



For KCC Use ONLY

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

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

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

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

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

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

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

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

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

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

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

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

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

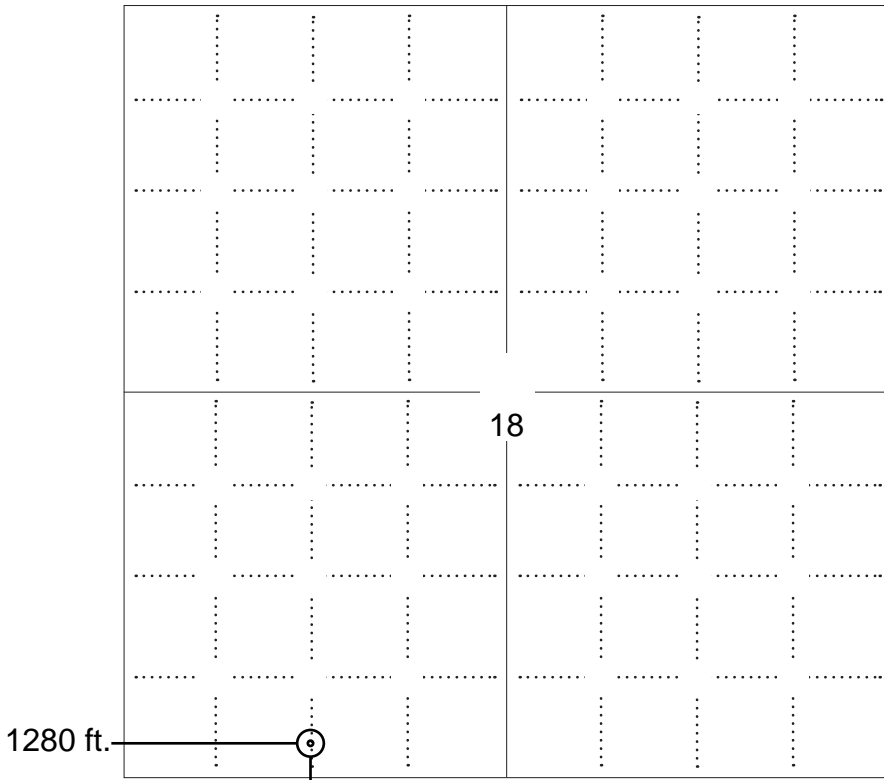
Is Section:  Regular or  Irregular

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

Section corner used:  NE  NW  SE  SW

### PLAT

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



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

237 ft.

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

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

### LEGEND

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



**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			

<b>KCC OFFICE USE ONLY</b>			
<input type="checkbox"/> Liner <input type="checkbox"/> Steel Pit <input type="checkbox"/> RFAC <input type="checkbox"/> RFAS			
Date Received: _____ Permit Number: _____ Permit Date: _____ Lease Inspection: <input type="checkbox"/> Yes <input type="checkbox"/> 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.*

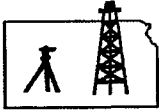
*If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary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

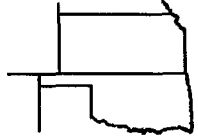
- I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this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



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



**35835L**  
 PLAT NO.

**10810**  
 INVOICE NO.

**Val Energy, Inc.**  
 OPERATOR

**Frodin #1-18 Unit**  
 LEASE NAME

**Thomas County, Ks**  
 COUNTY

**18 8s 35w**  
 Sec. Twp. Rng.

**237' FSL - 1280' FWL**  
 LOCATION SPOT

SCALE: **1" = 1000'**  
 DATE STAKED: **April 10<sup>th</sup>, 2013**  
 MEASURED BY: **Luke R.**  
 DRAWN BY: **Drew H.**  
 AUTHORIZED BY: **Todd A.**

