



KANSAS CORPORATION COMMISSION 1171841
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: <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.	
<p>Submitted Electronically</p>			

KCC OFFICE USE ONLY

Liner Steel Pit RFAC RFAS

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

Kansas Corporation Commission Oil & Gas Conservation Division

HAUL-OFF PIT APPLICATION FILING REQUIREMENTS

82-3-607. DISPOSAL OF DIKE AND PIT CONTENTS.

- (a) Each operator shall perform one of the following when disposing of dike or pit contents:
- (1) Remove the liquid contents to a disposal well or other oil and gas operation approved by the commission or to road maintenance or construction locations approved by the department;
 - (2) dispose of reserve pit waste down the annular space of a well completed according to the alternate I requirements of K.A.R. 82-3-106, if the waste to be disposed of was generated during the drilling and completion of the well; or
 - (3) dispose of the remaining solid contents in any manner required by the commission. The requirements may include any of the following:
 - (A) Burial in place, in accordance with the grading and restoration requirements in K.A.R. 82-3-602 (f);
 - (B) removal and placement of the contents in an on-site disposal area approved by the commission;
 - (C) removal and placement of the contents in an off-site disposal area on acreage owned by the same landowner or to another producing lease or unit operated by the same operator, if prior written permission from the landowner has been obtained; or
 - (D) removal of the contents to a permitted off-site disposal area approved by the department.
- (b) Each violation of this regulation shall be punishable by the following:
- (1) A \$1,000 penalty for the first violation;
 - (2) a \$2,500 penalty for the second violation; and
 - (3) a \$5,000 penalty and an operator license review for the third violation.

Complete and return with Haul-Off Pit Application, Form CDP1(2004)

Haul-off pit will be located in an on-site disposal area: Yes No

Haul-off pit is located in an off-site disposal area on acreage owned by the same landowner:
 Yes No If yes, written permission from the land owner must be obtained. Attach written permission to haul-off pit application.

Haul-off pit is located in an off-site disposal area on another **producing** lease or unit operated by the same operator: Yes No If yes, written permission from the land owner must be obtained. Attach permission and a copy of the lease assignment that covers the acreage where the haul-off pit is to be located, to the haul-off pit application.

Kansas Corporation Commission
Finney State Office Building
130 S. Market, Room 2078
Wichita, KS 67202-3802

Charles Yates
20260 SE Stubbs Road
Kiowa, KS 67010

Re: CMX, Inc. Haul Off Pit
330' FNL & 330' FWL
Sec 18-35S-11W

To KCC Staff:

I, Charles Yates, landowner and lessor of, the W/2 of the Fractional Section 18-35S-11W, Barber County, KS, on this date 01/1/00 hereby grant permission for CMX, Inc. to dispose of fluid and solid waste material from their drilling operations of the #1 Barber County Fairgrounds, located in the SE SE SE of Sec 8-35S-12W, Barber County, KS, into a pit located approximately 330' FNL and 330' FWL of Section 18-35S-11W, Barber County, KS.

Sincerely,

Charles Yates

OIL AND GAS LEASE

THIS AGREEMENT, made and entered into the 16 day of September, 2013, by and between, Charles Yates (a/k/a Charles L. Yates), a single person, of 20260 Stubbs Road, Kiowa, KS 67070 hereinafter called Lessor, and CMX Inc. of Kansas hereinafter called Lessee, of 1700 N. Waterfront Parkway, Bldg. 300, Wichita, KS 67206.

Lessor, in consideration of Ten and more dollars (\$10.00) in hand paid, and other valuable considerations, receipt of which is hereby acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring by geophysical means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products (including helium), laying pipe lines, storing oil, building tanks, and other structures to produce, save, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured there from, the following described land (subject to any rights now existing to any lessee or grantee under any lease or easement or similar instrument of record heretofore executed), therein situated in County of Barber, State of Kansas, described as follows to-wit:

The West Half (also described as Lot 1 & Lot 2 & Lot 3 & E/2 NW/4) of Fractional Section 18 - T. 35 South - R. 11 West, Less & Except a Railroad Right-Of-Way described as: A part of the N/2 and being on a parallel line of railroad right-of-way running Easterly along the border of Section 7-T.35S-R.11W and Section 18-T.35S-R.11W, said R-O-W tract containing approximately 6.2432 acres over, through and across all of said Fractional Sections 7 & 18, with the lands being covered under the terms of this lease containing 174.39 acres, more or less.

Subject to the provisions herein contained, this lease shall remain in force for a term of one (1) year 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 in commercial quantities.

In consideration of the premises the said lessee covenants and agrees:

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 to three-sixteenths (3/16) part of all oil produced and saved from the leased premises.

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, three-sixteenths (3/16) of the prevailing market price at the well 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 capable of producing gas only, (and it is capable of producing in commercial quantities) is not sold or used, lessee may pay or tender as shut-in royalty Twenty Dollars (\$20.00) 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 as a shut-

in lease for only one continuous year, following the end of such one year shut-in period, commercial production must be resumed or this lease will terminate.

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 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 primary term of this lease as 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, from said land for Lessee's operations thereon.

Lessee shall conduct its operations so as to cause as little interference with Lessor's farming and recreational operations as is reasonably possible.

