

Well will not be drilled or Permit Expired Date: _

Signature of Operator or Agent:

For KC	C Use:			
Effective	Date:			
District #	#			
SGA?	Yes	No		

SGA?

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

	and the state of t		Spot Description:
	month day	year	Sec TwpS. R EV
OPERATOR: License#			feet from N / S Line of Section
			feet from E / W Line of Section
ddress 1:			Is SECTION: Regular Irregular?
			(Note: Locate well on the Section Plat on reverse side)
	State: Zip:		County:
Contact Person:			Lease Name: Well #:
hone:			Field Name:
CONTRACTOR: License#			Is this a Prorated / Spaced Field?
lame:			Target Formation(s):
			Nearest Lease or unit boundary line (in footage):
Well Drilled For:	Well Class: Type	Equipment:	Ground Surface Elevation:feet MS
Oil Enh R	Rec Infield	Mud Rotary	Water well within one-quarter mile:
Gas Storag	ge Pool Ext.	Air Rotary	
Dispo		Cable	,
Seismic ;# c			Depth to bottom of fresh water:
Other:			Depth to bottom of usable water:
If OWWO: old well	information as follows:		Surface Pipe by Alternate: II III
			Length of Surface Pipe Planned to be set:
Operator:			Length of Conductor Pipe (if any):
			Projected Total Depth:
Original Completion Da	ate: Original Total	Depth:	
Directional Devicted or He	rizontal wallbara?	Yes No	Water Source for Drilling Operations:
Directional, Deviated or Hol	nzontal wellbore?		Well Farm Pond Other:
•			DWR Permit #:
			(Note: Apply for Permit with DWR)
			Will Cores be taken?
			If Yes, proposed zone:
		AF	FIDAVIT
The undersigned hereby a	affirms that the drilling, comple		FIDAVIT ugging of this well will comply with K.S.A. 55 et. seq.
	affirms that the drilling, comple	etion and eventual pl	
It is agreed that the follow	ving minimum requirements will	etion and eventual pl	
t is agreed that the follow 1. Notify the appropria	ving minimum requirements will attend of the district office prior to spude	etion and eventual pl I be met: ding of well;	ugging of this well will comply with K.S.A. 55 et. seq.
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Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

Spud date: _



SEWARD CO. 3390' FEL

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: _							_ LO	cation of vv	reii: County	':				
Lease:										feet	from	N /	S Line	of Section
Well Numb										feet	from	F /	W Line	of Section
												` =	E [W
Field:							_ 5e	J	Twp	ა.	K		_ = _	VV
Number of	Acres attr	ibutable to	well:						┌╻.					
QTR/QTR/							10 0	Section:	Regula	r or	Irregular			
QIIVQIIV	QIIVQIIV	or acreay	c											
							If S	ection is	Irregular, le	ocate well	from nea	rest co	rner boun	dary.
							Se	ction corne	er used:	NE _	NW S	SE 🗌 S	SW	
							PLAT							
	01		<i>.</i>	" 0'					0				•	
					-				dary line. Sł					
	lease roa	ds, tank b	atteries, pi	ipelines an			-		as Surface	Owner No	tice Act (F	louse Bi	ill 2032).	
				2	You m	ay attach a	a separate	plat if desi	ired.					
					210 ft.									
		:	:	:		:	:	:						
		:	:	:		:	:	:			LEGE	NID.		
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NOTE: In all cases locate the spot of the proposed drilling locaton.

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

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



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 Drilling Pit Workover Pit Haul-Off Pit (If WP Supply API No. or Year Drilled)	Pit is: Proposed Existing If Existing, date constructed: Pit capacity:		SecTwpR East WestFeet from Rast / West Line of SectionFeet from East / West Line of Section		
		(bbls)	County		
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		
Depth fro	om ground level to dea	epest point:	(feet) No Pit		
If the pit is lined give a brief description of the li material, thickness and installation procedure.	nei		dures for periodic maintenance and determining ncluding any special monitoring.		
Distance to nearest water well within one-mile	of pit:	Depth to shallo Source of infor	west fresh water feet. mation:		
feet Depth of water well	feet	measured	well owner electric log KDWR		
Emergency, Settling and Burn Pits ONLY:		Drilling, Work	over and Haul-Off Pits ONLY:		
Producing Formation:		Type of materia	al utilized in drilling/workover:		
Number of producing wells on lease:		Number of working pits to be utilized:			
Barrels of fluid produced daily:		Abandonment procedure:			
Does the slope from the tank battery allow all spilled fluids to flow into the pit? Yes No		Drill pits must be closed within 365 days of spud date.			
Submitted Electronically					
	KCC	OFFICE USE O			
Date Received: Permit Num	ber:	Permi	Liner Steel Pit RFAC RFAS it Date: Lease Inspection: Yes No		



