



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

KANSAS CORPORATION COMMISSION 1153346
 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: |
|--|-----------------------------------|-------------------------------------|
| <input type="checkbox"/> Oil | <input type="checkbox"/> Enh Rec | <input type="checkbox"/> Infield |
| <input type="checkbox"/> Gas | <input type="checkbox"/> Storage | <input type="checkbox"/> Pool Ext. |
| | <input type="checkbox"/> Disposal | <input type="checkbox"/> Wildcat |
| <input type="checkbox"/> Seismic ; _____ # of Holes | <input type="checkbox"/> Other | <input type="checkbox"/> Mud Rotary |
| <input type="checkbox"/> Other: _____ | | <input type="checkbox"/> Air Rotary |
| | | <input type="checkbox"/> Cable |
| <input type="checkbox"/> If OWWO: old well information as follows: | | |

Operator: _____
 Well Name: _____
 Original Completion Date: _____ Original Total Depth: _____

Directional, Deviated or Horizontal wellbore? Yes No
 If Yes, true vertical depth: _____
 Bottom Hole Location: _____
 KCC DKT #: _____

Spot Description: _____
 _____ - _____ - _____ Sec. _____ Twp. _____ S. R. _____ E W
 (Q/Q/Q/Q) _____ 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

| |
|---|
| <p>For KCC Use ONLY</p> <p>API # 15 - _____</p> <p>Conductor pipe required _____ feet</p> <p>Minimum surface pipe required _____ feet per ALT. <input type="checkbox"/> I <input type="checkbox"/> II</p> <p>Approved by: _____</p> <p>This authorization expires: _____ (This authorization void if drilling not started within 12 months of approval date.)</p> <p>Spud date: _____ Agent: _____</p> |
|---|

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: _____

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

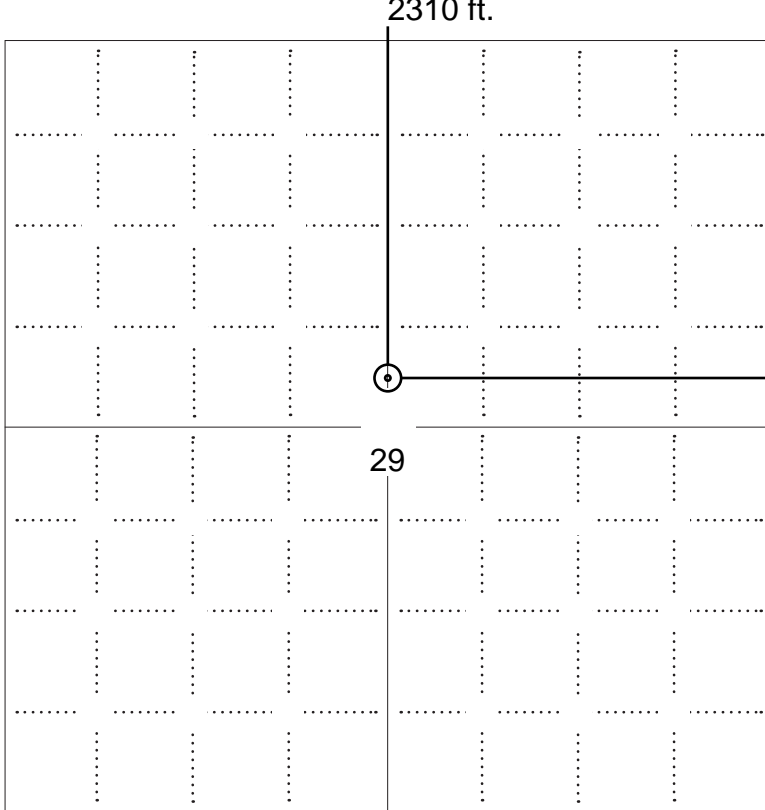
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

PLAT

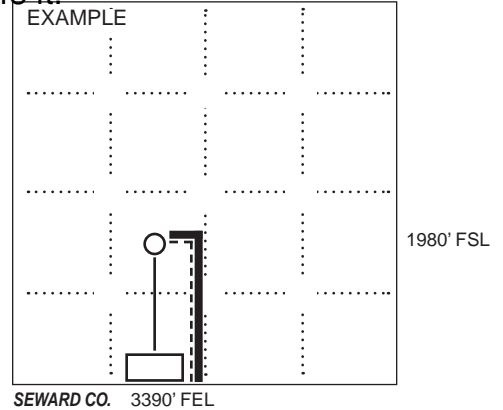
Show location of the well. Show footage to the nearest lease or unit boundary line. Show the predicted locations of lease roads, tank batteries, pipelines and electrical lines, as required by the Kansas Surface Owner Notice Act (House Bill 2032).