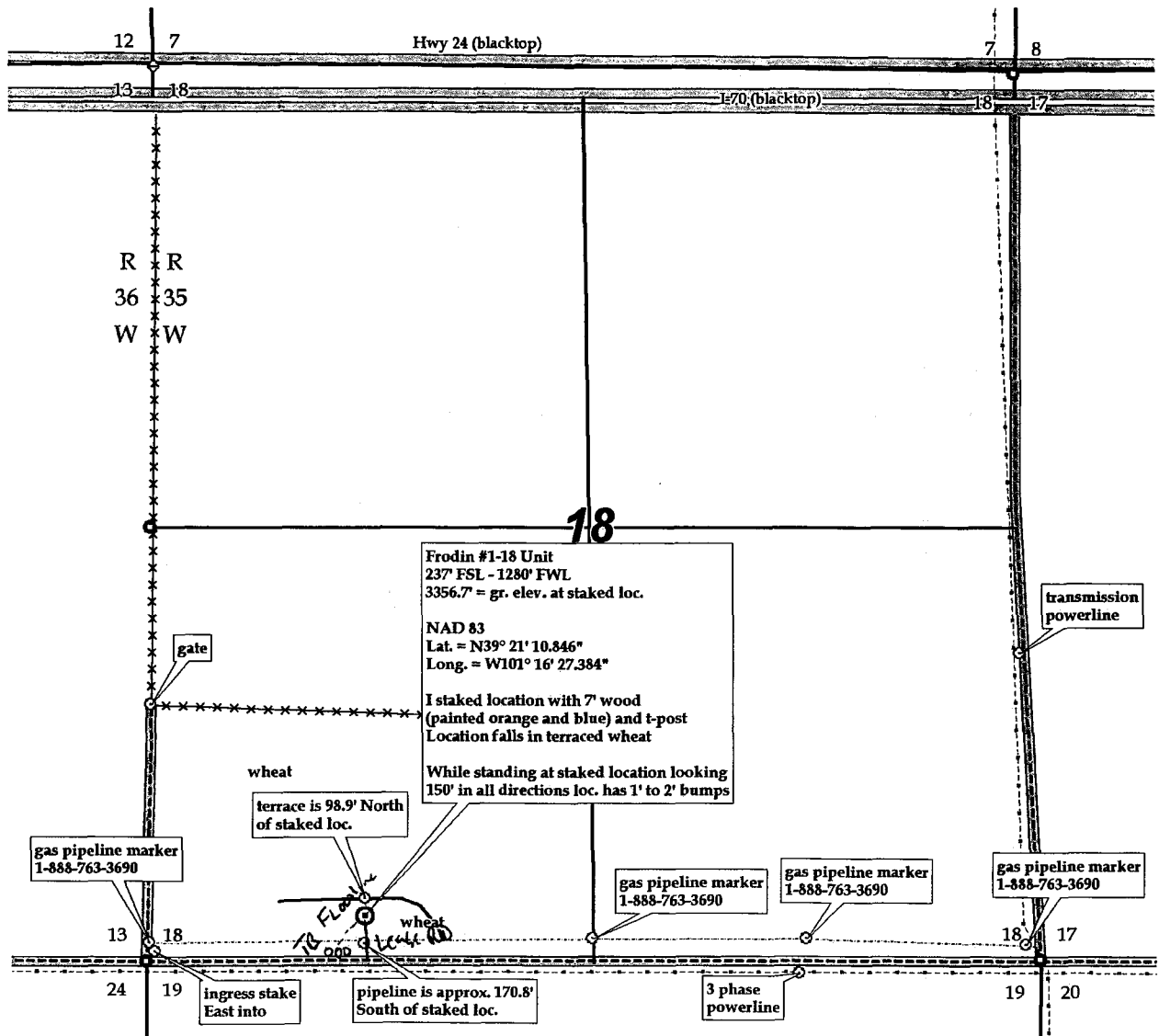


GR. ELEVATION: **3356.7'**

**Directions:** From approx. 0.5 mile South of Levant Ks at the intersection of Hwy 24 & TH 11 Rd - Now go 5.1 miles West on Hwy 24 to - Now go 1 mile South on unknown Rd - Now go 1 mile East on trail to the SW corner of section 35-8s-35w & ingress stake East into - Now go 0.2 mile East on trail to ingress stake North into - Now go 237' North through wheat into staked location.

Final ingress must be verified with land owner or Operator.

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





\*This lease is effective 1/12/2012 subject to expiration of previous lease recorded by the Register of Deeds Office at the Thomas County, KS Courthouse, recorded in Book 185 Page 718

Form 88 - (Producers Special) (Paid-Up)

63U (Rev. 1993)

9535

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 6th day of October, 2011, by and between, John H. Schroeder and Betty L. Schroeder, husband and wife

whose mailing address is 503 Third St, Brewster, KS 67732, hereinafter called Lessor (whether one or more), and, Mako Operating Company LLC P.O. Box 931 Andover, KS 67002, hereinafter called Lessee:

Lessor, in consideration of ten and more 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 the County of Thomas, State of Kansas, described as follows, to-wit:

Township 08 South - Range 35 West (Tract 1) Section 18: SW/4 (Tract 2) Section 20: N/2 & W/2SW/4

In Section XXX Township XXX Range XXX, and containing 560 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 (1/8) 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 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 mortgage, taxes or other liens on the above described lands, in the event of default of payment by the 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 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.

