



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

KANSAS CORPORATION COMMISSION 1174803
 OIL & GAS CONSERVATION DIVISION

Form C-1
 March 2010

Form must be Typed
 Form must be Signed
 All blanks must be Filled

NOTICE OF INTENT TO DRILL

Must be approved by KCC five (5) days prior to commencing well

Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act, MUST be submitted with this form.

Expected Spud Date: _____
 month day year

Spot Description: _____

OPERATOR: License# _____

____ - ____ - ____ Sec. ____ Twp. ____ S. R. ____ E W
 (Q/Q/Q/Q) _____ feet from N / S Line of Section
 _____ feet from E / W Line of Section

Name: _____

Address 1: _____

Is SECTION: Regular Irregular?

Address 2: _____

(Note: Locate well on the Section Plat on reverse side)

City: _____ State: _____ Zip: _____ + _ _ _

County: _____

Contact Person: _____

Lease Name: _____ Well #: _____

Phone: _____

Field Name: _____

CONTRACTOR: License# _____

Is this a Prorated / Spaced Field? Yes No

Name: _____

Target Formation(s): _____

Well Drilled For: Well Class: Type Equipment:

<input type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input type="checkbox"/> Infield	<input type="checkbox"/> Mud Rotary
<input type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Pool Ext.	<input type="checkbox"/> Air Rotary
	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat	<input type="checkbox"/> Cable
<input type="checkbox"/> Seismic ; _____ # of Holes	<input type="checkbox"/> Other		
<input type="checkbox"/> Other: _____			

Nearest Lease or unit boundary line (in footage): _____

Ground Surface Elevation: _____ feet MSL

Water well within one-quarter mile: Yes No

Public water supply well within one mile: Yes No

Depth to bottom of fresh water: _____

Depth to bottom of usable water: _____

Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set: _____

Length of Conductor Pipe (if any): _____

Projected Total Depth: _____

Formation at Total Depth: _____

Water Source for Drilling Operations:
 Well Farm Pond Other: _____

Operator: _____

Well Name: _____

Original Completion Date: _____ Original Total Depth: _____

DWR Permit #: _____
 (Note: Apply for Permit with DWR)

Directional, Deviated or Horizontal wellbore? Yes No

Will Cores be taken? Yes No

If Yes, true vertical depth: _____

Bottom Hole Location: _____

KCC DKT #: _____

If Yes, proposed zone: _____

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq.

It is agreed that the following minimum requirements will be met:

1. Notify the appropriate district office **prior** to spudding of well;
2. A copy of the approved notice of intent to drill **shall be** posted on each drilling rig;
3. The minimum amount of surface pipe as specified below **shall be set** by circulating cement to the top; in all cases surface pipe **shall be set** through all unconsolidated materials plus a minimum of 20 feet into the underlying formation.
4. If the well is dry hole, an agreement between the operator and the district office on plug length and placement is necessary **prior to plugging**;
5. The appropriate district office will be notified before well is either plugged or production casing is cemented in;
6. If an ALTERNATE II COMPLETION, production pipe shall be cemented from below any usable water to surface within **120 DAYS** of spud date. Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC District 3 area, alternate II cementing must be completed within 30 days of the spud date or the well shall be plugged. **In all cases, NOTIFY district office** prior to any cementing.

Submitted Electronically

For KCC Use ONLY

API # 15 - _____

Conductor pipe required _____ feet

Minimum surface pipe required _____ feet per ALT. I II

Approved by: _____

This authorization expires: _____
 (This authorization void if drilling not started within 12 months of approval date.)

Spud date: _____ Agent: _____

Remember to:

- File Certification of Compliance with the Kansas Surface Owner Notification Act (KSONA-1) with Intent to Drill;
- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spud date;
- File acreage attribution plat according to field proration orders;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CP-4) after plugging is completed (within 60 days);
- Obtain written approval before disposing or injecting salt water.
- If well will not be drilled or permit has expired (See: authorized expiration date) please check the box below and return to the address below.