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.

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

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

APPLICATION FOR SURFACE PIT

Submit in Duplicate

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

KCC OFFICE USE ONLY

Liner Steel Pit RFAC RFAS

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



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

Additional Landowner:

Anna Bell Zeigler

7 Wiltshire Ct

Columbia, SC 29229-8762

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: H3D Exploration LLC
 Lease: Burtlett/Zigler
 Well Number: 1
 Field: _____

Number of Acres attributable to well: _____
 QTR/QTR/QTR/QTR of acreage: E2 - SE - SE - NW

Location of Well: County: Stafford
 _____ 2310 feet from N / S Line of Section
 _____ 2048 feet from E / W Line of Section
 Sec. 29 Twp. 25 S. R. 12 E W

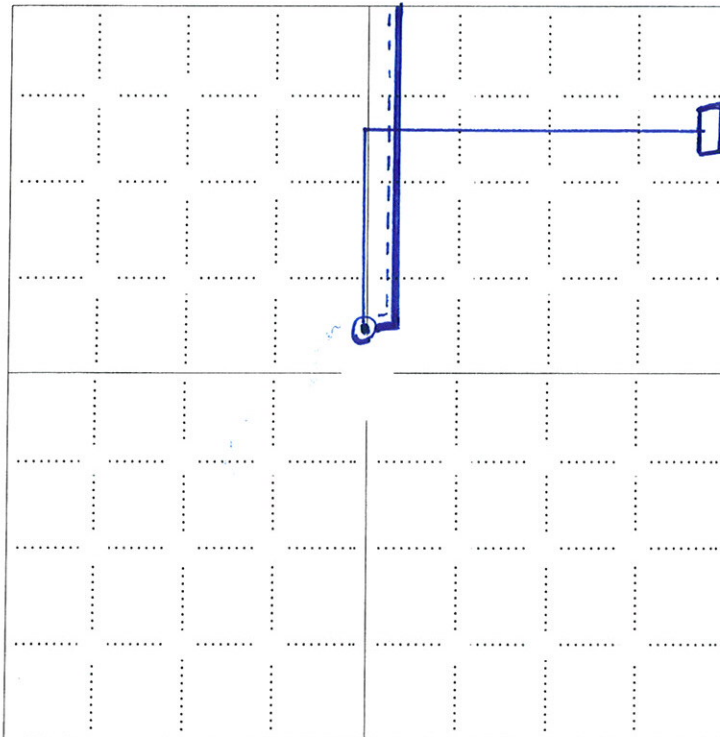
Is Section: Regular or Irregular

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

Section corner used: NE NW SE SW

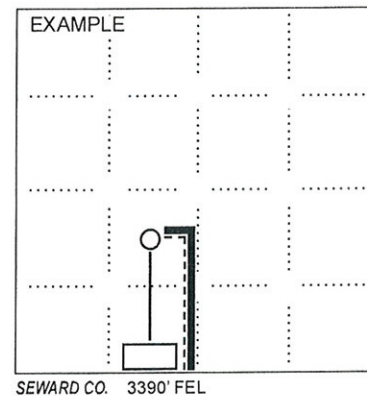
PLAT

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

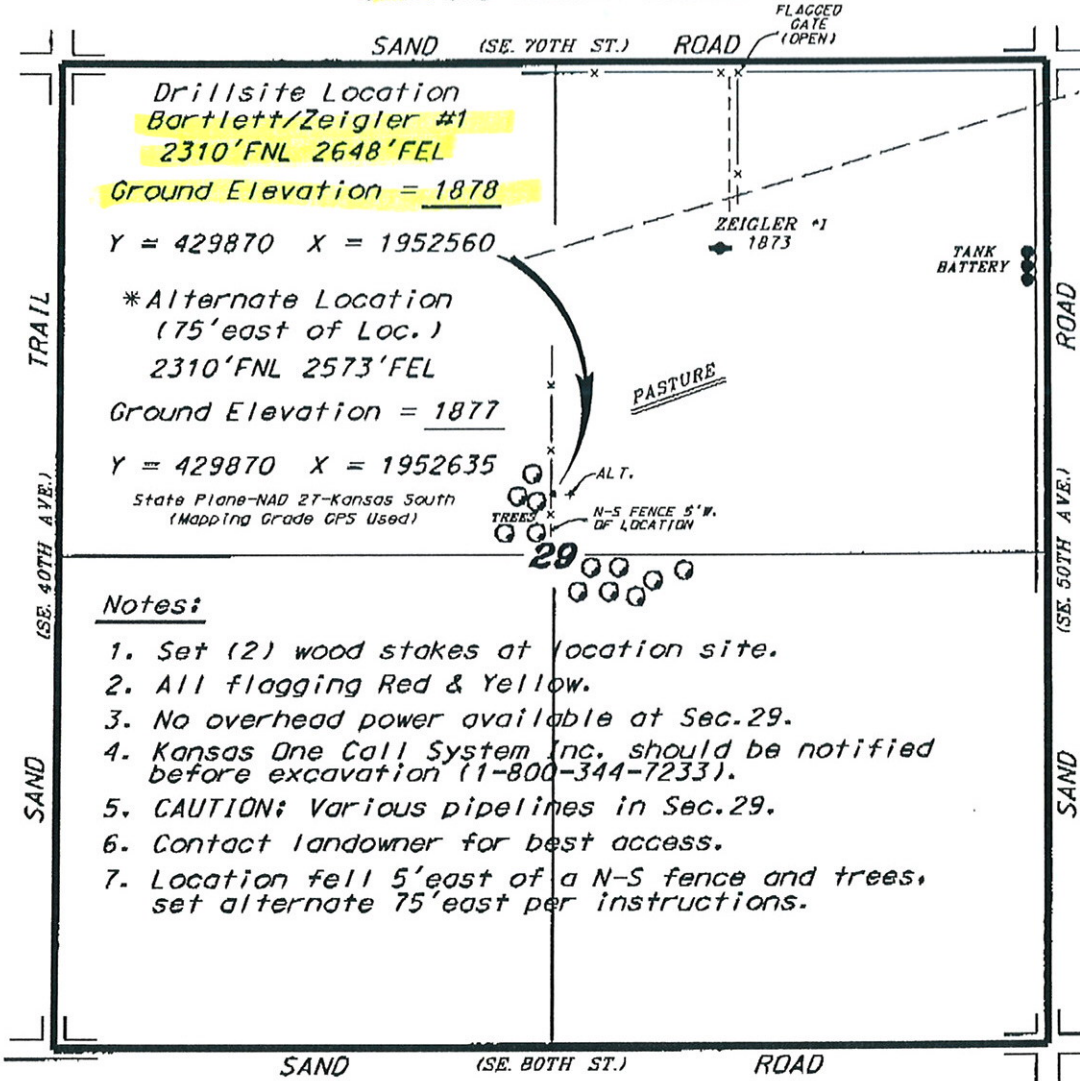


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1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the south / north and east / west outside 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: (CO-7 for oil wells; CG-8 for gas wells).
5. The predicted locations of lease roads, tank batteries, pipelines, and electrical lines.

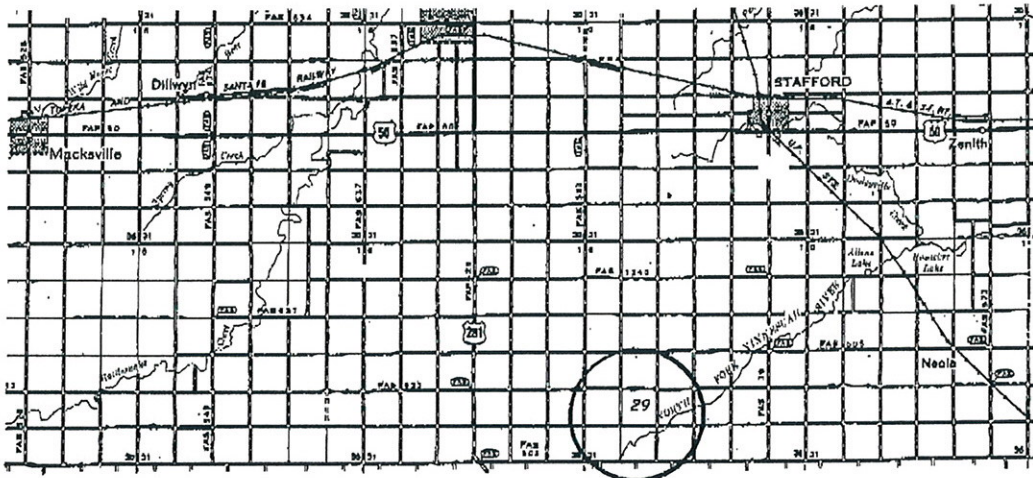
H & D EXPLORATION, LLC
 BARTLETT/ZEIGLER LEASE
 N. 1/2, SECTION 29, T25S, R12W
 STAFFORD COUNTY, KANSAS