\*See 'Addendum' attached hereto and made a part hereof;

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

Witnesses:

X: Betty L. Schroeder Betty L. Schroeder

X: John H. Schroeder John H. Schroeder

X: \_\_\_\_\_

X: \_\_\_\_\_

X: \_\_\_\_\_

X: \_\_\_\_\_



ASSIGNMENT OF OIL AND GAS LEASES

SCHROEDER LEASE  
ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS:

THAT, the undersigned, Mako Operating Company, LLC, a Kansas Limited Liability Company, 401 E. Douglas Ave., Suite 520, Wichita, KS 67202, hereinafter called Assignor, for and in consideration of One Dollar (\$1.00), the receipt whereof is hereby acknowledged, does hereby sell, assigns, transfer and set

Over unto: Val Energy, INC., a Kansas Corporation, 200 W. Douglas Ave., Suite 520, Wichita, KS 67202.

hereafter called Assignee, all right, title and interest in and to those certain oil and gas lease, located in **THOMAS COUNTY, KANSAS**, which said lease is listed and shown on Exhibit "A" attached hereto and made a part hereof together with the rights incident thereto and the personal property thereon, appurtenant thereto, or used or obtained in connection therewith.

And for the same consideration the Assignor covenants with the Assignee, its or his heirs, successors, or assigns: That the Assignor is the lawful owner of and has good title to the interest above assigned in and to said leases, free and clear from all liens, encumbrances or adverse claims; That said leases are valid and subsisting leases on the land above described, and all rentals and royalties due thereunder have been paid and all conditions necessary to keep the same in full force have been duly performed.

EXECUTED, this 12th day of April, 2012.

MAKO OPERATING COMPANY, LLC,

BY: *Joseph M. Baker*  
(Joseph M. Baker), Managing Member

STATE OF KANSAS  
COUNTY OF SEDGWICK

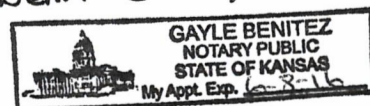
The foregoing instrument was acknowledged before me this 12th day of April, 2013, by (Joseph M. Baker), Managing Member of Mako Operating Company, LLC, a Kansas Limited Liability Corporation, on behalf of the corporation.

My commission expires: 6-8-16

FILE NUMBER 20131020 BK 231 PG 910 - 911  
RECORDED 4/22/2013 at 11:46 AM  
RECORDING FEE: \$12.00  
Thomas County, KANSAS  
KARLA SULLIVAN, DEPUTY *Lora L. Volk*  
LORA L. VOLK, REGISTER OF DEEDS



*Gayle Benitez*  
Gayle Benitez Notary Public



INDEXED  
MICROFILMED *///*

\*Attached hereto and made a part hereof a certain Assignment of Oil and Gas Lease dated April 12<sup>th</sup>, 2013, by and between, Mako Operating Company LLC, a Kansas Limited Liability Company, as Assignor, and Val Energy Inc., a Kansas Corporation, as Assignee, covering the following described property in Thomas County, Kansas to wit:

**“Exhibit A”**

**DATED:** October 6<sup>th</sup>, 2011 with an Effective date of January 12<sup>th</sup>, 2012

**LESSOR:** John H. Schroeder and Betty L. Schroeder, husband and wife

**RECORDED:** Book 216, at Page 664

**LEGAL:** **Township 08 South-Range 35 West**  
Section 18: SW/4  
Section 20: N/2 AND the W/2SW/4



63U (Rev. 1993)

9536

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 6th day of October, 2011, by and between, Lois A. Frodin aka Lois Anne Frodin, a widow

whose mailing address is PO Box 69 (321 Willow Rd), Goodland KS 67735-1521, hereinafter called Lessor (whether one or more), and, Mako Operating Company LLC, PO Box 931, Andover, KS 67002, hereinafter called Lessee:

Lessor, in consideration of ten and more 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 the County of Thomas, State of Kansas, described as follows, to-wit:

Township 08 South - Range 35 West
Section 18:E/2SE/4
Section 19: NW/4

In Section XXX Township XXX Range XXX, and containing 240 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 (1/8) 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 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 mortgage, taxes or other liens on the above described lands, in the event of default of payment by the 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.

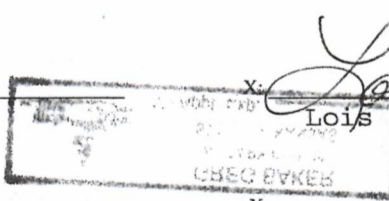
Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate 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 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.

