, by L. D. Davis.

Timothy R. Keenan

Notary Public



My appointment expires: 4/10/2015

EXTENSION OF OIL & GAS LEASE

WHEREAS, Shelby Resources, LLC is the owner and holders of an oil and gas lease dated February 4, 2008, which was executed by Collene C. Schneider, a single woman, as Lessor, to Shelby Resources, LLC as Lessee, covering the following described lands in Barton County, State of Kansas, to-wit:



TOWNSHIP 18 SOUTH, RANGE 14 WEST, 6TH P.M.
Section 21: SE¼

such lease having been recorded in Book 614, Page 6606 of the records of said county; and,

WHEREAS, the primary term of said lease expires on February 4, 2013, and it is the desire of the said owners and holders and of the undersigned that the term of said lease be extended.

NOW, THEREFORE, the undersigned, for and in consideration of Ten Dollars, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, do hereby agree that the original term of said lease be and is hereby extended, with the same force and effect as if such term had been originally expressed in such lease, for a period of **six (6) months** from the aforesaid original expiration date thereof, and for as long thereafter as oil, gas or other hydrocarbons is produced as provided in said lease; subject, however, in all other respects, to the provisions and conditions of said lease and/or terms of any modification or amendment; provided, however, that the consideration for this extension includes the delay rental, if any, which would become payable on said original expiration date because of this extension.

The undersigned acknowledge that said lease is valid and in full force and effect and for such purpose the undersigned hereby grant, lease and let to the aforesaid owners and holders all of the interest of the undersigned in the above described lands upon the same terms, conditions and provisions as are contained in said lease as extended hereby, and by any amendment heretofore executed, and for such purpose the rights of dower and/or homestead in such lands are hereby released.

This extension of oil and gas lease shall be binding upon and shall inure to the benefit of the aforesaid owners and holders and of the undersigned, their successors, personal representatives and assigns.

IN WITNESS WHEREOF, this instrument is executed on this 17th day of January, 2013.

By: Collene C. Schneider
Collene C. Schneider, a single woman

State of Kansas
County of Barton §

The foregoing instrument was acknowledged before me this 17th day of January, 2013, by Collene C. Schneider, a single woman.

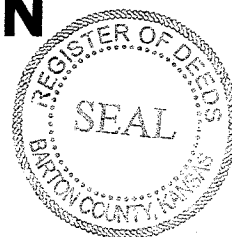
WITNESS my hand and official seal. Bernadine M. Prosser

My commission expires: 2-13-2016

Notary Public
State of Kansas -Notary Public
Bernadine M. Prosser
My Commission Expires 2-13-2016

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AFFIDAVIT OF LEASE EXTENSION

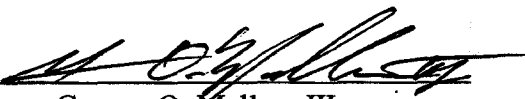


George O. Mallon, III, being duly sworn, deposes and says:

1. That he is the Attorney-in-Fact for Shelby Resources LLC, a Colorado Limited Liability Company and is authorized by such company to make this affidavit;
2. That Shelby Resources, LLC is the lessee or the owner of an interest in the oil and gas leases (the "Leases") set forth and described on Exhibit "A" attached hereto and made a party hereof, which Leases are situate in Barton County, Kansas;
3. That the Leases or amendments thereto provide that the lessee thereunder shall have the sole and exclusive option to extend the primary terms of the Leases for a period of two (2) years by tendering certain monies to the lessors under the Leases;
4. That Shelby Resources, LLC, as lessee under the Leases, has exercised its option to extend the primary terms of the Leases, has tendered to the lessors under the Leases all required funds, and that the primary terms of the Leases have thereby been extended as provided in the Leases or amendments thereto as to the lands described on Exhibit "A."

Further affiant saith not.

SHELBY RESOURCES, LLC

By 
 George O. Mallon, III,
 Attorney-in-Fact

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State of Colorado)
) ss.
 County of Jefferson)

The foregoing instrument was acknowledged before me this 11th day of February, 2011, by George O. Mallon, III, as Attorney-in-Fact for Shelby Resources, LLC. Witness my hand and official seal.