Notes:

1. Set (2) wood stakes at location site.
2. All flagging Red & Yellow.
3. No overhead power available at Sec. 29.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION; Various pipelines in Sec. 29.
6. Contact landowner for best access.
7. Location fell 5' east of a N-S fence and trees, set alternate 75' east per instructions.

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



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

Date June 14, 2013

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 23rd day of March 2012

by and between Deron S Bartlett & Deborah R Bartlett Husband & Wife

whose mailing address is 5104 S Valley Pride Hutchinson, KS 67501 hereinafter called Lessor (whether one or more)

and H&D Energy LLC

PO Box 387 Hoisington, KS 67544 hereinafter called Lessee:

Lessor, in consideration of One Dollars (\$ 1.00) 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, including gas, water, other fluids, and all other substances, and all 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 recreational rights and after-acquired interest, therein situated in County of Stafford State of Kansas described as follows to-wit:

NW/4 23-25-12

In Section 29 Township 25 Range 12 and containing 160 acres, more or less, and all accretions thereon

Subject to the provisions herein contained, this lease shall remain in force for a term of Two (2) 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 and kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8) of the market price at the well, that, 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 the 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 operation thereon, except water from the wells of lessor.

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

No well shall be drilled nearer than 200 feet to the lease or term 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 death of the assignor, unless the lease is assigned in writing to the lessee. In case Lessee assigns this lease, in whole or in part, lessor 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.

Lessee 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 of 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 neighborhood 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 record in the conveyance records of the county in which the land herein leased is situated not exceeding 800 acres each in the event of a gas well. Lessee shall execute in writing and 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 in 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 as an acreage basis bears to the total acreage so pooled in the particular unit involved.

NOTE: At the end of said lease, H&D Energy LLC has the option to extend this lease for one year at \$10.00 per acre.

* See Attached Addendum

To Ann (Megan)
Register of Deeds
Stafford County, KS

Revised 12/15/10
County Form 604

Total Fees: \$20.00

Date Recorded: 4/11/2012 9:07:13 AM

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

Deron S Bartlett

Deborah R Bartlett

Deron S Bartlett

Deborah R Bartlett

SS# =

SS# :

KEENAN LAW FIRM, P.A.

ATTORNEYS AT LAW
GREAT BEND, KANSAS 67530

ROBERT P. KEENAN (1922-2008)
LARRY E. KEENAN
TIMOTHY R. KEENAN
ADDIE L. BAIRD

2200 LAKIN; P.O. DRAWER 459
GREAT BEND, KANSAS 67530
(620) 793-7811 FAX (620) 793-9762
addieherres@klf.kscoxmail.com

July 30, 2013

H & D Exploration, LLC
P.O. Box 387
Hoisington, Kansas 67544

Re: Drilling Title Opinion covering the Bartlett-Zeigler Unit consisting of:

Northwest Quarter (NW/4) of Section Twenty-nine (29), Township Twenty-five (25) South, Range Twelve (12) West, Stafford County, Kansas, containing 160 acres, more or less (Bartlett lease); and,

Northeast Quarter (NE/4) of Section Twenty-nine (29), Township Twenty-five (25) South, Range Twelve (12) West, Stafford County, Kansas, containing 160 acres, more or less (Zeigler lease)

Gentlemen:

At your request, we examined title to the above described property by means of record title examination conducted in the offices of the Register of Deeds, Clerk of the District Court and County Treasurer of Stafford County, Kansas, on July 29, 2013. Our examination covered the time period from date of earliest public record through date of examination at 8:00 o'clock a.m., including probate proceedings for the following Estates: Larry Lee Corbet, a/k/a Larry J. Corbet, Deceased, Case No. 11-PR-20; Shirley J. Corbet, Deceased, Rush County Case No. 09-PR-26; Claude M. Asher, Deceased, Case No. P 912; and Karl L. Asher, Deceased, Case No. 2863.

Based on the above evidence of title, we find the following ownership interests indicated:

SURFACE

Title to the surface of the NW/4 appears vested in:

DERON BARTLETT.

Title to the surface of the NE/4 appears vested in

ANNABELL ZEIGLER.