Lessee shall drill no well nearer than 300 feet to a dwelling house or out-building now on said premises without written consent of Lessor.

Lessee shall pay for all damages caused by its operations on said land and upon abandonment of its operations, and Lessee shall restore the surface of said land as nearly as practicable to its original contour and reseed and restore to growth any surface areas which were previously in grass.

Lessee shall have the right to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing within a reasonable time following the termination of this lease, but in any event not to exceed six months from the abandonment of the lease. Any such machinery or fixtures remaining after said six months shall belong to and become the property of the Lessor.

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 and all such obligations shall pass to Lessee's assignee.

Lessee may at any time execute and deliver to Lessor or place or 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.

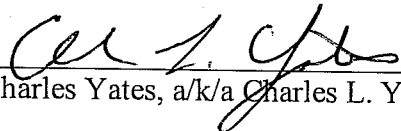
All express or implied covenants of this lease shall be subject to all federal and state laws, executive orders, rules or regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such law, order, rule or regulation.

Lessor agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

THE TERMS AND CONDITIONS OF THE ADDENDUM ATTACHED HERETO ARE MADE A PART HEREOF AND INCORPORATED AS TERMS OF THIS LEASE. TO THE EXTENT THERE MAY BE A CONFLICT BETWEEN THE TERMS OF THIS LEASE FORM AND THOSE SET FORTH IN THE ATTACHED ADDENDUM, THEN IN THAT EVENT THE TERMS AND CONDITIONS SET FORTH IN THE ADDENDUM SHALL CONTROL AND GOVERN THIS OIL AND GAS LEASE.

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

LESSOR:

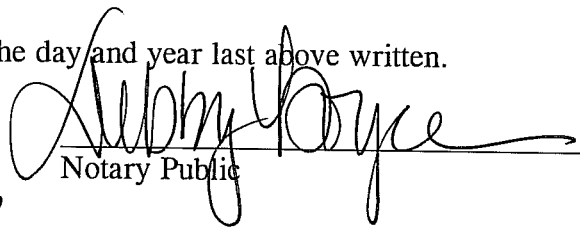


Charles Yates, a/k/a Charles L. Yates

STATE OF KANSAS
COUNTY OF BARBER, SS:

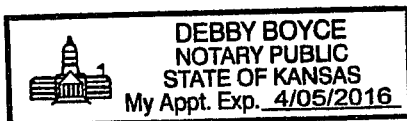
BE IT REMEMBERED, that on this 16 day of September, 2013, before me, the undersigned, a notary public in and for the county and state aforesaid, personally appeared Charles Yates, a/k/a Charles L. Yates, to me personally known to be the identical person who signed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.



Notary Public

My appointment expires: 4.5.2016



ADDENDUM

Attached to and made a part of that certain Oil and Gas Lease dated September 16, 2013, covering lands in Barber County, Kansas, by and between Charles Yates, a/k/a Charles L. Yates, as Lessor and CMX Inc. of Kansas, as Lessee.

The following provisions are part of this Oil and Gas Lease and if there be conflict between these provisions and any of the foregoing provisions, then the following provisions shall apply and take precedence:

COMMENCEMENT: Commencement of a well according to the terms of this lease will require that a drilling rig capable of drilling to total depth be on location and the actual drilling of a well which at a minimum shall include but not be limited to the a rotary bit rotating under power on or before expiration of the primary term, and that the drilling of said well be continued with due diligence until completion. Construction of a well location without actual drilling as detailed above will not be deemed commencement of a well.

72 hours prior to the commencement of any surface operations on the leased premises, Lessee agrees to consult with Lessor regarding the proposed location of any well sites and related routes of ingress and egress to and from said well sites. Lessee further agrees to consult with Lessor regarding the location and subsequent construction of any pipelines and/or any other easements deemed necessary by lessee to facilitate production and/or marketing of oil and /or gas from the leased premises. Lessor's consent related to Lessee's use of the surface as described herein shall not be unreasonably withheld.

USE OF SURFACE:

A) Lessee shall be liable and agrees to pay for all damages caused by its operations to the leased premises, including without limitation, damage to all personal property, improvements, livestock, crops, grasses and trees on the leased premises. Prior to commencement of surface use operations on the leased premises by the Lessee, in connection with an individual well pad site for **horizontal drilling purposes** Lessee agrees to pay to Lessor, in advance the sum of \$12000.00 as a deposit against surface damages that may be caused by Lessee's operations on the leased premises related to such well site. Said sum to be applicable for each well pad site constructed on the leased premises. Upon completion of surface use operations associated with the particular wellsite, said sum shall be applied against any monies due Lessor (or surface owner) for actual damages to soil, crops, or livestock caused by Lessee's operations. The sum of \$12000.00 being the minimum amount of surface damages to be paid by Lessee for actual damages to soil, crops, or livestock associated with an individual pad site. Lessee further agrees to take necessary precautions to prevent the start of any fires that may arise due to the Lessee's operations or equipment on the leased premises accordingly. Lessee shall be held responsible for any and all damages resulting from a fire that can be directly attributed to Lessee or Lessee's operations on the leased premises. Lessee agrees to return the surface to its original condition. The advance damage payment for a **vertical well** shall be \$5,000.00 and subject to all of the same terms and provisions as set for above.

