

Well will not be drilled or Permit Expired Date: _

Signature of Operator or Agent:

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

KANSAS CORPORATION COMMISSION 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

	month	day year	Spot Description:	_
	monar	uay year	Sec Twp S. R] E [] \
PERATOR: License#			foot from N / S line	of Section
lame:				of Section
ddress 1:			Is SECTION: Regular Irregular?	
ity:	State:	Zip: +	County:	
Contact Person:			Lease Name: Well #:	
hone:			Field Name:	
ONTRACTOR: License#			Is this a Prorated / Spaced Field?	es N
lame:			Target Formation(s):	
Well Drilled For:	Well Class:	Type Equipment:	Nearest Lease or unit boundary line (in footage):	
			Ground Surface Elevation:	
Oil Enh F		Mud Rotary		es N
Gas Stora	• =	<u> </u>		es N
Seismic ;# 0		Cable	Depth to bottom of fresh water:	
Other:			Depth to bottom of usable water:	
			Surface Pipe by Alternate: I III	
If OWWO: old well	information as follow	/s:	Length of Surface Pipe Planned to be set:	
Operator:				
•			Projected Total Depth:	
		riginal Total Depth:		
Original Completion De		nginar rotal Boptin	Water Source for Drilling Operations:	
Directional, Deviated or Ho	rizontal wellbore?	Yes No	Well Farm Pond Other:	
f Yes, true vertical depth: _			DWR Permit #:	
Bottom Hole Location:			- (Note: Apply for Permit with DWR)	
(CC DKT #:				es N
			If Yes, proposed zone:	
		Al		
 is agreed that the follow Notify the appropria A copy of the appropria The minimum among through all unconstant If the well is dry ho The appropriate dis If an ALTERNATE 	ving minimum require ate district office property oved notice of intentiunt of surface pipe a colidated materials pole, an agreement be strict office will be not completely, por completely, por completely of the completely of	ing, completion and eventual prements will be met: ior to spudding of well; t to drill shall be posted on ea as specified below shall be so lus a minimum of 20 feet into the etween the operator and the d otified before well is either plu roduction pipe shall be cemen	et by circulating cement to the top; in all cases surface pipe shall be set he underlying formation. Strict office on plug length and placement is necessary prior to plugging aged or production casing is cemented in; seed from below any usable water to surface within 120 DAYS of spud dates.). Э.
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1. Notify the appropriate Approved by: The Conductor pipe required Minimum surface pipe recommends and the surface authorization expires. The minimum among through all unconses. The minimum among through all unconses. The appropriate discovered and the surface authorization expires. The approved that the follow appropriate approved by: This authorization expires.	ving minimum requit ate district office pr oved notice of intent unt of surface pipe a olidated materials p ale, an agreement be strict office will be n II COMPLETION, pr opendix "B" - Eastern of within 30 days of the nically	ing, completion and eventual prements will be met: ior to spudding of well; It to drill shall be posted on ea as specified below shall be sellus a minimum of 20 feet into the etween the operator and the dotified before well is either pluroduction pipe shall be cemen Kansas surface casing order the spud date or the well shall in the spud feet or the well shall in the feet per ALT.	ch drilling rig; It by circulating cement to the top; in all cases surface pipe shall be set the underlying formation. Strict office on plug length and placement is necessary prior to plugging gged or production casing is cemented in; sed from below any usable water to surface within 120 DAYS of spud date 133,891-C, which applies to the KCC District 3 area, alternate II cement be plugged. In all cases, NOTIFY district office prior to any cementing. Remember to: - File Certification of Compliance with the Kansas Surface Owner Notifica 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;	e. ing ation