MINERALS

Title to the minerals of the NW/4 appears vested in

DERON BARTLETT.

Title to the minerals of the NE/4 appears vested in

ANNABELL ZEIGLER.

OIL AND GAS LEASEHOLD

This property is subject to the following oil and gas leases:

BARTLETT LEASE:

| | |
|---------------------|---|
| Lessors: | Deron S. Bartlett and Deborah R. Bartlett, husband and wife |
| Lessee: | H & D Energy, LLC |
| Date of lease: | March 23, 2012 |
| Leased premises: | Northwest Quarter (NW/4) of Section 29, Township 25 South, Range 12 West, Stafford County, Kansas, containing 160 acres, more or less |
| Lease form: | Form 88--(Producer's Special) (Paid-up) 63U (Rev. 1993) |
| Filed: | Book 229, page 515 |
| Recorded: | April 11, 2012 |
| Royalty: | 1/8th royalty reserved |
| Term: | Two (2) years from March 23, 2012, and as long thereafter . . . |
| Depository: | Not applicable |
| Delay rental: | Not applicable |
| Entireties clause: | No |
| Unitization clause: | Yes, 40 acres for oil and 640 acres for gas |
| Special provisions: | "At the end of said lease, H & D Energy LLC has the option to extend this lease for one year at \$10.00 per acre." |

This oil and gas lease contains an Addendum consisting of 16 numbered paragraphs including, but not limited to, the following provisions:

"Prior to the commencement of any well Lessee and the Lessor must agree upon the location of such well and associated roads" . . . "All exploratory or drilling or other production activity must be done at a time that will not conflict with normal surface cropping or other usage of the land."

"After the cessation of each drilling or reworking operation Lessee shall promptly fence all pits resulting therefrom, if

livestock is being pastured” . . . “Lessee shall in all events, and upon the abandonment of each well, restore the surface of the leased premises as nearly as practicable to the condition and contour existing prior to the commencement of Lessee’s operations.”

“Six (6) months from completion of any well drilled by Lessee and upon written request by Lessor, Lessee shall furnish to Lessor result of all tests made by Lessee in connection with its drilling operations on the leased premises.”

. . . “that a producing gas well on the consolidated estate will not continue this lease as to oil, and that the same will terminate as to oil upon expiration of the primary term or cessation of production of oil from the above described real estate.”

“It is the intention of the parties hereto that Lessee shall cause as little interference with farming, grazing and hunting operations on said land as reasonably possible; therefore no operations for drilling shall occur during the turkey, pheasant and deer hunting seasons.”

“The installation of any salt water disposal equipment by Lessee and the operation of this lease shall be subject to the approval of Lessor, and shall be used only for the purposes of disposing of salt water produced from wells located on lands covered by this lease. In the event of disposal of salt water as herein provided, such salt water must be disposed of below the Glorietta Formation” . . .

“The use of water provided for under this lease is limited to use for drilling operations only.”

“Lessee shall fence all slush pits and areas containing equipment that might be dangerous to livestock grazing on the land, and shall be responsible for any such livestock harmed or killed as a direct or indirect result of drilling or production operations.”

You should carefully review the provisions of the Addendum and be prepared to comply with the same.

ZEIGLER LEASE:

| | |
|------------------|---|
| Lessor: | Anna Bell Zeigler (marital status not indicated) |
| Lessee: | H & D Energy, LLC |
| Date of lease: | July 17, 2010 |
| Leased premises: | Northeast Quarter (NE/4) of Section 29, Township 25 South, Range 12 West, Stafford County, Kansas, containing 160 acres, more or less |
| Lease form: | Form 88--(Producer’s Special) (Paid-up) 63U (Rev. 1993) |

| | |
|---------------------|---|
| Filed: | Book 222, page 3 |
| Recorded: | February 17, 2011 |
| Royalty: | 1/8th royalty reserved |
| Term: | Two (2) years from July 17, 2010 and as long thereafter . . . |
| Depository: | Not applicable |
| Delay rental: | Not applicable |
| Entireties clause: | No |
| Unitization clause: | Yes, 40 acres for oil and 640 acres for gas |
| Special provisions: | "At the end of said lease, H & D Energy LLC has the option to extend this lease for one year at \$5.00 per acre." |

We have been provided with a copy of a check from H & D Energy, LLC, dated June 21, 2012, in amount of \$800.00 payable to Anna Bell Zeigler, which cleared your bank account on June 28, 2012, according to the information you provided to our office. This payment to Anna Bell Zeigler will extend this lease for an additional period of one year, to expire on July 17, 2013. An Affidavit of Lease Extension was recorded April 25, 2013, in Book 238, page 47.