B) All pipelines and electric lines shall be buried and maintained below three feet of depth so farming and ranching operations, including irrigation, terracing and subsoil tillage, may be safely performed. Lessee shall provide Lessor with a plat map of all pipelines and gathering systems promptly after their installation.

C) Surface pipe shall be set below any fresh water formations or as required by the Kansas Corporation Commission.

D) In the construction of any well site pits related to drilling operations, the topsoil shall be segregated from the subsoil, and if required by the Kansas Corporation Commission, the wellsite pits shall be plastic lined. Upon backfilling well site pits, the topsoil shall be spread evenly over the subsoil.

E) In the event of production, Lessee shall restrict the production site to as small a dimension as is reasonably possible for prudent operations.

F) Lessee shall consult with surface owner upon the placement of any tank, pipelines, and lease roads and cattle guards necessitated by its operations on the property, and shall utilize its best efforts to minimize interference with surface owner's farming and ranching operations.

G) Cattle guards a minimum of 20 feet wide and of adequate strength with steel gates will be constructed at all places where lease roads enter the property or go through existing fences. Upon Lessors' request, Lessee shall use its best efforts to keep gates padlocked at all times, except when opened for passage of traffic. Said cattle guards and gates shall become the property of surface owner upon expiration of the lease. Existing fences shall be H-Braced before cutting to install gates, utilizing posts with minimum 8 inch tops.

H) Lessee shall maintain production site in a clean and uncluttered condition.

I) It is agreed that no salt water, waste drilling fluids, waste material or other deleterious substances will be injected in any well that may be drilled on the property covered by this lease without surface owner's prior written consent.

J) No well shall be located closer than 300 feet to existing dwellings, barns and outbuildings on the leased premises.

K) Lessee may not use fresh water from or under the leased premises for drilling and completion operations on wells drilled on the leased premises without Lessor's prior written consent.

L) Lessee shall within six (6) months after abandonment return the well site and road site to its original condition as nearly as possible, including the removal of concrete pads and large rocks, the replacement of top soil, and re-establishing native grass.

DEPTH CLAUSE: If this lease is in force and effect for three (3) years after expiration of the primary term, or any extension provided for herein, then such date this lease shall terminate as to all rights one hundred feet and more below the stratigraphic equivalent of the deepest formation penetrated in the well or wells located on the leased premises, or land unitized therewith. If Lessee is in the process of drilling or completing a well at the end of the primary term of this lease, this clause shall become effective upon conclusion of such operations.

UNITIZATION: Lessee shall not without the express written approval of the Lessor, have the right to pool or unitize the leased acreage, or any parts thereof, with other tracts.

ROYALTY: Lessee hereby agrees to deliver or cause to be delivered to Lessor, without cost into pipelines, a royalty of three-sixteenths (3/16) part of the oil or gas produced from the leased premises and a three-sixteenths (3/16) part of all casinghead or drip gas or gasoline or other hydrocarbon substances produced from any well or wells on said premises, or in lieu thereof, pay to Lessor without cost into pipelines the gross proceeds thereof, as the Lessor may elect.

ROYALTY DEDUCTIONS: Lessor's royalty shall not be charged directly or indirectly with any expense required to make gas marketable, including but not limited to the following: expenses of production, gathering, dehydration, compression, manufacturing, processing, treating, transporting or marketing of gas, oil, or any liquefiable hydrocarbons extracted therefrom; provided however, that reasonable actual costs paid to third parties for gathering, compression and transportation necessary to enhance the value of otherwise marketable gas may be deducted from Lessor's royalty proportionately to Lessor's royalty percentage. However, those costs shall never cause the royalty due to Lessor to be less than what the royalty would have been if enhancements and the associated costs had never been made. The burden of proving marketability and enhanced value shall be upon the Lessee.

SEPARATION OF LIQUIDS: Lessee agrees that before any gas produced from the land hereby leased, containing liquid hydrocarbons, recoverable in commercial quantities by separator on the lease, is sold, used or processed in a plant, it will be run through an adequate oil and gas separator of conventional type or other equipment at least as efficient.

GROSS VALUE OF PRODUCTION: In the event any gas is processed for the extraction of liquefiable hydrocarbons or other marketable substances, by or for Lessee or Lessee receives any consideration for allowing the gas to be processed, the value of the extracted products and the remaining residue gas attributable thereto shall be considered the gross value of the gas sold for the calculation of royalties due; provided however, for royalty calculations, gross value shall not be less than the value of the gas if such gas had not been processed

BEST PRICE AVAILABLE: In selling any gas produced from the leased premises, or any lands with which the leased premises may be unitized, the Lessee shall exercise good faith and use due diligence and prudence to market such gas at the best price and upon the most favorable terms that may be obtainable by Lessee at the time or times such gas is contracted for sale, but in no event less than the price obtained by the operator of the well, or the operator's subsidiary, or any of its affiliates.

WASTE: Lessee agrees to use diligence to prevent the underground or above ground waste of oil or gas and to avoid the physical waste of gas produced from the leased premises.