1200068

Form KSONA-1
January 2014
Form Must Be Typed
Form must be Signed
All blanks must be Filled

CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

This form must be submitted with all Forms C-1 (Notice of Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); T-1 (Request for Change of Operator Transfer of Injection or Surface Pit Permit); and CP-1 (Well Plugging Application).

Any such form submitted without an accompanying Form KSONA-1 will be returned.

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

OPERATOR: License #	Well Location:
Name:	SecTwpS. R East West
Address 1:	County:
Address 2:	Lease Name: Well #:
City: State: Zip: + Contact Person:	If filing a Form T-1 for multiple wells on a lease, enter the legal description of 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: State: Zip:+	
the KCC with a plat showing the predicted locations of lease roads, tan are preliminary non-binding estimates. The locations may be entered of	odic Protection Borehole Intent), you must supply the surface owners and ble batteries, pipelines, and electrical lines. The locations shown on the plat on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.
Select one of the following:	
owner(s) of the land upon which the subject well is or will be	Act (House Bill 2032), I have provided the following to the surface located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form being filed is a Form C-1 or Form CB-1, the plat(s) required by this and email address.
KCC will be required to send this information to the surface of	acknowledge that, because I have not provided this information, the wner(s). To mitigate the additional cost of the KCC performing this s of the surface owner by filling out the top section of this form and KCC, which is enclosed with this form.
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	g fee with this form. If the fee is not received with this form, the KSONA-1 -1 will be returned.
Submitted Electronically	
I	

PRODUCERS 88-PAID UP Cov. Ext-99

NUMERIC ... DIRECT INDIRECT COMP. ORIG. COMPUTER

ULU 3 1 2009

STATE OF KANSAS, LANE COUNTY, SS is instrument was filed for record on the day of Acember A.D. 200 at 800 o'clock A M and duly recorded in Book 130 on page 13 Fee 24.00 Register of Deeds

OIL AND GAS LEASE KANSAS [PAID UP]

454

THIS AGREEMENT, made and entered into this 29th day of October	2000
and between Lane County Feeders, Inc., a Kansas corporation	, <u>2009</u> by
P.O. Box 607	(268
Dighton, KS 67839	
hereinafter eafled Lessor, (whether one or more) and CREDO PETROLEUM CORPOR	ATION
- Iou Droadway, Suite 900 Denver Colorado 90202	
hereinaster called Lessee:	
WITNESSETH:	
1. That the Lessor, for and in consideration of the sum of ten and more Dollars (\$ 10.0 consideration, receipt of which is hereby acknowledged, and the covenants and provisions contained herein to be kept by and fet unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, explooperating for, producing, and taking care of all oil, gas and all of the products of oil and gas, with rights of way and easer telegraph lines and the exclusive right of injecting water, brine and other fluids into subsurface strata, and the building of all other rights and privileges necessary, incident to, or convenient for the economical operation alone, or conjointly we saving and taking care of all said products on that certain tract of land situated in the County of Lane State	Lessee, does hereby grant, demise, least ring by geophysical and other methods ments for laying pipelines, telephone and f structures, tanks, roadways and any and
REFER TO ATTACHED ADDENDUM	
containing acres, more or less.	
2. It is agreed that this lease shall remain in full force and effect for a primary term of Three (3) years from gas or the products of oil or gas are produced from said leased premises, or drilling operations are continued as hereinafter produced from said leased premises.	provided.
3. This is a PAID-UP LEASE. In consideration of the down payment, Lessor agrees that Lessee shall not be herein, to commence or continue any operations during the primary term, or to make any rental payments during the primary term for after the primary term hereof surrender this lease as to all or a portion of the lands covered herein by delivering to or releases, and thereafter be relieved of all obligations accruing hereunder as to the acreage surrendered. The lease shall covered herein to the covered herein by delivering to acreage not surrendered.	ry term. Lessee may at any time or times
4 All payments required to be made under this lease shall be made or tendered to the Lessor or to the Lessor's each of the Lessor's eac	
5. Lessee agrees to pay Lessor a royalty on production covered hereby as follows: 18. Lessee shall deliver to the credit of Lessor as royalty, free of cost, in the pipeline to which Lessor of all oil produced and saved from the leased premises, or at Lessee's option, may pay to the Lessor for such or like grade and gravity prevailing on the day such oil is run into the pipeline, or into storage tanks	ee may connect its wells, the equal one- ne-eighth royalty the market price for oil
2^{64} . Lessee shall pay Lessor as royalty on gas marketed from each well one-eighth of the proceed Lessee, off the leased premises, then one-eighth of its market value at the well.	ds if sold at the well, or if marketed by
3 rd . Lessee shall pay Lessor one-eighth of the proceeds received by the Lessee from the sale of easi and one-eighth of the value, at the mouth of the well, computed at the prevailing market price, of the easinghead gas produc off the leased premises for any purpose or used on the leased premises by Lessee for purposes other than the development at	inghead gas produced from any oil well ed from any oil well and used by Lessee ad operation thereof
100	