For KCC Use ONLY	
API # 15	

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

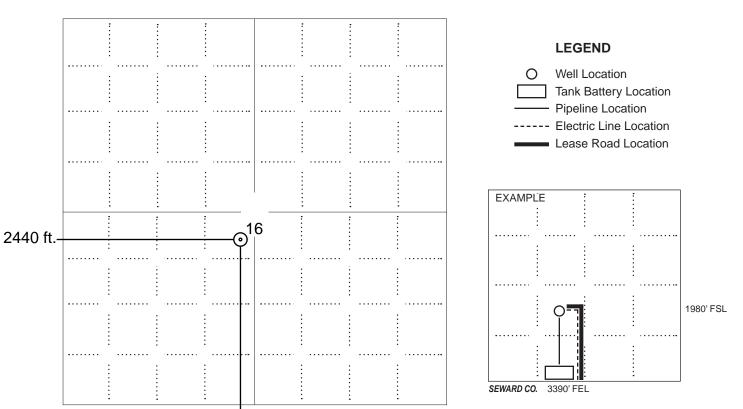
In all cases, please fully complete this side of the form. Include items 1 through 5 at the bottom of this page.

Operator:	Location of Well: County:
Lease:	feet from N / S Line of Section
Well Number:	feet from E / W Line of Section
Field:	Sec Twp S. R L E L W
Number of Acres attributable to well:	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.

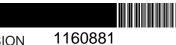


NOTE: In all cases locate the spot of the proposed drilling locaton.

2260 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.



Kansas Corporation Commission Oil & Gas Conservation Division

Form CDP-1 May 2010 Form must be Typed

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: Emergency Pit Burn Pit Settling Pit Drilling Pit Workover Pit Haul-Off Pit (If WP Supply API No. or Year Drilled)	Pit is: Proposed If Existing, date coll Pit capacity:	Existing nstructed: (bbls)	SecTwpR East WestFeet from North / South Line of SectionFeet from East / West Line of SectionCounty
Is the pit located in a Sensitive Ground Water A	rea? Yes	No	Chloride concentration: mg/l (For Emergency Pits and Settling Pits only)
Is the bottom below ground level?	Artificial Liner?	No	How is the pit lined if a plastic liner is not used?
Pit dimensions (all but working pits):	Length (fee	et)	Width (feet) N/A: Steel Pits
If the pit is lined give a brief description of the li material, thickness and installation procedure.	ner		dures for periodic maintenance and determining any special monitoring.
Distance to nearest water well within one-mile of	of pit:	Depth to shallo Source of infor	west fresh water feet. nation:
feet Depth of water well	feet	measured	well owner electric log 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 s flow into the pit? Yes No Submitted Electronically		Type of materia Number of wor Abandonment	over and Haul-Off Pits ONLY: all utilized in drilling/workover: king pits to be utilized: procedure: de closed within 365 days of spud date.
	KCC	OFFICE USE O	NLY
Date Received: Permit Num	ber:	Perm	Liner Steel Pit RFAC RFAS t Date: Lease Inspection: Yes No



1160881

Form KSONA-1
July 2010
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 (CB-1)	Cathodic Protection Borehole Intent) T-1 (Transfer) CP-1 (Plugging Application)
OPERATOR: License #	Well Location:
Name:	
Address 1:	County:
Address 2:	Lease Name: Well #:
City:	If filing a Form T-1 for multiple wells on a lease, enter the legal description of
Contact Person:	the lease below:
Phone: () Fax: ()	
Email Address:	
Surface Owner Information:	
Name:	When filing a Form T-1 involving multiple surface owners, attach an additional
Address 1:	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
Address 2:	county, and in the real estate property tax records of the county treasurer.
City:	
the KCC with a plat showing the predicted locations of lease roads, tank	dic Protection Borehole Intent), you must supply the surface owners and a batteries, pipelines, and electrical lines. The locations shown on the plat in the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.
☐ I certify that, pursuant to the Kansas Surface Owner Notice A owner(s) of the land upon which the subject well is or will be to CP-1 that I am filing in connection with this form; 2) if the form to form; and 3) my operator name, address, phone number, fax, at ☐ I have not provided this information to the surface owner(s). I at KCC will be required to send this information to the surface owner(s).	cknowledge that, because I have not provided this information, the vner(s). To mitigate the additional cost of the KCC performing this
task, I acknowledge that I am being charged a \$30.00 handling If choosing the second option, submit payment of the \$30.00 handling form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-	fee with this form. If the fee is not received with this form, the KSONA-1
Submitted Electronically	