CESSATION, DRILLING AND REWORKING: In the event production in paying quantities of oil or gas on the leased premises, after once obtained, shall cease for any cause within ninety (90) days before the expiration of the primary term of this lease or at any time or times thereafter, this lease shall not terminate if the Lessee commences additional drilling or reworking operations within ninety (90) days after such cessation, and this lease shall remain in full force and effect so long as such operations continue in a good faith and workmanlike manner without interruptions totaling more than ninety (90) days during any one such operation; and if such drilling or reworking operations result in the production of oil or gas in paying quantities, this lease shall remain in full force and effect so long as oil or gas is produced in paying quantities or payment of shut-in gas well royalties are made as hereinbefore provided in the lease.

Reworking operations shall mean actual work in the hole of a well previously completed as a producer, in a good and workmanlike manner, prosecuted with reasonable diligence, in an attempt to recomplete or repair said well to return it to production or to enhance production. Reworking operations shall not include swabbing of a well or applying soap sticks or other chemical treatment to increase or restore production.

NOTICE OF CESSATION: Lessee shall give Lessor written notice within ninety (90) days after cessation of production.

SHUT-IN ROYALTY: Notwithstanding anything to the contrary herein, it is understood and agreed that this lease may not be maintained in force by payment of shut-in royalty on a well not capable of producing in commercial quantities or for any one continuous period of time longer than one (1) year after the expiration of the primary term hereof solely by the provisions of the shut-in royalty clause.

WELL INFORMATION: Lessee agrees to furnish Lessor promptly, upon written request, a true copy of all of the following information pertaining to the leased premises or land unitized therewith, to wit: all gas purchase contracts, and supplemental agreements or amendments thereto which govern the sale of hydrocarbons produced under the terms of this lease; full, complete and correct records showing volumes produced and values received on gross production; gas balancing statements; gas purchaser statements; and copies of any filings made to the Kansas Corporation Commission. Lessee further agrees to provide Lessor, upon written request, copies of any well logs concerning wells drilled on the subject property, provided however, that such logs and any information derived therefrom shall be subject to a confidentiality agreement which must be signed prior to the release of such information.

INDEMNIFICATION: Lessee agrees to indemnify Lessor against all claims, suits, costs, losses, and expenses that may in any manner result from or arise out of the operations conducted pursuant to this instrument.

ASSIGNMENT: The rights of Lessor and Lessee hereunder may be assigned in whole or in part. Lessee shall provide Lessor with certified copies of all assignments, mortgages and

other encumbrances against the leasehold within thirty (30) days from the making thereof, together with mailing addresses for all assignees. In the event that this lease is assigned in fractional parts to more than one assignee, all assignees shall be jointly and severally liable for the proper payment of royalties and interest set forth herein.

RELEASE: Upon termination, expiration or surrender of this lease in whole or in part, Lessee shall within thirty (30) days file an appropriate release of lease in the County Records and provide Lessor with a certified copy of same.

WARRANTY: This lease is expressly made subject to all prior conveyances, requirements, conditions and covenants of record and is without warranty of title. Lessor makes no warranty of any kind, either express or implied, with respect to title to the Land or the minerals subject to this Lease. However, if Lessor owns an interest in the Land or the minerals subject to this Lease less than the entire fee simple estate, then the royalties payable hereunder will be reduced proportionately. By acceptance of this Lease, Lessee acknowledges that it has been given full opportunity to investigate and has conducted sufficient investigation to satisfy itself as to the title to the Land and the minerals subject to this Lease, and Lessee assumes all risk of title failures, and in connection therewith Lessee shall have no recourse against Lessor, including no right to a refund of the bonus and royalties paid for or under this Lease.

INTEREST: Unless stated otherwise herein or if state statutes provide for a shorter period to make proper payments, all payments due to Lessor for royalties herein shall be delivered to him within 120 days after the last day of the month for which said royalties were due. However, it is understood and agreed to by Lessor that if any purchaser of produced hydrocarbons requests Lessor provide title curative deemed by purchaser to be sufficient to place Lessor in pay status, that the preceding clause will be waived until such time as title requirement(s) are deemed acceptable to said purchaser. In the event that said payments are not received within that 120 day time period, 12% compounded annual interest (or if state statutes provide for a greater interest penalty), calculated from the last day of the month for which said royalties were due, shall be paid to Lessor by Lessee. At Lessor's option, all payments received shall be applied first to any outstanding interest due on prior late paid royalties, then to any prior outstanding unpaid royalties and then to any current royalties due. No notations on the remittance statements or provisions in any division order shall amend this provision.

FULL PAYMENT: Lessee or its assigns shall be responsible for the full and proper payment of Lessors' royalty from the date of first production until final depletion. No statute of limitations or other affirmative defense shall be asserted by Lessee or its assigns to prevent the full and proper payment of Lessors' royalty due herein from the date of first production of any well drilled herein until final depletion of that well.

FORFEITURE: The terms and conditions hereof shall be considered covenants running with the land covered by this lease and shall be binding upon and enure for the benefit of the respective successors and assigns of the parties hereto. If any of the material terms of this lease shall be violated, it shall be considered a breach of lease, and Lessor shall be entitled to damages from Lessee. Provided, however, that forfeiture shall not be the exclusive remedy, but a suit for damages or specific performance, or both, may be instituted. The prevailing party in any action

for breach of the provisions of this lease or breach of duties pursuant to this lease shall be entitled to recover reasonable attorney's fees, expert witness fees, litigation expense and court costs.