4th. Lessee shall pay to Lessor one-eighth of the proceeds from the sale of all other products of oil and gas not otherwise referred to hereinabove.

6. Where there is a gas well, or wells on the lands covered by this Lease, or acreage pooled therewith, whether it be before or after the primary term 6. Where there is a gas well, or wells on the tands covered by this Lease, or acreage pooled increwin, whether it be before or after the primary term hereof, and such well or wells are shut-in, and there is no other production, drilling operations or other operations being conducted capable of keeping this Lease in before the anniversary date of this Lease next ensuing after the expiration of 90 days from the date such well or wells are shut-in, and thereafter on the anniversary date of this Lease heat ensuing after the expiration of 90 days from the date such well or wells are shut-in, and thereafter on the anniversary date of the provident that this Lease is maintained in full force and officer. date of this Lease during the period such wells are shut-in, and upon such payment it shall be considered that this Lease is maintained in full force and effect

7. If the Lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shad-in gas royalty) herein provided for shall be paid the said Lessor only in the proportion which Lessor's interests bear to the whole and undivided fee

- 8. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if Lessee shall commence operations for drilling a well at any time while this lease is in force, this lease shall remain in force and its term shall continue so long as such operations are prosecuted as set out in Paragraph 9 hereof, and if production results therefrom, then so long as production continues.
- 9. If at the expiration of the primary term of this lease, oil, gas, or the products of oil and gas are not being produced on the leased premises but Lessee has been engaged in drilling or reworking operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises; and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or the abandonment of one well and the beginning of operations for the drilling of a subsequent well. If, after the discovery of oil or gas or the products of oil or gas on the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or reworking operations within ninety (90) days from the date of cessation of production or from date of completion of a dry hole. If oil one gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this oil, gas or the products of oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil, gas, or the products of oil or gas shall be produced from the leased premises

10 Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operations thereon, except water from the wells of the Lessor. When requested by Lessor, Lessee shall bury pipelines below plow depth. No well shall be drilled nearer than 200 feet to any house or barn on said land. I according to the last without written consent of the Lessor. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land. I according to the last without written consent of the Lessor and Gutters alread to good the last without written consent of the Lessor. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove easing, but shall not have the obligation to do so.