Well will not be drilled or Permit Expired Date: _____

Signature of Operator or Agent: _____

E
W

For KCC Use ONLY

API # 15 - _____

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

Operator: _____

Lease: _____

Well Number: _____

Field: _____

Number of Acres attributable to well: _____

QTR/QTR/QTR/QTR of acreage: _____ - _____ - _____ - _____

Location of Well: County: _____

_____ feet from N / S Line of Section

_____ feet from E / W Line of Section

Sec. _____ Twp. _____ S. R. _____ E W

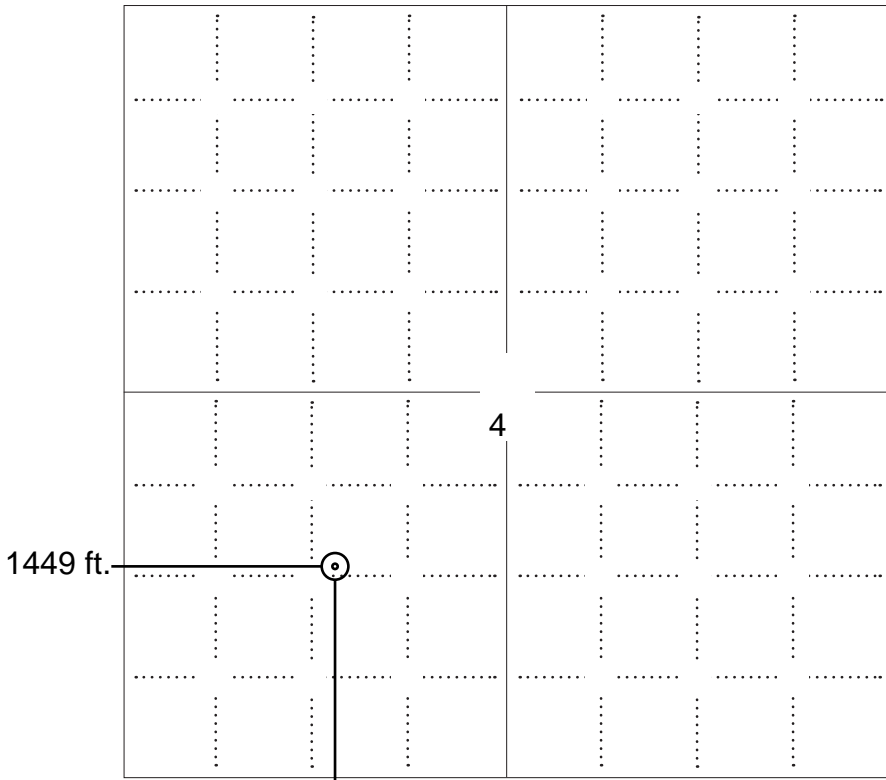
Is Section: Regular or Irregular

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

Section corner used: NE NW SE SW

PLAT

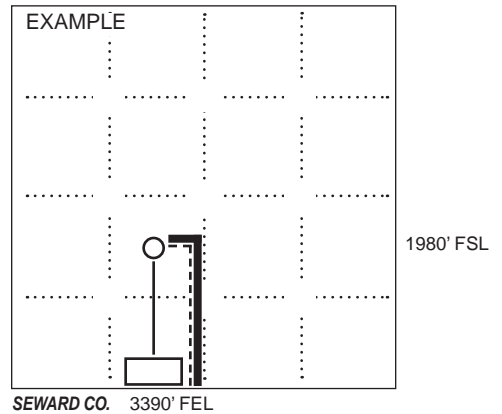
Show location of the well. Show footage to the nearest lease or unit boundary line. Show the predicted locations of lease roads, tank batteries, pipelines and electrical lines, as required by the Kansas Surface Owner Notice Act (House Bill 2032). You may attach a separate plat if desired.



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

LEGEND

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



1445 ft.

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

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

APPLICATION FOR SURFACE PIT

Submit in Duplicate

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

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



Form Must Be Typed
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CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

This form must be submitted with all Forms C-1 (Notice of Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); T-1 (Request for Change of Operator Transfer of Injection or Surface Pit Permit); and CP-1 (Well Plugging Application). Any such form submitted without an accompanying Form KSONA-1 will be returned.