IN JUST OF BEEDS IN JUSTIA DETEN COUNTY, NS INCOMES & STATE PAGE & 6631 Receipt & 8865 Pages Recripted & 128/2008 314511 PM

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Plat Book

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

OIL & GAS LEASE

AGREEMENT, Made and unioned into the last day of Schwary, 2001, by and between Ray Sluttery and Branch Slattery, haseboard and wife, whose uniding address is 2020 Bell Avanue, Dedge Cley, KS 67801, havinanter unled Leaten (whether one or mane), and .
SEECLBY RESOURCES, LLC, 1658 Cale Boolevard, Suita 205, Leiteneed, CO 60401, havinanter ented Leaten.

Leaser, in consideration of Yes and stems Delicas (\$10.00) in head paid, sourced which is hereby astronoclodged and of the supulses barchs provided and of the supulses barchs provided and of the agreements of the Leaser bearing equalities, has been provided and of the supulses barchs provided and of the agreements of the Leaser barch provided and of the supulses greater than a missage and operating for and producing oil, input hydrocarbane, all gains and their respective armainment produces, value, other fields and all their exchanges produced, belong decreases of their produces, and other structures and other structures are delicas and an appear and other produces, pave, take care of, and hereing and otherwise caring for its comployers, the following described lead, logaritee with any reventionary products and other products annually and therefore, gain and other products annually the following described lead, logaritee with any reventionary rights and after capatived interest, decrease situated to

TOWNSHIP 18 SOUTH, RANGE 14 WEST OF THE 6TH PRINCIPAL MICRIDIAN Section 16: SW/4

counteling 160.00 ours, more or less, and all accordions thereto.

Subject to the providence derive constained, this forms shall formain in three the a town of Three (3) years firm this data (colled "printery term"), and as long thereafter as oil, liquid hydrocurbanes, put or other respective constituent products, or any of them, is previoued from solid land or bank with which sold land in product.

In consideration of the premises the sold Leaves coverants and agrees;

- In deliver to the credit of Lessor, fine of cost, to the pipe like to which Lessor may dimensi wells on said lend, the equal one eighth (1/8th) pare of all all produced and seved from the lessor provides.
- To pay Lessen for one of whatevery estimater ideal produced and sold, or most all (so premises, or tend in the assemblement of any producer therefore, one-eighth (1604), at the reastest price at the well, (but, as to gue sold by Lessen, in an excent more than one-eighth (1604) of the producter received by Lessen from such soles), for the gue sold, and off the perceived, or is dis menufacture of guesties therefore, and producte the be made monthly. Whose gas from a well producing gas only is not sold or used, Lesten may pay or tender as enyely Over Dellar (31.07) year year not unbound acre remined threeworks, and if such payment or tender is made it will be described that gas is being produced within the treasuring of the processing produced within the

This lease may be maintained during the primery term bereal without further payment or drilling aperations. If the Leases shall consequence to drill a well which the impact this lease or any entouries thereof, the Leases shall be the tright to drill to completely with resconducible with resconducible disprace and disprach, and 16 of the rescaled the resc

If mid Leaver event à less interess in the above discissioni land then die ealire and undivided for simple eaths therein, then the revalides berein provided for simple eaths therein, then the revalides berein provided for situation of the winds and undivided for.

Leases that have the right to use, doe of cost, gos, of end water produced on said lead for Leases's oppositions thereon, except water from the walls of Leases.

When requested by Lesson, Lesson shoth bury Lesson's pilot lines below plans depth.

No well shall be deliked names than 200 like to the hoisen or bons more bounted on said premiers without quites exapont of Lasser.

Lexico shall pay for damages coursed by Lexico's operations to graving crops on said land.

Lower shall have the right at any time to section all emchinery and florusce placed on said premises, including the right to draw and resport cooling.