JOHN F. SIMPSON, JR.
 Notary Public
 State of Colorado

My commission expires February 29, 2013
 1/29/2013

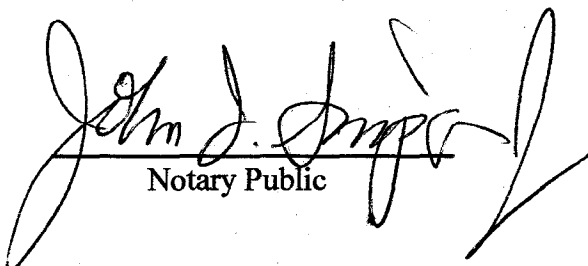

 Notary Public

EXHIBIT "A"

<u>LESSOR</u>	<u>DATE</u>	<u>RECORDED</u>	<u>DESCRIPTION OF LANDS AFFECTED</u>
Collene C. Schneider, a single woman	2/04/2008	614/6606	<u>TOWNSHIP 18 SOUTH, RANGE 14 WEST, 6TH P.M. Section 21: SE¹/₄</u>
Shirer Well Servicing Co., Inc.	02/13/2008	614/6609	<u>TOWNSHIP 18 SOUTH, RANGE 14 WEST, 6TH P.M. Section 17: SE¹/₄</u>
Shirer Well Servicing Co., Inc.	02/13/2008	614/6608	<u>TOWNSHIP 18 SOUTH, RANGE 14 WEST, 6TH P.M. Section 17: SW¹/₄</u>
Ray Slattery, et ux	2/01/2008	614/6631	<u>TOWNSHIP 18 SOUTH, RANGE 14 WEST, 6TH P.M. Section 16: SW¹/₄</u>
Don Slattery, a single man	2/01/2008	614/6629	<u>TOWNSHIP 18 SOUTH, RANGE 14 WEST, 6TH P.M. Section 16: SW¹/₄</u>
Ray Slattery, et ux	2/01/2008	614/6632	<u>TOWNSHIP 18 SOUTH, RANGE 14 WEST, 6TH P.M. Section 16: NW¹/₄</u>
Don Slattery, a single man	2/01/2008	614/6630	<u>TOWNSHIP 18 SOUTH, RANGE 14 WEST, 6TH P.M. Section 16: NW¹/₄</u>
Alvin Slattery, a single man	2/01/2008	614/6616	<u>TOWNSHIP 18 SOUTH, RANGE 14 WEST, 6TH P.M. Section 21: SW¹/₄</u>

EXHIBIT "A"

Page 2 of 2

LESSOR _____ DATE _____ RECORDED _____ DESCRIPTION OF LANDS AFFECTED _____

Robert Morgenstern, et ux

2/01/2008

614/6622

TOWNSHIP 18 SOUTH, RANGE 14 WEST, 6TH P.M.
Section 17: NW¹/₄, LESS AND EXCEPT the following
described tract: Commencing at a point on the West line
of said Section and 1900.0 feet South of the Northwest
corner of said Section as a point of beginning; thence East
at right angles a distance of 326.7 feet; thence South and
parallel with the West line of said Section a distance of
400.00 feet; thence West 326.7 feet; thence North a
distance of 400.00 feet to the point of beginning.

Barton County, Kansas

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FORM 88 - (PRODUCERS SPECIAL)(PAID-UP W/OPT)
63U (Rev. 2004 CRI)

OIL & GAS LEASE

AGREEMENT, Made and entered into the 4th day of February, 2008, by and between **Collene C. Schneider, a single woman**, whose mailing address is 227 Hoisington Street, Susank, KS 67544, hereinafter called Lessor (whether one or more), and **SHELBY RESOURCES, LLC**, 1658 Cole Boulevard, Suite 205, Lakewood, CO 80401, hereinafter called Lessee:

Lessor, in consideration of Ten and more Dollars (\$10.00) in hand paid, receipt of which is hereby acknowledged and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, 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 Barton, State of Kansas described as follows, to-wit:

TOWNSHIP 18 SOUTH, RANGE 14 WEST OF THE 6TH PRINCIPAL MERIDIAN
Section 21: SE/4

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 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 pipe line to which Lessee may connect wells on said land, the equal one eighth (1/8th) 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 (1/8th), at the market price at the well, (but, as to gas sold by Lessee, in no event more than one-eighth (1/8th) 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 located 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.