GAS STORAGE: It is understood and agreed between the parties that no gas storage rights are being conveyed with this Lease. Any subsequent gas storage in and under the subject property shall not affect the obligation to produce oil found on this leasehold.

LEASE ROAD AND WELL SITE MAINTENANCE: Lessee shall maintain all ingress, egress and access roads and storage tank locations or any other areas used in lease operations on and about the leasehold premises in good condition, passable and free from the growth of weeds and trash. Lessee shall consult with Lessor regarding the location of any such roads and above ground appurtenances prior to the construction of the same. Pits dug and used for the storage of water shall be dug to a depth of at least 6 feet. All pits and well sites shall be securely fenced so as to preclude access by livestock.

SEISMIC OPERATIONS: Lessee shall have the right to conduct seismic operations on the Leased Premises, and to contract with third parties to conduct seismic operations, for Lessee's own account and use. If Lessee contracts with an independent contractor third party to perform seismic operations on Lessee's behalf, Lessor shall nevertheless be entitled to deal only with a representative of Lessee in connection with such operations, and shall not be required to contract or negotiate with such independent contractor.

END OF ADDENDUM

OIL AND GAS LEASE

THIS AGREEMENT, made and entered into the 16 day of September, 2013, by and between, Charles Yates (a/k/a Charles L. Yates), a single person, of 20260 Stubbs Road, Kiowa, KS 67070 hereinafter called Lessor, and CMX Inc. of Kansas hereinafter called Lessee, of 1700 N. Waterfront Parkway, Bldg. 300, Wichita, KS 67206.

Lessor, in consideration of Ten and more dollars (\$10.00) in hand paid, and other valuable considerations, receipt of which is hereby acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring by geophysical means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products (including helium), laying pipe lines, storing oil, building tanks, and other structures to produce, save, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured there from, the following described land (subject to any rights now existing to any lessee or grantee under any lease or easement or similar instrument of record heretofore executed), therein situated in County of Barber, State of Kansas, described as follows to-wit:

The East Half (also described as Lot 4 & NE/4) of Fractional Section 18 - T. 35 South - R. 11 West, Less & Except a Railroad Right-Of-Way described as: A part of the N/2 and being on a parallel line of railroad right-of-way running Easterly along the border of Section 7-T.35S-R.11W and Section 18-T.35S-R.11W, said R-O-W tract containing approximately 6.2432 acres over, through and across all of said Fractional Sections 7 & 18, with the lands being covered under the terms of this lease containing 174.41 acres, more or less.

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 in commercial quantities.

In consideration of the premises the said lessee covenants and agrees:

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 to three-sixteenths (3/16) part of all oil produced and saved from the leased premises.

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, three-sixteenths (3/16) of the prevailing market price at the well 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 capable of producing gas only, (and it is capable of producing in commercial quantities) is not sold or used, lessee may pay or tender as shut-in royalty Twenty Dollars (\$20.00) 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 as a shut-

in lease for only one continuous year, following the end of such one year shut-in period, commercial production must be resumed or this lease will terminate.

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 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 primary term of this lease as 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, from said land for Lessee's operations thereon.

Lessee shall conduct its operations so as to cause as little interference with Lessor's farming and recreational operations as is reasonably possible.

Lessee shall drill no well nearer than 300 feet to a dwelling house or out-building now on said premises without written consent of Lessor.

Lessee shall pay for all damages caused by its operations on said land and upon abandonment of its operations, and Lessee shall restore the surface of said land as nearly as practicable to its original contour and reseed and restore to growth any surface areas which were previously in grass.

Lessee shall have the right to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing within a reasonable time following the termination of this lease, but in any event not to exceed six months from the abandonment of the lease. Any such machinery or fixtures remaining after said six months shall belong to and become the property of the Lessor.

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 and all such obligations shall pass to Lessee's assignee.

Lessee may at any time execute and deliver to Lessor or place or 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.

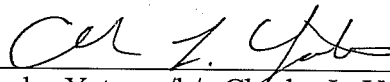
All express or implied covenants of this lease shall be subject to all federal and state laws, executive orders, rules or regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such law, order, rule or regulation.

Lessor agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

THE TERMS AND CONDITIONS OF THE ADDENDUM ATTACHED HERETO ARE MADE A PART HEREOF AND INCORPORATED AS TERMS OF THIS LEASE. TO THE EXTENT THERE MAY BE A CONFLICT BETWEEN THE TERMS OF THIS LEASE FORM AND THOSE SET FORTH IN THE ATTACHED ADDENDUM, THEN IN THAT EVENT THE TERMS AND CONDITIONS SET FORTH IN THE ADDENDUM SHALL CONTROL AND GOVERN THIS OIL AND GAS LEASE.

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

LESSOR:

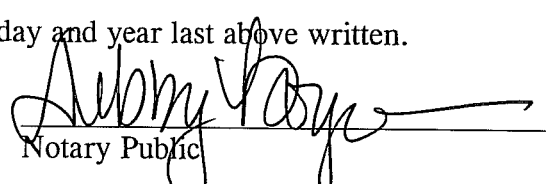


Charles Yates, a/k/a Charles L. Yates

STATE OF KANSAS
COUNTY OF BARBER, SS:

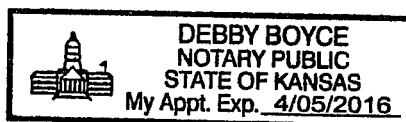
BE IT REMEMBERED, that on this 16 day of September, 2013, before me, the undersigned, a notary public in and for the county and state aforesaid, personally appeared Charles Yates, a/k/a Charles L. Yates, to me personally known to be the identical person who signed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.