Select the corresponding form being filed: C-1 (Intent) CB-1 (Cathodic Protection Borehole Intent) T-1 (Transfer) CP-1 (Plugging Application)

OPERATOR: License # _____
Name: _____
Address 1: _____
Address 2: _____
City: _____ State: _____ Zip: _____ + _____
Contact Person: _____
Phone: (_____) _____ Fax: (_____) _____
Email Address: _____

Well Location:
____ - ____ - ____ - ____ Sec. ____ Twp. ____ S. R. ____ East West
County: _____
Lease Name: _____ Well #: _____

If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:

Surface Owner Information:

Name: _____
Address 1: _____
Address 2: _____
City: _____ State: _____ Zip: _____ + _____

When filing a Form T-1 involving multiple surface owners, attach an additional sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the county, and in the real estate property tax records of the county treasurer.

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

Select one of the following:

- I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this form; 2) if the form being filed is a Form C-1 or Form CB-1, the plat(s) required by this form; and 3) my operator name, address, phone number, fax, and email address.
- I have not provided this information to the surface owner(s). I acknowledge that, because I have not provided this information, the KCC will be required to send this information to the surface owner(s). To mitigate the additional cost of the KCC performing this task, I acknowledge that I am being charged a \$30.00 handling fee, payable to the KCC, which is enclosed with this form.

If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.

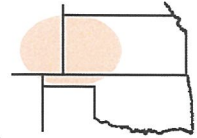
I Submitted Electronically



Pro-Stake LLC
Oil Field & Construction Site Staking

P.O. Box 2324
Garden City, Kansas 67846
Office/Fax: (620) 276-6159
Cell: (620) 272-1499

burt@pro-stakellc.kscoxmail.com



091726
PLAT NO.

11357
INVOICE NO.

Palomino Petroleum, Inc.

OPERATOR

Ness County, KS

COUNTY

4 17s 26w
Sec. Twp. Rng.

#1 Johnson - Baker

LEASE NAME

1445' FSL - 1449' FWL

LOCATION SPOT

SCALE: 1" = 1000'

DATE STAKED: Dec. 2nd, 2013

MEASURED BY: Ben R.

DRAWN BY: Drew H.

AUTHORIZED BY: Klee W.