The above described leases remain owned by H & D Energy, LLC.

EASEMENTS

The NW/4 is subject to the following easements:

- a. Easement in favor of Cities Service Gas Company recorded February 14, 1947, in Book 18, page 110.
- b. Easements in favor of Northern Natural Gas Company recorded September 16, 1977, September 23, 1977, and August 22, 1977, in Book 17, at pages 202, 204, 206 and 208, respectively.

The NE/4 is subject to the following easements:

- a. Easement in favor of Cities Service Gas Company recorded February 14, 1947, in Book 18, page 117.
- b. Easement in favor of Energy Dynamics, Inc., recorded September 21, 1989, in Book 97, page 727.
- c. Easement in favor of Energy Dynamics, Inc., recorded September 21, 1989, in Book 97, page 729.

MORTGAGES

The NW/4 is subject to the following mortgages:

a. Mortgage dated June 21, 2011, in favor of the United States of America, acting through the Farm Service Agency, United States Department of Agriculture, 18 East 7th Avenue, South Hutchinson, Kansas 67505, recorded June 23, 2011, in Book 224, page 546, in the principal amount of \$103,500.00. This mortgage covered an additional 80 acre tract of land.

b. Mortgage dated June 21, 2011, in favor of Central Bank and Trust Co., 101 West Avenue A, P. O. Box 1366, Hutchinson, Kansas 67504-1366, recorded June 23, 2011, in Book 224, page 537, in the principal amount of \$115,000.00. This mortgage covered an additional 80 acre tract of land.

The above mortgages should be subordinated before drilling is commenced. However, we understand that your drilling schedule may not allow this. We have sent letters to the above mortgagees to request the subordinations, copies of which are enclosed.

We find no mortgages of record against the NE/4.

PREVIOUS OIL AND GAS LEASES

The NW/4 and NE/4 have been the subject matter of previous oil and gas leases, but we are satisfied all the leases have terminated and expired by their own terms, either through lack of production or releases filed of record.

DECLARATION OF UNITIZATION

It is our understanding that a unit will need to be created for this well because of its location being closer than 330 feet from the lease line between the Bartlett and Zeigler leases. Your leases on these tracts allow a unit up to 40 acres, and legally, it has to be at least 10 acres. The unit will establish new lease lines, and the mineral owners on both tracts will share the royalty proportionate to their acreage in the unit. If production is established, please contact our office as we will need to file a Declaration of Unitization with the Stafford County Register of Deeds.

CONCLUSION

By reason of the foregoing, we conclude as follows:

1. You should avoid interference with the above described easements and any other easements discovered by a visual inspection of the property.

2. You are reminded of the various extra provisions attached to your lease on the NW/4. Please review these provisions and be prepared to comply with the same.

3. The above referred mortgages covering the NW/4 should be subordinated to your oil and gas lease. We have written letters to the two mortgagees requesting subordinations of their mortgages, copies of these letters being enclosed.

4. You are reminded that if production is established, a Declaration of Unitization will need to be prepared and filed at the Stafford County Register of Deeds.

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Subject to the foregoing, we approve title for drilling purposes.

Respectfully submitted,

KEENAN LAW FIRM, P.A.

Addie L. Baird

ALB/jk
Enclosures

July 31, 2013

Gerald Achatz
H & D Exploration LLC
165 WEST 1st
PO BOX 387
HOISINGTON, KS 67544

Re: Drilling Pit Application
Bartlett/Zeigler 1
NW/4 Sec.29-25S-12W
Stafford County, Kansas

Dear Gerald Achatz:

District staff has inspected the above referenced location and has determined that an unsealed condition will present a pollution threat to water resources.

District staff has recommended that the reserve pit be lined with bentonite or native clay, constructed **without slots**, the bottom shall be flat and reasonably level and the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred. The fluids should be removed again after drilling operations have ceased.

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

The fluids should be taken to an authorized disposal well. Please call the District Office at (620) 225-8888 when the fluids have been removed. Please file form CDP-5 (August 2008), Exploration and Production Waste Transfer, through KOLAR within 30 days of fluid removal.

A copy of this letter should be posted in the doghouse along with the approved Intent to Drill. If you have any questions or concerns please feel free to contact the District Office at (620) 225-8888.