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	assignment or otherwise) shall be binding on the complete chain of record title from the Lessor, and then only with respect to payments thereafter made different portions or parcels of said land shall operate to enlarge the obligations, or to diminish the rights of the Lessee, and all of Lessee's operations may be assigned in whole or in part, he change in ownership of Lessor's interest (by documents and other information necessary to establish a complete chain of record title from the Lessor, and then only with respect to payments thereafter made different portions or parcels of said land shall operate to enlarge the obligations, or to diminish the rights of the Lessee, and all of Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be hable for any act or omission on the part of any other leasehold owner.
	12. Lessee, at its option, is hereby given the right and power to voluntarily pool or combine the lands covered by this lease, or any portion thereof, as to the oil and gas, or either of them, with any other land, lease or tenses adjacent thereto when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said premises, such pooling to be into units not exceeding eighty (80) acres for an oil well, plus a tolerance of ten percent (10%), and not exceeding six hundred forty (640) acres for a gas well, plus a tolerance of ten percent (10%), except that larger units may be created to conform to any spacing or well unit pattern that may be prescribed by governmental authorities having jurisdiction. Lessee shall execute in writing and record in the County Records as as if it were included in this lease, and drilling or reworking operations thereon or production of oil or gas therefrom, or the completion thereon of a well as a shutwas on the land covered by this lease, whether or not the well or wells be located on the premises covered by this lease. In lieu of royalties elsewhere herein placed in the unit or his royalty interest therein bears to the total acreage so pooled.
	13. On or before the expiration of the primary term of this lease, the Lessee, its successors or assigns, shall have the option and right to renew this lease as to all or any portion of the acreage described herein and extend the primary term thereto an additional Two (2) years commencing on the expiration of the primary term of this lease, by making payment to Lessor's credit in the depository bank hereinabove shown on or before such expiration date in the sum of those portions of the leased premises to which an extension is not sought.
	14. In the absence of production, Lessee may terminate any unitized area by filing in the county records a Notice of Termination of the unit. All express or implied covenants of this lease shall be subject to all federal and state laws, executed orders, rules or regulations of governmental bodies having jurisdiction, and failure is the result of any such law, order, rule, or regulation
	15 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 land in the event of failure of payment by the Lessor, and be subrogated to the rights of the holder thereof, and in addition Lessee may reimburse itself for such payments out of any royalties or rentals payable to Lessor
	16 All the provisions of this Lease shall be binding on the heirs, successors, assigns, and legal representatives of the Lessor and Lessee.
	IN WITNESS WHEREOF this instrument is executed on the day and year first hereinabove set out.
	LANE COUNTY FEEDERS, INC.
	Mendall E. Clark, President
	Tax ID #
	STATE OF)
	COUNTY OF) SS (INDIVIDUAL ACKNOWLEDGMENT)
	Before me the undersigned, a Notary Public, within and for said county and state, on thisday of,
	personally appearedand to meand to me executed the within and foregoing instrument and acknowledged to me that
	executed the same as free and voluntary act and deed for the uses and purposes therein set forth.
	IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.
	and the day and year last above written.
	vly commission expires
	Notary Public
4	STATE OF KANSAS
,	OUNTY OF LANE (CORPORATION ACKNOWLEDGMENT)
,	COUNTY OF LANE (CORT GROTTON ACKNOWLEDGMENT)
ŀ	On this 3th day October, 2009 before me, the undersigned, a Notary Public in and for the county and state aforesaid, dersonally appeared Kendall E. Clark of Lane County Feeders, Inc., a Kansas corporation—to me personally nown to be the identical person who signed the name of the maker thereof to the within and foregoing instrument as its president—and acknowledged to me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed, and as
	Given under my hand and seal the day and year last above written.
Ŋ	ly commission expires John R. GENSCH JOHN R. GENSCH Notary Public
	E DE FILESON MARIES () / COURT VEHILLE
	HOTARY PUBLIC Notary Public STATE OF ICARDAD My Appl. Exp. ICAC 2012
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ADDENDUM To Oil and Gas Lease, dated October 29, 2009 by and between

LANE COUNTY FEEDERS, INC., a Kansas corporation

Hereinafter referred to as Lessor and

CREDO PETROLEUM CORPORATION

Hereinafter referred to as Lessee:

This Addendum is a part of that certain Oil and Gas Lease (the "Lease") identified above by date and parties covering all of the property described in paragraph 1 below, located in LANE COUNTY, KANSAS, and containing 1,120 acres, more or less; to the same extent as if the provisions hereof had originally been written in said Lease. The terms and provisions of the Addendum shall be deemed controlling, notwithstanding anything to the contrary or inconsistent with the provisions contained within the attached Lease, and regardless of whether such contrary or inconsistent items have been deleted.