\*See 'Addendum' attached hereto and made a part hereof;

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

Witnesses:

X: [Signature] Lois A. Frodin aka Lois Anne Frodin



X: \_\_\_\_\_ X: \_\_\_\_\_

X: \_\_\_\_\_ X: \_\_\_\_\_

*FRODIN LEASE  
ASSIGNMENT*

State of Kansas )  
                          ) ss.  
County of Thomas )

KNOW ALL MEN BY THESE PRESENTS:

THAT, the undersigned, **Mako Operating Company LLC**, hereinafter referred to as "ASSIGNOR" for and in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, **does hereby sell, assign, transfer and set over unto** the following named parties, hereinafter referred to as "ASSIGNEE" their heirs and assigns, the undivided working interests as set out below to the Oil and Gas Leases described in **Exhibit A**, together with a like interest in all of the personal property and equipment located on said leases and used or obtained in connection therewith.

This assignment is made subject to that certain Assignment of Overriding Royalty Interest executed on January 11, 2012 in Book 219 Pages 332-334 in the Register of Deeds records of Thomas County, Kansas.

ASSIGNEE

**VAL ENERGY, INC.**  
200 WEST DOUGLAS SUITE 520  
WICHITA, KANSAS 67202

This assignment of is made subject to all of the express and implied covenants and conditions of the herein described leases, which terms, covenants and conditions Assignee hereby assumes and agrees to perform with respect to the interest hereby assigned in the said leases. These assignments are made without warranty of title either express or implied.

EXECUTED this 22th day of January, 2012

FILE NUMBER 20120682 BK 220 PG 84 - 86  
RECORDED 1/24/2012 at 10:09 AM  
RECORDING FEE: \$16.00  
Thomas County, KANSAS  
KARLA SULLIVAN, DEPUTY  
LORA L. VOLK, REGISTER OF DEEDS

*Lora L. Volk*

Joseph M. Baker  
*[Signature]*  
Joseph M. Baker-Managing Member  
Mako Operating Company LLC

ACKNOWLEDGMENT

State of Kansas )  
                          ) ss.  
County of Sedgwick )



INDEXED ✓✓  
MICROFILMED

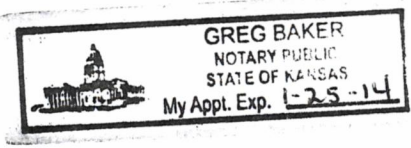
Before me, the undersigned, a Notary Public, within and for said County and State, on this 22<sup>th</sup> day of January, 2012 personally appeared to me, Joseph M. Baker, personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed on behalf of the company.

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

My appointment expires:

1-25-2014

*[Signature]*  
GREG BAKER





# EXHIBIT A

LESSOR (S)	LESSEE	TRACT	COUNTY/STATE	LEASE & EFFECTIVE DATE	REC BK	REC PG
Flying S. Partnership	Mako Operating Co. LLC	ALL-10-08S-35W Tract W/2 11-08S-35W SE/4-11-08S-35W ALL-14-08S-35W ALL-15-08S-35W ALL-23-08S-35W NW/4-24-08S-35W	Thomas, Kansas	9/3/2011, 5 yr	215	992-995
Helen D. Schroeder, a single person	Mako Operating Co. LLC	S/2-19-08S-35W	Thomas, Kansas	10/04/2011, 3 yr	216	674-676
John & Betty Schroeder, husband & wife	Mako Operating Co. LLC	NE/4-30-08S-35W S/2SE/4-31-08S-35W E/2-24-08-36W	Thomas, Kansas	10/04/2011, 3 yr	216	667-670
John & Betty Schroeder, husband & wife	Mako Operating Co. LLC	NE/4-30-08S-35W S/2SE/4-31-08S-35W E/2-24-08-36W	Thomas, Kansas	01/12/2012, 3 yr	216	667-670
Lois A. Frodin, a single person	Mako Operating Co. LLC	E/2SE/4-18-08S-35W NW/4-19-08S-35W	Thomas, Kansas	10/06/2011 3 yr	216	661-663
Beachner Bros. INC	Mako Operating Co. LLC	ALL-07-08S-35W ALL 11-08S-36W ALL 12-08S-36W ALL 13-08S-36W	Thomas, Kansas	10/25/2011 1 yr	217	12-15
Robert L & Leon W. Schroeder	Mako Operating Co. LLC	SW/4-17-08S-35W	Thomas, Kansas	10/21/2011 3yr	217	16-18
Revocable Inter Vivos Trust of Margaret Lee Inloes and the Winfred D. Inloes Trust	Mako Operating Co. LLC	ALL-14-08S-36W Tract NW/4-15-08S-36W ALL-23-08S-36W	Thomas, Kansas	10/21/2011 4 yr	217	19-22
Seanna K. Gaskill Metcalf Trust	Mako Operating Co. LLC	NE/4-08-08S-35W	Thomas, Kansas	10/26/2011 5 yr	217	249-251
R.L. Gaskill Trust	Mako Operating Co. LLC	S/2<Tract-06-08S-35W NE/4<Tract-06-08S-35W	Thomas, Kansas	10/26/2011 5 yr	217	252-255
Byson Gaskill Metcalf Trust	Mako Operating Co. LLC	SW/4-08-08S-35W	Thomas, Kansas	10/26/2011 5 yr	217	256-258
Gaskill Range Limited Partnership, a KS Domestic LP	Mako Operating Co. LLC	ALL-16-08S-36W E/2<Tract-17-08S-36W N/2-20-08S-36W	Thomas, Kansas	10/26/2011 5 yr	217	259-262
George F. & F. Roberta Luckert, h&w & as General Partners and Trustee of Jensen/Luckert Family Lmt Partnership dte 4/23/1999	Mako Operating Co. LLC	W/2-24-08S-36W ALL-25-08S-36W	Thomas, Kansas	10/7/2011 4 yr	216	671