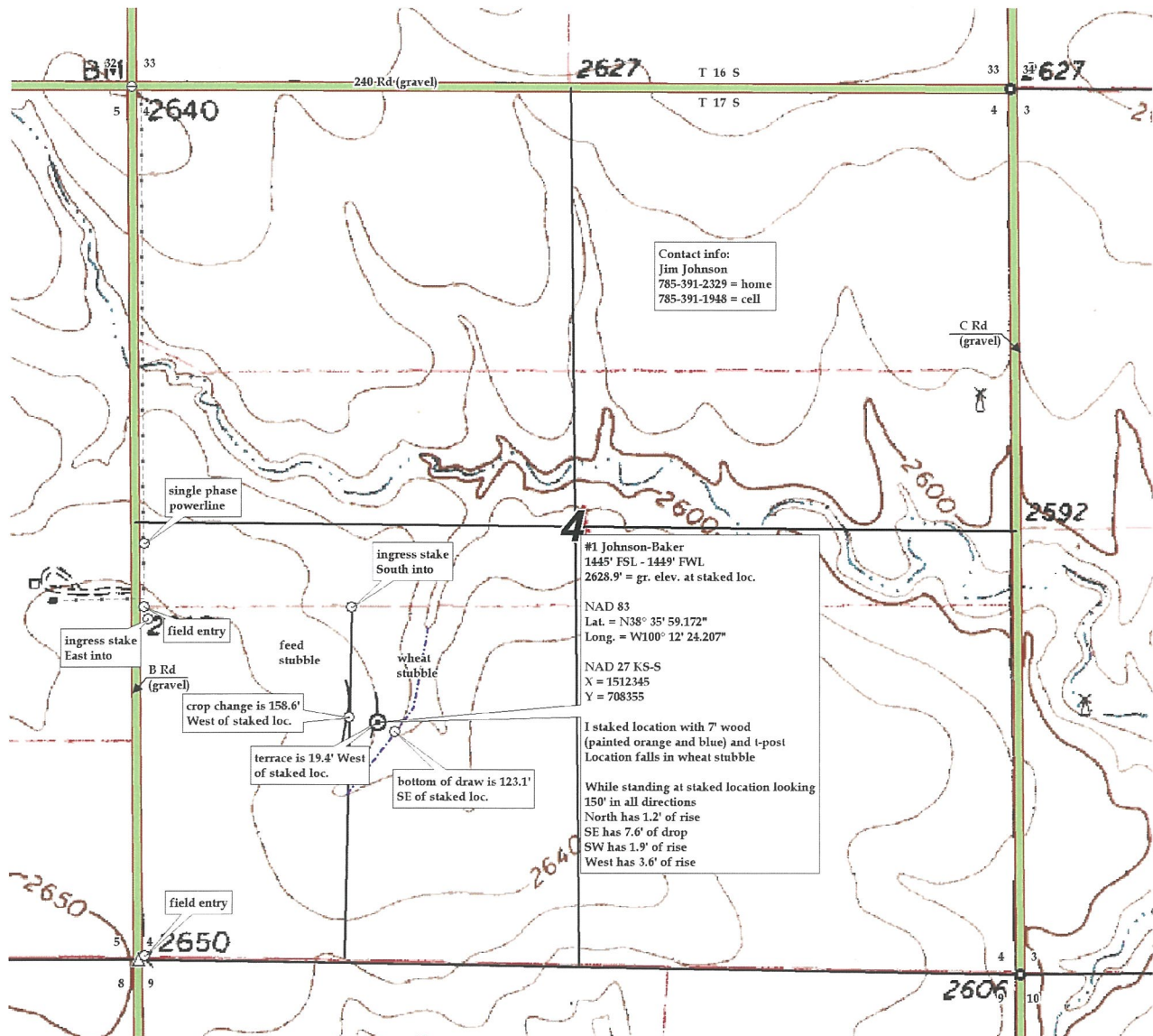


GR. ELEVATION: 2628.9'

Directions: From the SW side of Utica, KS at the intersection of Hwy 4 and Jackson Ave – Now go 2 mile West on Hwy 4 – Now go 2 miles South on B Rd to the NW corner of section 4-17s-26w – Now go 0.6 mile South on B Rd to ingress stake East into – Now go approx 1300' East through feed stubble to ingress stake South into – Now go approx. 655' South through wheat stubble – Now go 159' East through wheat stubble into staked location

Final ingress must be verified with land owner or Operator.