 SEPARATE LEASE FOR EACH TRACT. Lessor and Lessee agree that this Lease that constitute a separate Lease agreement with respect to each of the following described tracts in Lane County, Kansas:

Township 16 South, Range 29 West of the 6 th P.M. (Tract 1) Section 26: SW¼ (Tract 2) Section 33: SE¼	<u>Acres</u> 160 160
Township 17 South, Range 29 West of the 6 th P.M. (Tract 3) Section 3: SW ¹ / ₄	
(Tract 4) Section 10: NE1/4	160
(Tract 5) Section 10; NE 1/4	160
(Tract 5) Section 10: NW1/4	
(Tract 6) Section 11: NE1/4	160
(Tract 7) Section 11: NW1/4	160
	160

In no event shall the production of oil or gas on any individual tract extend the primary term of the lease on the other tracts listed herein, unless such tracts are included in a gas-producing unit. Lessee shall be obligated to file of record in the county courthouse in which the leased premises are located, within thirty (30) days following written demand thereof by Lessor, a release of this Lease covering any tracts whose primary term is not extended by actual production on such tract or by being included in a gas-producing unit. If such release is not mailed or delivered to the county for filing within thirty (30) days following written demand, Lessee shall be liable for damages, including attorney's fees, if any, incurred by Lessor in obtaining such.

2. ACCESS ROADS AND PIPELINES: TERRACES AND PITS.

- (a) Prior to the construction of any road on the leased premises, Lessee shall consult with the surface owner as to the location and direction of the same. However, final determination for the location of the road to above-described equipment shall reside with Lessee.
- (b) There shall be no oil road surfaces or hard surfacing of any access roads without the written consent of the surface owner. Lessee shall bury pipelines to a depth of not less that forty inches (40") below the surface.
- (c) Lessee agrees to assume the responsibility for and the expense of lowering any pipeline, electric line, or pumping unit installed upon the leased premises when requested by surface owner, when reasonably necessary for the use of surface owner in his agricultural operations, Including, but not specifically limited to, the use of said land for irrigation purposes. Surface owner agrees to allow Lessee to use standard pumping unit (should production be established) on said lease. However, Lessee shall be required to use a low profile pumping unit where an overhead sprinkler is in place.
- (d) When Lessee digs a reserve pit, all black dirt will be piled separately. In the event of a dry hole or abandonment and the said pit is filled and leveled, then the last dirt removed from the pit shall be the first dirt put back into the pit.
- 3. <u>TERMINATION AND ABANDONMENT</u>. Upon termination of the lease (whether by abandonment or otherwise), the Lessee shall fill all pits and ponds constructed by Lessee, and remove all structures placed on the leased premises by Lessee, and reasonably restore the leased premises to the condition existing at the time this Lease was executed, all within six (6) months following such termination or abandonment. All pits shall be filled and leveled in accordance with the rules and regulations as set forth by the Kansas Corporation Commission. The surface owner is to be notified when pits are filled so that the surface owner may be present when the pits are filled and restoration.

ADDENDUM To Oil and Gas Lease, dated October 29, 2009 by and between

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Hereinafter referred to as Lessor and

CREDO PETROLEUM CORPORATION

Hereinafter referred to as Lessee:

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(Tract 3) Section 3: SW1/4	
(Tract 4) Section 10: NE1/4	160
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(Tract 6) Section 11: NE1/4	160
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1	160

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- 4. PROTECTION AGAINST POLLUTION. The Lessee agrees with the Lessor and surface owner that in connection with the operation and development of the leased premises, Lessee will follow the rules and regulations of the appropriate State or Federal Government Agency to protect all fresh water strata and the surface from pollution by salt water and other refuse. If at any time oil or salt water or chemicals used in the production of oil or gas shall flood over any grounds other than the immediate well site or tank battery site, damages shall be paid to the surface owner for each and every occurrence.
- 5. SALT WATER DISPOSAL. The Lessee shall consult with surface owner as to the location of any saltwater disposal equipment prior to its installation by Lessee in the operation of the Lease. With the exception of salt water produced from wells located on the leased premises or on lands pooled or utilized therewith, Lessee is prohibited from disposing of salt water without the written consent of the surface owner and without compensating the surface owner for the use thereof, upon such terms as are agreeable to the surface owner.