Notary Public

My appointment expires: 4.5.2016



ADDENDUM

Attached to and made a part of that certain Oil and Gas Lease dated September 16, 2013, covering lands in Barber County, Kansas, by and between Charles Yates, a/k/a Charles L. Yates, as Lessor and CMX Inc. of Kansas, as Lessee.

The following provisions are part of this Oil and Gas Lease and if there be conflict between these provisions and any of the foregoing provisions, then the following provisions shall apply and take precedence:

COMMENCEMENT: Commencement of a well according to the terms of this lease will require that a drilling rig capable of drilling to total depth be on location and the actual drilling of a well which at a minimum shall include but not be limited to the a rotary bit rotating under power on or before expiration of the primary term, and that the drilling of said well be continued with due diligence until completion. Construction of a well location without actual drilling as detailed above will not be deemed commencement of a well.

72 hours prior to the commencement of any surface operations on the leased premises, Lessee agrees to consult with Lessor regarding the proposed location of any well sites and related routes of ingress and egress to and from said well sites. Lessee further agrees to consult with Lessor regarding the location and subsequent construction of any pipelines and/or any other easements deemed necessary by lessee to facilitate production and/or marketing of oil and /or gas from the leased premises. Lessor's consent related to Lessee's use of the surface as described herein shall not be unreasonably withheld.

USE OF SURFACE:

A) Lessee shall be liable and agrees to pay for all damages caused by its operations to the leased premises, including without limitation, damage to all personal property, improvements, livestock, crops, grasses and trees on the leased premises. Prior to commencement of surface use operations on the leased premises by the Lessee, in connection with an individual well pad site for **horizontal drilling purposes** Lessee agrees to pay to Lessor, in advance the sum of \$12000.00 as a deposit against surface damages that may be caused by Lessee's operations on the leased premises related to such well site. Said sum to be applicable for each well pad site constructed on the leased premises. Upon completion of surface use operations associated with the particular wellsite, said sum shall be applied against any monies due Lessor (or surface owner) for actual damages to soil, crops, or livestock caused by Lessee's operations. The sum of \$12000.00 being the minimum amount of surface damages to be paid by Lessee for actual damages to soil, crops, or livestock associated with an individual pad site. Lessee further agrees to take necessary precautions to prevent the start of any fires that may arise due to the Lessee's operations or equipment on the leased premises accordingly. Lessee shall be held responsible for any and all damages resulting from a fire that can be directly attributed to Lessee or Lessee's operations on the leased premises. Lessee agrees to return the surface to its original condition. The advance damage payment for a **vertical well** shall be \$5,000.00 and subject to all of the same terms and provisions as set for above.

B) All pipelines and electric lines shall be buried and maintained below three feet of depth so farming and ranching operations, including irrigation, terracing and subsoil tillage, may be safely performed. Lessee shall provide Lessor with a plat map of all pipelines and gathering systems promptly after their installation.

C) Surface pipe shall be set below any fresh water formations or as required by the Kansas Corporation Commission.

D) In the construction of any well site pits related to drilling operations, the topsoil shall be segregated from the subsoil, and if required by the Kansas Corporation Commission, the wellsite pits shall be plastic lined. Upon backfilling well site pits, the topsoil shall be spread evenly over the subsoil.

E) In the event of production, Lessee shall restrict the production site to as small a dimension as is reasonably possible for prudent operations.

F) Lessee shall consult with surface owner upon the placement of any tank, pipelines, and lease roads and cattle guards necessitated by its operations on the property, and shall utilize its best efforts to minimize interference with surface owner's farming and ranching operations.

G) Cattle guards a minimum of 20 feet wide and of adequate strength with steel gates will be constructed at all places where lease roads enter the property or go through existing fences. Upon Lessors' request, Lessee shall use its best efforts to keep gates padlocked at all times, except when opened for passage of traffic. Said cattle guards and gates shall become the property of surface owner upon expiration of the lease. Existing fences shall be H-Braced before cutting to install gates, utilizing posts with minimum 8 inch tops.

H) Lessee shall maintain production site in a clean and uncluttered condition.

I) It is agreed that no salt water, waste drilling fluids, waste material or other deleterious substances will be injected in any well that may be drilled on the property covered by this lease without surface owner's prior written consent.

J) No well shall be located closer than 300 feet to existing dwellings, barns and outbuildings on the leased premises.

K) Lessee may not use fresh water from or under the leased premises for drilling and completion operations on wells drilled on the leased premises without Lessor's prior written consent.

L) Lessee shall within six (6) months after abandonment return the well site and road site to its original condition as nearly as possible, including the removal of concrete pads and large rocks, the replacement of top soil, and re-establishing native grass.