# Exhibit A continued

Thomas G. & Juanita Aschenbrenner, H&W	Mako Operating Co. LLC	5 acre tract in SW/4- 02-8S-36W	Thomas, Kansas	10/07/2011 3 yr	216	658-660
SS STA LLC BY: (Thomas G. Aschenbrenner), Managing Member	Mako Operating Co. LLC	SW/4-01-08S-36W S/2 less Tract-02-08S-36W	Thomas, Kansas	10/07/2011 3 yr	216	655-657
220 Anita M. Horinek Trust dated July 23rd, 2003 & the Toni M. Horinek Trust dtd July 23, 2003	Mako Operating Co. LLC	NE/4-01-08S-36W NW/4-02-08S-36W NW/4-04-8S-36W NW/4-09-9-8S-35W	Thomas, Kansas	11/2/2011 3 yr	217	695-698
Dennis L. Hayes, a single person	Mako Operating Co. LLC	E/2-22-08S-35W NW/4-26-08S-35W	Thomas, Kansas	11/2/2011 3 yr	217	699-701
Janice K. Frahm, a single person	Mako Operating Co. LLC	NE/4-16-8S-35W	Thomas, Kansas	11/2/2011 4 yr	218	160
Bellamy Farms, a Nebraska Partnership	Mako Operating Co. LLC	E/2-09-08S-35W	Thomas, Kansas	11/24/2011 3 yr	218	157
Larry W. Dunlap Trust, dtd 3/04/1997	Mako Operating Co. LLC	ALL-10-08S-36W	Thomas, Kansas	11/08/2011 3 yr	218	123
Joseph H. & Holly Anne Schwarz, husband and wife	Mako Operating Co. LLC	NW/4 less tract 08-08S-35W	Thomas, Kansas	12/7/2011 4 yr	218	399
Jay W. Kriss and Connie Lo. Kriss husband and wife	Mako Operating Co. LLC	SE/4-08-08S-35W SW/09-08S-35W	Thomas, Kansas	12/5/2011 3 yr	218	715
Elon Miller,, a single person	Mako Operating Co. LLC	NE/4-03-08S-36W	Thomas, Kansas	11/16/23011 3 yr	218	216
Willard W. Miller Jr & Peggy Miller, husband and wife	Mako Operating Co. LLC	NW/4-03-08S-36W	Thomas, Kansas	11/16/23011 3 yr	218	220
Otto N. Schroeder Trust dtd 9/15/2004	Mako Operating Co. LLC	S/2SW/4-02-08S-35W	Thomas, Kansas	12/02/2011 3 yr	218	384
Otto N. Schroeder Trust dtd 9/15/2004	Mako Operating Co. LLC	N/2-18-08S-35W	Thomas, Kansas	12/02/2011 3 yr	218	387
Otto N. Schroeder Trust dtd 9/15/2004	Mako Operating Co. LLC	SE/4-20-08S-35W E/2SW/4-20-08S-35W	Thomas, Kansas	12/02/2011 3 yr	218	390
Otto N. Schroeder Trust dtd 9/15/2004	Mako Operating Co. LLC	N/2-21-08S-35W	Thomas, Kansas	12/02/2011 3 yr	218	393
Otto N. Schroeder Trust dtd 9/15/2004	Mako Operating Co. LLC	NW/4-17-08S-35W	Thomas, Kansas	12/02/2011 3 yr	218	396