6. DAMAGES.

. .

- (a) Lessee shall be liable and responsible unto the surface owner for damages suffered by Surface owner and caused by Lessee, including, but not limited to, water contamination (surface and subsurface), damages to growing crops, land, pasture grass (pasture grass being considered a growing crop at any time of the year, notwithstanding the time of year the damage to the pasture occurs), livestock, underground pipelines, water wells, irrigation wells, buildings, improvements and fences. All damages payable under this paragraph (a) shall be due and payable within three (3) months of Lessee being notified by surface owner of the damages.
- (b) Lessee shall construct and properly maintain a permanent fence around each pumping unit, pit and tank battery installed on the leased premises in order to prevent injury to livestock. No notice shall be required from surface owner or surface owner's tenant with regard to the placement of cattle on the leased premises. Notwithstanding the construction of fencing, all livestock killed or poisoned by oil or chemicals, or injured by equipment or vehicles used in the operation of this Lease, shall be paid for by Lessee at fair market value, plus the sum of \$50 per animal for trouble and inconvenience caused to the owner of the livestock, said payment to be made within 30 days after notice to Lessee. Lessee shall have the right to have the livestock examined by a licensed veterinarian; the livestock owner shall thus notify Lessee before disposing of any dead or injured livestock.
- 7. INDEMNIFICATION. Lessee will indemnify, hold harmless, and defend Lessor and the surface owner against any claim, demand, cost, liability, loss, or damage (including reasonable attorney's fees suffered by Lessor or surface owner arising out of the following activities conducted by Lessee, or those having a contractual relationship with Lessee, on the leased premises:
 - (a) Any activity expressly or implicitly authorized or required by this Lease.
 - (b) Plugging and abandonment of wellbores drilled by Lessee.
 - (c) Management, use, and disposal of produced water and wastes or substances associated with Lessee's activities.
 - (d) The generation, processing, handling, transportation, storage, treatment, recycling, marketing, use, disposal, release of oil, natural gas, natural gas liquids, all other petroleum substances, and waste material, or any "Hazardous Substance" or "Pollutant" or Contaminant" as those terms are defined by the Comprehensive Environmental Response Compensation and Liability Act (CERCLA) at CERCLA §101 (14) and (33), 42 U.S.C. §9601 (14) and (3) (1988).

Lessee's obligations created by this section are continuing obligations that will continue in effect, and be Enforceable by Lessor and surface owner, or either of them, even after the Lessee terminates or otherwise ceases to burden the leased premises.

8. CRP PROVISIONS. The Lessee acknowledges that all or part of the land covered by this Addendum may now or subsequently be enrolled in the Conservation Reserve Program (CRP) of the Commodity Credit Corporation (CCC), United States Department of Agriculture. As long as any part of the leased premises is enrolled in the CRP, the Lessee shall be obligated, at Lessee's expense, to restore lands used by Lessee during its operations, to the same condition as nearly as practicable to its original condition as found prior to Lessee's operations and to take all necessary and reasonable precautions to prevent soil erosion resulting from Lessee's drilling operations. Such work shall be performed in a good and workmanlike manner and in such manner as may be required by the Farm Services Administration (FSA) under the terms of the CRP Contract. If drilling a well causes surface owner to lose any benefits of a CRP Contract that is in existence at the time the well is drilled, including repayment of past CRP payments, or loss of future CRP payments, Lessee shall reimburse surface owner for such damages.

- 9. TWO-YEAR EXTENSION OF LEASE. If at the end of the primary term, this lease is not otherwise continued in force under the provisions hereof, this lease shall expire, unless Lessee on or before the end of the primary term shall pay or tender to Lessor, the sum of Ten (\$10.00) multiplied by the number of net mineral acres owned by the Lessor in the land above described and then subject to this lease; and subject to other provisions of this lease, the primary term shall be extended for an additional term of two (2) years from the end of the primary term hereof. Notwithstanding the provisions of the lease to the contrary, this lease shall not be considered a producing lease by the payment of delay rental beyond the expiration of the primary term.
- 10. BINDING EFFECT. This Lease and Addendum to said Lease and all of its terms, conditions and stipulations Shall extend to and be binding upon the Lessor, the Lessee and the surface owner. together with the Heirs, devisees, executors, administrators, personal representatives, assigns and successors of the Lessor, Lessee and surface owner.