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 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 160 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, its successors and assigns, shall have the sole and exclusive options, but not the obligation, ending upon the expiration date of the primary or secondary term of this lease, to elect to extend the term of all or any part of said lease for a term of two (2) years by tendering to Lessor hereunder the sum of \$20.00 per net mineral acre owned by Lessor and selected by Lessee. Lessee shall file an Affidavit of Extension in the records of Barton County, Kansas, upon its election to exercise the foregoing option.

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

x Collene C. Schneider
Collene C. Schneider

x _____

STATE OF Kansas §.
COUNTY OF BARTON

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 18th day of FEBRUARY, 2008, personally appeared Collene C. Schneider, a single woman

My Commission Expires: DEC. 2, 2009

[Signature]
Notary Public:
Address: HOISINGTON, KS

State of Kansas - Notary Public
Jeffrey R. Zoller
My Commission Expires DEC. 2, 2009

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REGISTER OF DEEDS
 MARCIA JOHNSON
 BARTON COUNTY, KS
 Book: 616 Page: 3269
 Receipt #: 105347 Total Fees: \$12.00
 Pages Recorded: 2
 Date Recorded: 2/4/2011 3:22:17 PM



© LAND SERVICE CO.

LL88-1
 Form 88 (producers) Rev. 4-08 (Paid-up)
 Kans. - Okla. - Colo. - Texas

OIL AND GAS LEASE

THIS AGREEMENT, Entered into this 4th day of February, 2011
 between Floreine M. Blankenship a widow
5106 17th Street Terrace
Great Bend, Kansas 67530 hereinafter called Lessor,
 and L.D. Davis - #7 SW 26th Ave. - Great Bend, Kansas 67530 hereinafter called Lessee, does witness:

1. That lessor, for and in consideration of the sum of Ten and More Dollars (\$10.00) in hand paid and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted, leased, and let and by these presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land, with any reversionary rights therein, and with the right to unitize this lease or any part thereof with other oil and gas leases as to all or any part of the lands covered thereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work thereon, including core drilling and the drilling, mining, and operating for, producing and saving all of the oil, gas, gas condensate, gas distillate, casinghead gasoline and their respective constituent vapors, and all other gases, found thereon, the exclusive right of injecting water, brine, and other fluids and substances into the subsurface strata, and for constructing roads, laying pipe lines, building tanks, storing oil, building power stations, electrical lines and other structures thereon necessary or convenient for the economical operation of said land alone to produce, save, take care of, and manufacture all of such substances, and the injection of water, brine, and other substances into the subsurface strata, said tract of land being situated in the County of BARTON, State of KANSAS, and described as follows, to-wit:

Township 18-South, Range 14-West
Section 21: The NE¼

containing 160 acres, more or less.

2. This lease shall remain in force for a term of Three (3) years from the effective date of February 4, 2011, hereinafter called the "primary term", and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of the products covered by this lease is or can be produced.

3. The lessee shall deliver to lessor as royalty, free of cost, on the lease, or into the pipe line to which lessee may connect its wells the equal one-eighth (1/8th) part of all oil produced and saved from the leased premises, or at the lessee's option may pay to the lessor for such one-eighth (1/8th) royalty the market price at the wellhead for oil of like grade and gravity prevailing on the day such oil is sold from storage tanks.

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

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

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

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

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

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

Book: 616 Page: 3269
Page #: 2

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

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

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

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

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

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

Florence M. Blankenship
(Florence M. Blankenship)

STATE OF KANSAS)
COUNTY OF BARTON)

ss. ACKNOWLEDGMENT FOR INDIVIDUAL

This instrument was acknowledged to me on this 4th day of February, 2011

By: Florence M. Blankenship, a widow

To me personally known to be the identical persons who executed the within and foregoing instrument and acknowledged to me that she executed the same as her free and voluntary act and deed for the purposes therein set forth.

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



My Appointment Expires: _____

Hugh M. Proffitt
Notary Public
Print Name: Hugh M. Proffitt