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



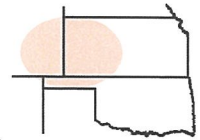


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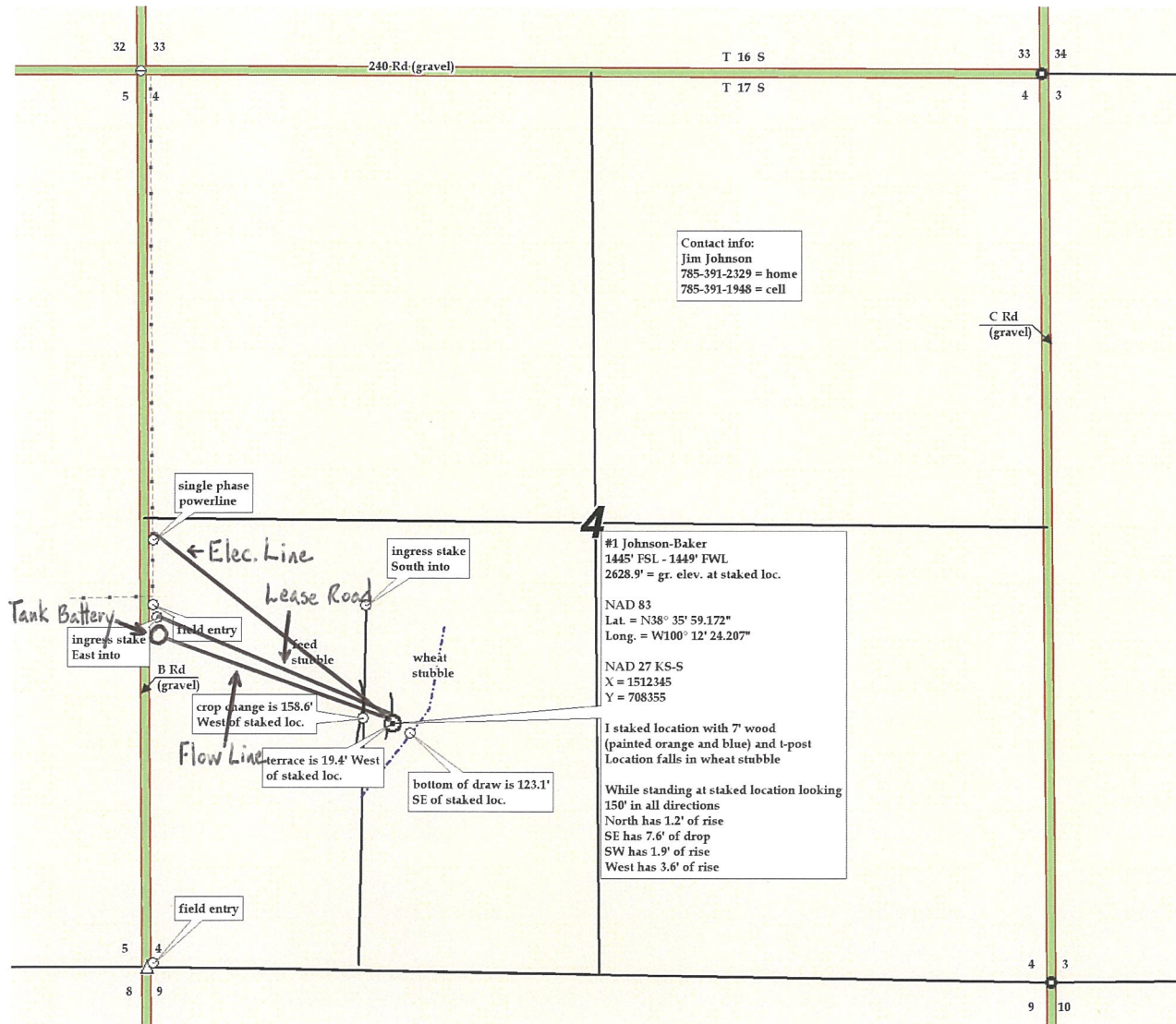


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Contact info:
Jim Johnson
785-391-2329 = home
785-391-1948 = cell

#1 Johnson-Baker
1445' FSL - 1449' FWL
2628.9' = gr. elev. at staked loc.
NAD 83
Lat = N38° 35' 59.172"
Long. = W100° 12' 24.207"
NAD 27 KS-5
X = 1512345
Y = 708355
I staked location with 7' wood
(painted orange and blue) and t-post
Location falls in wheat stubble
While standing at staked location looking
150' in all directions
North has 1.2' of rise
SE has 7.6' of drop
SW has 1.9' of rise
West has 3.6' of rise

CONSENT TO UNITIZE AGREEMENT

LESSORS:

Nadra Ozell Johnson and James P. Johnson, her husband.

LESSEE: Palomino Petroleum, Inc.

ACREAGE: E/2 SW/4; W/2 SW/4, Section 4, Township 17 South, Range 26 West

COUNTY: NESS COUNTY, KS

DATE: December 3, 2013

Notwithstanding other provisions of said lease, the undersigned hereby consent to unitize E/2 SW/4 Section 4, Township 17 South, Range 26 West in Ness County, Kansas with W/2 SW/4 Section 4, Township 17 South, Range 26 West in Ness County, Kansas in accordance with the base lease dated January 25, 2006 (as extended) covering SE/4; E/2 SW/4 Section 4, Township 17 South, Range 26 West and recorded at Book 300, Page 59.