Lane County Feeders, Inc.

By: Die Clark, President

- 4. PROTECTION AGAINST POLLUTION. The Lessee agrees with the Lessor and surface owner that in connection with the operation and development of the leased premises, Lessee will follow the rules and regulations of the appropriate State or Federal Government Agency to protect all fresh water strata and the surface from pollution by salt water and other refuse. If at any time oil or salt water or chemicals used in the production of oil or gas shall flood over any grounds other than the immediate well site or tank battery site, damages shall be paid to the surface owner for each and every occurrence.
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 - (c) Management, use, and disposal of produced water and wastes or substances associated with Lessee's activities.
 - (d) The generation, processing, handling, transportation, storage, treatment, recycling, marketing, use, disposal, release of oil, natural gas, natural gas liquids, all other petroleum substances, and waste material, or any "Hazardous Substance" or "Pollutant" or Contaminant" as those terms are defined by the Comprehensive Environmental Response Compensation and Liability Act (CERCLA) at CERCLA §101 (14) and (33), 42 U.S.C. §9601 (14) and (3) (1988).

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Lane County Feeders, Inc.

By: 24 Mile & Clark, President

AFFIDAVIT OF OIL AND GAS LEASE EXTENSION

STATE OF KANSAS)
)
COUNTY OF LANE)

Michael D. Davis, Chief Operating Officer of Credo Petroleum Corporation, being first duly sworn deposes and says:

My name is Michael D. Davis, that I am of lawful age and reside in Denver County, Colorado. Whereas, the following described oil and gas lease:

Date:

October 29, 2009

Lessor:

Lane County Feeders, Inc., a Kansas corporation

Lessee:

Credo Petroleum Corporation

Recording Data: Legal Description:

Book130 at Page 13

Township 16 South, Range 29 West

Section 26: SW/4 Section 33: SE/4

Township 17 South. Range 29 West

Section 3: SW/4 Section 10: NE/4 Section 10: NW/4 Section 11: NE/4 Section*11: NW/4

Lane County, Kansas, containing 1,120.00 acres more or less,

containing an option to extend the primary term of the referenced lease for an additional two (2) year period by tendering to the Lessor the sum of \$10.00 per net mineral acre covered by the oil and gas lease.

Affiant knows of his knowledge that the above sum and consideration has been paid to the Lessor(s) and that the primary term of the lease has been extended as aforesaid.

Further affiant saith not.

Executed this 11 day of October, 2012

STATE OF KANSAS, LANE COUNTY, SS This instrument was filled for record on the

29 day of Octobel A.D.20/2 at 210 o'clocks M and duly recorded in Book 14.3 on page 2

Register of Deeds

NUMERICAL DIRECT INDIRECT JOONE ORIG. COMPUTER

Michael D. Davis, C.O.O.

I

STATE OF COLORADO)
)
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 11 day of October. 2012, by Michael D. Davis.

Notary Public

Marie D. Heuser Motary Public State of Colorado

My appointment expires: 05

2

PRODUCERS 88-PAID UP Rev. Eq.-2010

NUME AL DIRECT INDIRECT COMP. ORIG

TE OF KANSAS, LANE COUNTY, SS instrument was filed for record on the
2/ day of march
A.D. $20/2$ at 10^{30} o'clock/9 M and duly recorded in Each 130^{9} on page 93^{9}
Delines Bulenspi Deput