If the explic of other party harms in emigrod, and the polythings of emigrid, in whole or in part in expressly allowed, the coverance become chair extent on their become amounts, of minimization, successary of midgad, but no change in the coverance of the land or real guidean in reside in revealed in revealed in the case of the land of the coverance of midgad with a vertices transfer or antipotent or a type copy thereof. In case Lange antipote this land, in whole or in part, in the part of the part, in the part, in the part, in the part, in the part of the part, in the part of the part, in the part of the part

Leaves they at any time country and deliver to Leaves or produce a release or releases executes and appropriate of the above described presents and thereby surrender this tensor as to such produce or purchase of securities of the above described presents and thereby surrender this tensor as to the expectation of the above described presents and thereby surrender this tensor as to the expectation of the above described presents and thereby surrender this tensor as to the expectation of the above described presents and thereby surrender this tensor as to such particular or purchase of tensor as to such particular as presents and thereby surrender this tensor as to such particular as particular as to such particular as

All supress or implied coverments of this lasse shall be subject to all Federal and State Lasor, Executive Orders, Rules or Regulations, and this lasse shall not terminated in white or in part, our leasure held liable in decouper, for fallers to enterply therewish, if compliance is prevented by, or if such fallers in the result of, only

175,034 A ...

Lesson hereby with and agrees to deficed the title to the larged human described, and agrees that the described have the right as any time to redeem for Lesson, by physical any mortgages, tenus or other likes in time above described limits, in the event of definals of payment by Lesson, and be subregated to the rights of the holder through, and the materiage all right of device and their hints, reasonably and configure, benefit coverables and riches all right of device and because in the provident described herein. In so the as said right of device and humanized oncy in any way affect the purposes. In which this bear in trade, we made they havels.

Leuse, at its option, is juvely given the right and power to post or combine the receips convered by this feath or any posters thereof with other hand, leuse or at the immediate visionly thereof, when in Leuser's judgment it is necessary as advantate to an any active to properly develop and optime said leave produce as on to promote the construction of oil, gue or other miscrafts it and under end that may be produced them said promote, such profuge to be of fresh consignant to one mother made to be into a unit or note and construction of the production of the production of the construction on the production of the construction of the cons

Lemma, the successive and analyse, shall have the cole and encludive options, but not the obligation, enclose upon the explosion date of the princety or secondary term of this house, to elect to extend the term of all of or may part of said leave for a term of two (2) years by tendering to Lexico terms down the state of \$20,00 per circular the throughout by Lexico and enlacted by Lexico. Lexico shall file on Allidavia of Shannalon in the records of Shanna County, Karana, upon his election to

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

Ray Slattery

R. Blandi, Flatter

STATE OF

Kenson

COUNTY OF FORd

ATTAN PRICE - Sun of Gases JAMES L. THOMAS by Appl. En. 2-37-2-2

BEFORE NO. the undersigned, a Notwy Pablin, he and for unit County and Shan, on this 4/16 day of <u>Jefferson</u> 2006, parametry appeared Ray Slattery and Brandi Slattery, husband and wife

My Complesion Espires / June 22 2009

Motory Pu

10/01/5013 13:57 7202744685

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Numerical C

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

OIL & GAS LEASE

AGREEMENT, Made and entered into the 1st day of February, 2008, by and between Don Slattery, a single case, whose emiting address in 1923 Here Avenue, Dodge Chy, KS 67801, hereingler called Lester (whether one or more), and SHUELBY RESOURCES, LLC, 1659 Cole Boulavard, Suite 205, Laborrood, SO 80401, hereingler called Lester:

Lessur, in accordencian of Ten and more Delbars (\$10.00) in found paid, receipt of which is foundly acknowledged and of the impulsion best-le provided and of the agreements of the Lesson brains contained, beedly genetic, founds, founds and less exclusively unto Lesson for the purpose of fevering data, exploring, prospecting, disting, mining, and aprending for and producing of, being the provided pulses and their respective countlinest produces, beforeing gas, water, which for the two submitted particles and the products and their products and their products and other products and other greekests are pulses of the pulses. The products are demonstrated the efficiency of and demonstrate and color greekests are not temporal paid of, lightly dynamical passes, agrees and their respective countlinest products and other greekests are not temporal paid of, lightly dynamical passes, and their respective countlinest products and other greekests are not temporal passes. The following described fixed, angester with they revenuence prights and alter-acquired function of the products and countries of the passes of the p

TOWNSHIP IS SOUTH, RANGE 14 WEST OF THE 6^{TH} PRINCIPAL MERIDIAN Section 16: SW4 .

vantaining 160.00 same, mass or less, and all assembne thereso.

Subject to the provisions berein contained, this tense shall remain in force for a term of Flores [3] years than this date feelled "primater term"), and as four, thereafter as all, liquid hydrocorbons, you or other respective consistant products, or any of them, as produced them said land or land with which said hard in pool all.

in regulderation of the provides the said Leasto openents and agrees:

- 1°. To deliver to the wrests of Leaner, then of each, in the pipe line to which Leaners may consent wells an enid land, the caped one eighth (1/8th) part of third produced and several sev
- To pay Lenors for gas of whatourer mainre or hind pradumed and unid, or made off the premines, or much in the manylacture off any products therefore, one-edgels (1905), at the manket price at the well, that, up to gas sold by Lenges, in mercent more than one-edgels (1905) of the processed received by Lenges that solds under, for the gas sold, used off the premium, or in the manufacture of products throughout, sold payments to be reader requirely. Where gas from a well producing match; is not sold or each, Lenson way pay or tender as expelly the Edder (ELO)) per year per dar mineral sore remined herecarder, and if such payment or tender is well to considered thus gas to being produced which the country of the presenting at the presenting paragraph.

This feaso may be undershand diving the private was bevel-widows feature payment or shilling operations. If the Leases shall convenues to drill a well within the term of this teme or only entered the Leases shall have the eligibs to drill not well to accepted on with penamenthe diliposes, and dispeads, and it is it are eligibs to drill not the eligibs to drill not the eligibs of the state which temes the paying quantifies, whit feate shall contacts and be in forms with like offset an if each well had been excepted within the term of years first intentions.

If this Lensor evers a less interest in the above described hard than the centre and analytical fee hipsyle enter therein, then the regulation beaving provided for that the paid the said Lensor only in the graporales which Lensor's bornest to the whole and undivided fee.

Lessus shall have the right in use, free of east, gas, oil and voter produced on soid land for Lesson's operations thereon, energy water from the wells of Lesson.

When requested by League, League shall bury League's pipe flow below plaw depits.

No well shall be drilled comer than 200 flat to the house or bors now located an said premium without writing consent of Lesser.

Leaves that pay for durages emisted by Laster's operations to growing crops on unit forst

Leaves shall have the right at any time to compre all reaching; and features placed on said premises, including the right to draw and remove eming.

If the estate of effect purely beredo is conigned, and the privilege of endgring in whole or in part is enjoustly ellowed, the coverance terror is half entend to their before, execution, administrators, successors or profess that it is should be executed or the lead or engagement of restate or reposites shall be lighting on the Lease and in the Lease that has been foreigned between the successor and in the lease that has been foreigned between the control of the lease of the lease

Lessus cray at any time exercise and deliver to Lucious or place of recently of releases operating any persons or persons of the observe described promises and thereby increases the feature as to such persons or portions said be relicated at all abdigations as to the necesse observations.

All coppens or implical corresponds of this issue shall be subject to all Federal and State Love, distribute Orders. Rules or Regulations, and this leade shall not be terreturated in whote or in plan, and leasue held liable in descript, for failure to comply the world, if compliance is grevented by, or if such failure to the result of, any ruch Love, Order, field or Regulation.