Nadra Ozell Johnson
Nadra Ozell Johnson

12-11-13
Date

James P. Johnson
James P. Johnson

12-11-13
Date

STATE OF KANSAS
COUNTY OF NESS, ss:

BE IT REMEMBERED, that on this 11 of January, 2013, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Nadra Ozell Johnson and James P. Johnson, her husband personally known to me to be the identical persons who executed the foregoing CONSENT TO UNITIZE AGREEMENT and acknowledge to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

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

Richard D. Schwind
NOTARY PUBLIC -

Richard D. SCHWIND
NOTARY PUBLIC
STATE OF KANSAS
Exp. 05-08-17

My commission expires: 05-08-17

CONSENT TO UNITIZE AGREEMENT

LESSORS:

Brock K. Davidson and Heather R. Davidson, his wife.

LESSEE: Palomino Petroleum, Inc.

ACREAGE: E/2 SW/4; W/2 SW/4, Section 4, Township 17 South, Range 26 West

COUNTY: NESS COUNTY, KS

DATE: December 3, 2013

Notwithstanding other provisions of said lease, the undersigned hereby consent to unitize E/2 SW/4 Section 4, Township 17 South, Range 26 West in Ness County, Kansas with W/2 SW/4 Section 4, Township 17 South, Range 26 West in Ness County, Kansas in accordance with the base lease dated December 8, 2009 (as extended) covering SE/4; E/2 SW/4 Section 4, Township 17 South, Range 26 West and recorded at Book 329, Page 57.

Brock K. Davidson
Brock K. Davidson

12/27/13
Date

Heather R. Davidson
Heather R. Davidson

12/27/13
Date

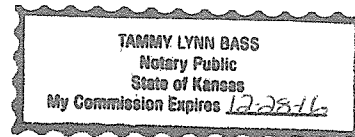
STATE OF KANSAS
COUNTY OF Pratt, ss:

BE IT REMEMBERED, that on this 27 of December, 2013, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Brock K. Davidson and Heather R. Davidson, his wife, personally known to me to be the identical persons who executed the foregoing CONSENT TO UNITIZE AGREEMENT and acknowledge to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

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

Tammy L. Bass
NOTARY PUBLIC -

My commission expires: 12-28-16



CONSENT TO UNITIZE AGREEMENT

LESSORS:

Melinda Faye Hammond, a single person

LESSEE: Palomino Petroleum, Inc.

ACREAGE: E/2 SW/4; W/2 SW/4, Section 4, Township 17 South, Range 26 West

COUNTY: NESS COUNTY, KS

DATE: December 3, 2013

Notwithstanding other provisions of said lease, the undersigned hereby consent to unitize E/2 SW/4 Section 4, Township 17 South, Range 26 West in Ness County, Kansas with W/2 SW/4 Section 4, Township 17 South, Range 26 West in Ness County, Kansas in accordance with the base lease dated December 8, 2009 (as extended) covering SE/4; E/2 SW/4 Section 4, Township 17 South, Range 26 West and recorded at Book 329, Page 57.

Melinda Faye Hammond
Melinda Faye Hammond

12-13-13
Date

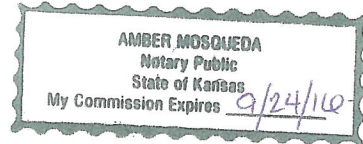
STATE OF KANSAS
COUNTY OF Harvey, ss:

BE IT REMEMBERED, that on this 13th of December, 2013, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Melinda Faye Hammond, a single person, personally known to me to be the identical person who executed the foregoing CONSENT TO UNITIZE AGREEMENT and acknowledge to me that she executed the same as her free and voluntary act and deed for the uses and purposes therein set forth.

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

Amber Mosqueda
NOTARY PUBLIC - I

My commission expires: 9/24/14



CONSENT TO UNITIZE AGREEMENT

LESSORS:

Crystal Ann Schmidt, a single person

LESSEE: Palomino Petroleum, Inc.