DEPTH CLAUSE: If this lease is in force and effect for three (3) years after expiration of the primary term, or any extension provided for herein, then such date this lease shall terminate as to all rights one hundred feet and more below the stratigraphic equivalent of the deepest formation penetrated in the well or wells located on the leased premises, or land unitized therewith. If Lessee is in the process of drilling or completing a well at the end of the primary term of this lease, this clause shall become effective upon conclusion of such operations.

UNITIZATION: Lessee shall not without the express written approval of the Lessor, have the right to pool or unitize the leased acreage, or any parts thereof, with other tracts.

ROYALTY: Lessee hereby agrees to deliver or cause to be delivered to Lessor, without cost into pipelines, a royalty of three-sixteenths (3/16) part of the oil or gas produced from the leased premises and a three-sixteenths (3/16) part of all casinghead or drip gas or gasoline or other hydrocarbon substances produced from any well or wells on said premises, or in lieu thereof, pay to Lessor without cost into pipelines the gross proceeds thereof, as the Lessor may elect.

ROYALTY DEDUCTIONS: Lessor's royalty shall not be charged directly or indirectly with any expense required to make gas marketable, including but not limited to the following: expenses of production, gathering, dehydration, compression, manufacturing, processing, treating, transporting or marketing of gas, oil, or any liquefiable hydrocarbons extracted there from; provided however, that reasonable actual costs paid to third parties for gathering, compression and transportation necessary to enhance the value of otherwise marketable gas may be deducted from Lessor's royalty proportionately to Lessor's royalty percentage. However, those costs shall never cause the royalty due to Lessor to be less than what the royalty would have been if enhancements and the associated costs had never been made. The burden of proving marketability and enhanced value shall be upon the Lessee.

SEPARATION OF LIQUIDS: Lessee agrees that before any gas produced from the land hereby leased, containing liquid hydrocarbons, recoverable in commercial quantities by separator on the lease, is sold, used or processed in a plant, it will be run through an adequate oil and gas separator of conventional type or other equipment at least as efficient.

GROSS VALUE OF PRODUCTION: In the event any gas is processed for the extraction of liquefiable hydrocarbons or other marketable substances, by or for Lessee or Lessee receives any consideration for allowing the gas to be processed, the value of the extracted products and the remaining residue gas attributable thereto shall be considered the gross value of the gas sold for the calculation of royalties due; provided however, for royalty calculations, gross value shall not be less than the value of the gas if such gas had not been processed

BEST PRICE AVAILABLE: In selling any gas produced from the leased premises, or any lands with which the leased premises may be unitized, the Lessee shall exercise good faith and use due diligence and prudence to market such gas at the best price and upon the most favorable terms that may be obtainable by Lessee at the time or times such gas is contracted for sale, but in no event less than the price obtained by the operator of the well, or the operator's subsidiary, or any of its affiliates.

WASTE: Lessee agrees to use diligence to prevent the underground or above ground waste of oil or gas and to avoid the physical waste of gas produced from the leased premises.

CESSATION, DRILLING AND REWORKING: In the event production in paying quantities of oil or gas on the leased premises, after once obtained, shall cease for any cause within ninety (90) days before the expiration of the primary term of this lease or at any time or times thereafter, this lease shall not terminate if the Lessee commences additional drilling or reworking operations within ninety (90) days after such cessation, and this lease shall remain in full force and effect so long as such operations continue in a good faith and workmanlike manner without interruptions totaling more than ninety (90) days during any one such operation; and if such drilling or reworking operations result in the production of oil or gas in paying quantities, this lease shall remain in full force and effect so long as oil or gas is produced in paying quantities or payment of shut-in gas well royalties are made as hereinbefore provided in the lease.

Reworking operations shall mean actual work in the hole of a well previously completed as a producer, in a good and workmanlike manner, prosecuted with reasonable diligence, in an attempt to recomplete or repair said well to return it to production or to enhance production. Reworking operations shall not include swabbing of a well or applying soap sticks or other chemical treatment to increase or restore production.

NOTICE OF CESSATION: Lessee shall give Lessor written notice within ninety (90) days after cessation of production.

SHUT-IN ROYALTY: Notwithstanding anything to the contrary herein, it is understood and agreed that this lease may not be maintained in force by payment of shut-in royalty on a well not capable of producing in commercial quantities or for any one continuous period of time longer than one (1) year after the expiration of the primary term hereof solely by the provisions of the shut-in royalty clause.

WELL INFORMATION: Lessee agrees to furnish Lessor promptly, upon written request, a true copy of all of the following information pertaining to the leased premises or land unitized therewith, to wit: all gas purchase contracts, and supplemental agreements or amendments thereto which govern the sale of hydrocarbons produced under the terms of this lease; full, complete and correct records showing volumes produced and values received on gross production; gas balancing statements; gas purchaser statements; and copies of any filings made to the Kansas Corporation Commission. Lessee further agrees to provide Lessor, upon written request, copies of any well logs concerning wells drilled on the subject property, provided however, that such logs and any information derived therefrom shall be subject to a confidentiality agreement which must be signed prior to the release of such information.

INDEMNIFICATION: Lessee agrees to indemnify Lessor against all claims, suits, costs, losses, and expenses that may in any manner result from or arise out of the operations conducted pursuant to this instrument.