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Books 514 Pages 6629 Page W2

Lessor horsby remners and agrees to defend the title to the bards beselve described, and agrees that the Lemms shall have the right at any then to redom for Lessor, by payment my mortgages, instant or other lives on the above described legids, in the event of default of payment by Lessor, and be majorganed to the rights of the Robert Harnes, and the wederthoused. But the rights of the redom the wederthouse and their behand in the parameter and release all right of dever and homestand in the parameter which this lesso is much, as related by the color of the parameter described hards, in an ite as and right of dever and homestand stay in any very offices the purposes for which this lesso is much, as related as a late as and right of the parameter of the purposes for which this lesso is much, as related to the color of the parameter of the purposes for which this lesso is much as a color of the parameter of the pa

Learner, at its option, is travely given the right and power to post or consists the accurage covered by this learner or any portion themself with other hand, keeps or leaves in the investions violatly descrip, when it learners is the investions of oil, goe or other includes an act under under the property descripe and operate unit is measured to be thin a task or commonly of the constant of oil, goe or other includes an act under under the object that they be produced from each province, such posting to be off mean configuration as configurate to other than the containing 160 accurately to be off mean configuration to other or containing 160 accurately the containing 160 accurately. As the containing 160 accurately the containing the containing

Lampar, its processors and assigns, shall have the spic and excitative systems, but out the chilegation, eating upon the expiration dots of the printery or not make the chilegation, and against the case of this bose, to clear to extend the term of all or any part of said leave they be term of they feel years by tendening to Leave, because the man of \$20,00 per not minimal arms owned by Leave and salacaed by Leave. Leave, Leave, Leave, the said the on Athicketh of Encacine in the process of Burton County, Kursen, upon the election to extractive the frequency prints.

BY WITNESS WISERBOR, the undersigned execute this increment as of the day and year first spays written.

Don Slattery	*
NOSpatished demonstrates to the contract of th	
STATE OF Kannas S.	
SEPORE Mts, the undersigned, a Natury Public, in and the said C Dom Stattery, a single muss	menty and State, on thick! They as February, 2005, personally appeared
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THIS AG	THIS AGREEMENT, Entered into this	4th	— day of	February	, 2011
between	Floreine M. Blankenship,	SHOUL I			a widow
	2406 47th Company T	Statement to			
	o luo 1/m orieet l'errace	9)			
	Great Bend, Kansas 67530	30		her	hereinafter called Lessor,
and L.D. D	and L.D. Davis - #7 SW 26 th Ave Great Bend, Kansas 67530	- Great B	send. Kansas 67		. hereinafter called Lessee, does witness:
1. That lessor, for and in contained to be performed be the lessee the hereinafter de gloss lesses as to all or any fixploratory work thereon, in distillate, casinghead gasolir and other fluids and substa stations, electrical lines and care of, and manufacture all being situated in the County	That lessor, for and in consideration of the aim of the lessee, has the assee the hereinafter described land, with a lessee as to all or any part of the lands contatory work thereon, including core drilling late, cashighead gasoline and their respectiver fluids and substances into the subsons, electrical lines and other structures the of, and manufacture all of such substance is situated in the County of BARTON.	e sum of Ten a his day granted any reversionar wered thereby tive constituen surface strata, nereon necessi es, and the inj	and More Dollars (\$10.00 it, leased, and let and by y rights therein, and with as hereinafter provided, g, mining, and operating and for constructing roand for convenient for the ection of water, brine, an KANSAS, and do	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 sas 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 and the drilling, mining, and operating for, producing and saving all of the oil, gas, gas condensate, gas distillate, cashighead 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:	d agreements hereinafter and let exclusively unto it thereof with other oil and al, geophysical and other gas, gas condensate, gas to finjecting water, brine, storing oil, building power to produce, save, take a strata, said tract of land

<u>Township 18-South, Range 14-West</u>
Section 16: The SE½ less and except a 5.32 ac. Tract described as: Commencing at a point 644 ft. North of SE corner of said Section 16, thence a 90 deg. angle to the West, 378 ft., thence North 406 ft., thence East 378 ft. to East line of said Section, thence South 406 ft. to the Point of Beginning.