ACREAGE: E/2 SW/4; W/2 SW/4, Section 4, Township 17 South, Range 26 West

COUNTY: NESS COUNTY, KS

DATE: December 3, 2013

Notwithstanding other provisions of said lease, the undersigned hereby consent to unitize E/2 SW/4 Section 4, Township 17 South, Range 26 West in Ness County, Kansas with W/2 SW/4 Section 4, Township 17 South, Range 26 West in Ness County, Kansas in accordance with the base lease dated December 8, 2009 (as extended) covering SE/4; E/2 SW/4 Section 4, Township 17 South, Range 26 West and recorded at Book 329, Page 57.

Crystal Ann Schmidt
Crystal Ann Schmidt

12-9-13
Date

STATE OF KANSAS
COUNTY OF Palomino, ss:

BE IT REMEMBERED, that on this 9th of Dec, 2013, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Crystal Ann Schmidt, a single person, personally known to me to be the identical person who executed the foregoing CONSENT TO UNITIZE AGREEMENT and acknowledge to me that she executed the same as her free and voluntary act and deed for the uses and purposes therein set forth.

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

Whitney L. Haremza
NOTARY PUBLIC -

My commission expires: 8-8-2016



CONSENT TO UNITIZE AGREEMENT

LESSORS:

Julie Diane Scott and David L. Scott, her husband.

LESSEE: Palomino Petroleum, Inc.

ACREAGE: E/2 SW/4; W/2 SW/4, Section 4, Township 17 South, Range 26 West

COUNTY: NESS COUNTY, KS

DATE: December 3, 2013

Notwithstanding other provisions of said lease, the undersigned hereby consent to unitize E/2 SW/4 Section 4, Township 17 South, Range 26 West in Ness County, Kansas with W/2 SW/4 Section 4, Township 17 South, Range 26 West in Ness County, Kansas in accordance with the base lease dated December 8, 2009 (as extended) covering SE/4; E/2 SW/4 Section 4, Township 17 South, Range 26 West and recorded at Book 329, Page 57.

Julie Diane Scott
Julie Diane Scott

12-8-13
Date

David L. Scott
David L. Scott

12-8-13
Date

STATE OF KANSAS
COUNTY OF Pratt, ss:

BE IT REMEMBERED, that on this 8th of Dec., 2013, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Julie Diane Scott and David L. Scott, her husband personally known to me to be the identical persons who executed the foregoing CONSENT TO UNITIZE AGREEMENT and acknowledge to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

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

Sarah Scott
NOTARY PUBLIC

My commission expires: 10/1/14



OIL AND GAS LEASE



AGREEMENT, Made and entered into the 20th day of May 2009 by and between Donna Baker, a single person

whose mailing address is PO Box 55 Ransom, Kansas 67572 hereinafter called Lessor (whether one or more), and Palomino Petroleum Inc.

hereinafter called Lessee:

Lessor, in consideration of One and More Dollars (\$ One (1.00)) in hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring by geophysical and other means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest, therein situated in County of Ness State of Kansas described as follows to-wit:

Township 17 South, Range 26 West Section 4: NW/4, W/2SW/4

In Section Township Range and containing 240 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of Two (2) years from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or land with which said land is pooled.

In consideration of the premises the said lessee covenants and agrees: 1st. To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd. To pay lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8), at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (1/8) of the proceeds received by lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. Where gas from a well producing gas only is not sold or used, lessee may pay or tender as royalty One Dollar (\$1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for lessee's operation thereon, except water from the wells of lessor. When requested by lessor, lessee shall bury lessee's pipe lines below plow depth. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of lessor. Lessee shall pay for damages caused by lessor's operations to crops on said land. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

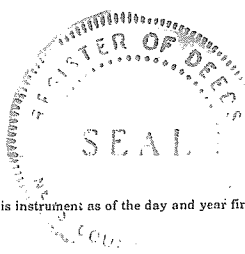
If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

Lessee may at any time execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

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

Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.



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

Witnesses: Donna Baker

State of Kansas - Ness County

Book: 327 Page: 649

Receipt #: 6132 Recording Fee: \$12.00 Pages Recorded: 2 Cashier Initials: MH

Date Recorded: 11/10/2009 11:25:00 AM