ASSIGNMENT: The rights of Lessor and Lessee hereunder may be assigned in whole or in part. Lessee shall provide Lessor with certified copies of all assignments, mortgages and

other encumbrances against the leasehold within thirty (30) days from the making thereof, together with mailing addresses for all assignees. In the event that this lease is assigned in fractional parts to more than one assignee, all assignees shall be jointly and severally liable for the proper payment of royalties and interest set forth herein.

RELEASE: Upon termination, expiration or surrender of this lease in whole or in part, Lessee shall within thirty (30) days file an appropriate release of lease in the County Records and provide Lessor with a certified copy of same.

WARRANTY: This lease is expressly made subject to all prior conveyances, requirements, conditions and covenants of record and is without warranty of title. Lessor makes no warranty of any kind, either express or implied, with respect to title to the Land or the minerals subject to this Lease. However, if Lessor owns an interest in the Land or the minerals subject to this Lease less than the entire fee simple estate, then the royalties payable hereunder will be reduced proportionately. By acceptance of this Lease, Lessee acknowledges that it has been given full opportunity to investigate and has conducted sufficient investigation to satisfy itself as to the title to the Land and the minerals subject to this Lease, and Lessee assumes all risk of title failures, and in connection therewith Lessee shall have no recourse against Lessor, including no right to a refund of the bonus and royalties paid for or under this Lease.

INTEREST: Unless stated otherwise herein or if state statutes provide for a shorter period to make proper payments, all payments due to Lessor for royalties herein shall be delivered to him within 120 days after the last day of the month for which said royalties were due. However, it is understood and agreed to by Lessor that if any purchaser of produced hydrocarbons requests Lessor provide title curative deemed by purchaser to be sufficient to place Lessor in pay status, that the preceding clause will be waived until such time as title requirement(s) are deemed acceptable to said purchaser. In the event that said payments are not received within that 120 day time period, 12% compounded annual interest (or if state statutes provide for a greater interest penalty), calculated from the last day of the month for which said royalties were due, shall be paid to Lessor by Lessee. At Lessor's option, all payments received shall be applied first to any outstanding interest due on prior late paid royalties, then to any prior outstanding unpaid royalties and then to any current royalties due. No notations on the remittance statements or provisions in any division order shall amend this provision.

FULL PAYMENT: Lessee or its assigns shall be responsible for the full and proper payment of Lessors' royalty from the date of first production until final depletion. No statute of limitations or other affirmative defense shall be asserted by Lessee or its assigns to prevent the full and proper payment of Lessors' royalty due herein from the date of first production of any well drilled herein until final depletion of that well.

FORFEITURE: The terms and conditions hereof shall be considered covenants running with the land covered by this lease and shall be binding upon and enure for the benefit of the respective successors and assigns of the parties hereto. If any of the material terms of this lease shall be violated, it shall be considered a breach of lease, and Lessor shall be entitled to damages from Lessee. Provided, however, that forfeiture shall not be the exclusive remedy, but a suit for damages or specific performance, or both, may be instituted. The prevailing party in any action

for breach of the provisions of this lease or breach of duties pursuant to this lease shall be entitled to recover reasonable attorney's fees, expert witness fees, litigation expense and court costs.

GAS STORAGE: It is understood and agreed between the parties that no gas storage rights are being conveyed with this Lease. Any subsequent gas storage in and under the subject property shall not affect the obligation to produce oil found on this leasehold.

LEASE ROAD AND WELL SITE MAINTENANCE: Lessee shall maintain all ingress, egress and access roads and storage tank locations or any other areas used in lease operations on and about the leasehold premises in good condition, passable and free from the growth of weeds and trash. Lessee shall consult with Lessor regarding the location of any such roads and above ground appurtenances prior to the construction of the same. Pits dug and used for the storage of water shall be dug to a depth of at least 6 feet. All pits and well sites shall be securely fenced so as to preclude access by livestock.

SEISMIC OPERATIONS: Lessee shall have the right to conduct seismic operations on the Leased Premises, and to contract with third parties to conduct seismic operations, for Lessee's own account and use. If Lessee contracts with an independent contractor third party to perform seismic operations on Lessee's behalf, Lessor shall nevertheless be entitled to deal only with a representative of Lessee in connection with such operations, and shall not be required to contract or negotiate with such independent contractor.

END OF ADDENDUM

December 17, 2013

Leah A. Kasten
CMX, Inc.
1700 N WATERFRONT PKWY BLDG 300B
WICHITA, KS 67206

Re: Drilling Pit Application
Barber Co Fairgrounds 1
Sec.18-35S-11W
Barber County, Kansas

Dear Leah A. Kasten:

District staff has inspected the above referenced location and has determined that the Haul-Off pit shall be constructed **without slots**, the bottom shall be flat and reasonably level and the free fluids must be removed. The fluids are to be removed from the Haul-Off pit as soon as the Hutchinson Salt section has been drilled through and displacement of the fluids into the Haul-Off pit has occurred. The fluids should be removed again within 96 hours after drilling operations have ceased.

NO completion fluids or non-exempt wastes shall be placed in the Haul-Off pit.

The fluids should be taken to an authorized disposal well. Please file form CDP-5, Exploration and Production Waste Transfer, through KOLAR within 30 days of fluid removal.

If you have any questions or concerns please feel free to contact the District Office at (620) 225-8888.