acres, more or less.
156.48
containing

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

- 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
- 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 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 80 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 acreage. The entire acreage so pooled into a unit 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 land or unitization of oil and/or gas.
- This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor and lessee

and year first above written.

we sign the day

IN WITNESS WHEREOF,

			(Floreine M. Blankenship)	oreine M. Blankenship)	kenshi	(d	1
STATE OF KANSAS	~	ACKNOW! EDGMENT EDD INDIVIDUAL	CE TNEM	INDINITY OF	1011		
COUNTY OF BARTON	ġ ~~	ACKNOWLEDG			1		
This instrument was acknowledged to me on this _	ledged	to me on this	4th	4th day of		February	, 2011
By:		Floreine M. Blankenship, a widow	kenship,	a widow			
To me personally known to be the identical persons who executed the within and foregoing instrument and acknowledged to me that	entical	identical persons who exe executed the same as	cuted the	within and free and	foregoir volunta	instrument and dee	ithin and foregoing instrument and acknowledged 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.

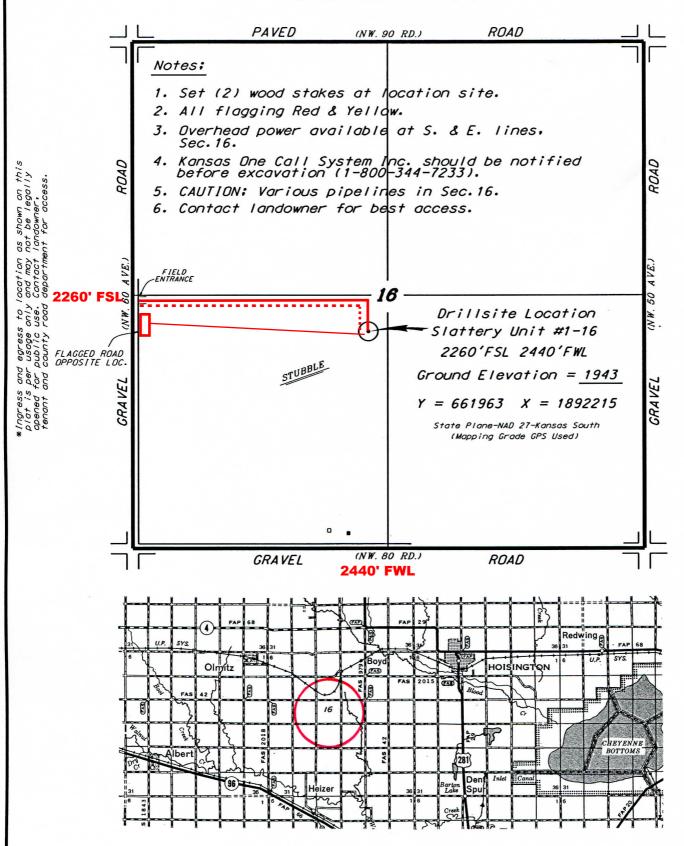
| Notary Public - State of Kansas | HUGH M. PROFFIIT | My Appt. Expires June 28, 2012

My Appointment Expires:

Notary Public Print Name: Ht

ame: Hugh M. Proffitt

SHELBY RESOURCES, LLC SLATTERY LEASE SW. 1/4, SECTION 16, T18S, R14W BARTON COUNTY, KANSAS



^{*}Controlling data is based upon the best maps and photographs available to us and upon a regular section of land containing 640 ocres.

September 30, 2013

Approximate section lines were determined using the normal standard of care of oilfield surveyors practicing in the state of Kansas. The section corners, which establish the precise section lines, were not necessarily located, and the exact location of the drillsite location in the section is not guaranteed. Therefore, the operator securing this service and accepting this plat and all other parties relying thereon agree to hold Central Kansas Diffield Services, Inc., its officers and employees harmless from all losses, costs and expenses and said entities released from any liability from incidental or consequential damages