	COMPUNER	OIL AND GAS LEASE	101
		KANSAS [PAID UP]	Deline Balenski Deput
THIS AGR	REEMENT, made and entered into this	3 rd day of January	, <u>2012</u> by
and between		of the Grace Elaine Snider Tr	rust No. 1 dated February 23, 1995
	221 N. Ike Road Healy, KS 67850		
	Treaty, R5 07850	<u> </u>	
ereinafter cal	led Lessor, (whether one or more) and	CREDO PETROLEUN	M CORPORATION
	1801 Broadway, Suite 900, I	Denver, Colorado 80202	hereinafter called Lessee
VITNESS	ETH.		
1. consideration, and let unto t operating for, telegraph line all other right	That the Lessor, for and in consideration of receipt of which is hereby acknowledged, the said Lessee, the land hereinafter descriproducing, and taking care of all oil, gas are and the exclusive right of injecting water, and privileges necessary, incident to, or	and the covenants and provisions contained hibed, with the exclusive right for the purposed all of the products of oil and gas, with right, brine and other fluids into subsurface strata, convenient for the economical operation alor	Dellars (\$ 10.00\(\delta\)), and other good and valuable rein to be kept by Lessec, does hereby grant, demise, least the of mining, exploring by geophysical and other method atts of way and easements for laying pipelines, telephone are and the building of structures, tanks, roadways and any are, or conjointly with neighboring land, for the production the state of Kansas, described as follows, to-wit:
		UTH, RANGE29 WEST OF T	
	Section 10: S1/2	JIH, KANGEZY WEST OF T	<u>HE 6 P.M.</u>
containing	320 acres, more or less.		
January 2 as hereinafter	2, 2013 and as long thereafter as oil, gas provided.		m said leased premises, or drilling operations are continued
during or after	r the primary term hereof surrender this leas d thereafter be relieved of all obligations ac	ic primary term, or to make any rental paymen	Lessee shall not be obligated, except as otherwise provide nts during the primary term. Lessee may at any time or time crein by delivering to Lessor, or by filing for record a released. The lease shall continue in force and effect as to all of the
4	All payments required to be made under this	s lease shall be made or tendered to the Lessor	or to the Lecture's enable in the
ank with win	Pay Directly to Lessor Bank (such it may be merged, or consolidated, or warry regardless of changes in the ownership of	(depository bank) at	or successors, or ar part thereof, by purchase or atherwise, which shall continu
eighth part of	Lessee agrees to pay Lessor a royalty on pro Lessee shall deliver to the cred all oil produced and saved from the leased and gravity prevailing on the day such oil is	lit of Lessor as royalty, free of cost, in the pip	peline to which Lessee may connect its wells, the equal one to be Lessor for such one-eighth royalty the market price for o
lessee, off the	2 nd . Lessee shall pay Lessor as ro e leased premises, then one-eighth of its mar	yalty on gas marketed from each well one-ei- ket value at the well.	ighth of the proceeds if sold at the well, or if marketed b
and one-eighth off the leased	3 rd . Lessee shall pay Lessor one-ein of the value, at the mouth of the well, compremises for any purpose or used on the learning.	ighth of the proceeds received by the Lessee inputed at the prevailing market price, of the cased premises by Lessee for purposes other than	from the sale of casinghead gas produced from any oil we singhead gas produced from any oil well and used by Lessen the development and operation thereof.
ereinabove.	4th . Lessee shall pay to Lessor of	ne-eighth of the proceeds from the sale of a	all other products of oil and gas not otherwise referred t
orce under an	y of its provisions, Lessee shall pay as roya	ally to Lessor the sum of One Dollar (\$1.00) p	ed therewith, whether it be before or after the primary terr operations being conducted capable of keeping this Lease i per year per net royalty acre, such payment to be made on o h well or wells are shut-in, and thereafter on the anniversar if that this Lease is maintained in full force and effect.
7. l my shut-in ga	If the Lessor owns a lesser interest in the a s royalty) herein provided for shall be paid t	bove described land than the entire and undiv the said Lessor only in the proportion which Lo	rided fee simple estate therein, then the royalties (includin essor's interests bear to the whole and undivided fee.
8. ? my time while	Notwithstanding anything in this tages and	nined to the contrary, it is expressly agreed the	at if Lessee shall commence operations for drilling a well as such operations are prosecuted as set out in Paragraph
9. It as been engage ased premise bandonment of aid land or a commences ad ack) within noticeovered and	f at the expiration of the primary term of the ged in drilling or reworking operations there is; and operations shall be considered to be of one well and the beginning of operations acreage pooled therewith, the production (ditional drilling or reworking operations, (injecty (90)) days from the data of experience.	ois lease, oil, gas, or the products of oil and gaeon, then this lease shall continue in force so le continuously prosecuted if not more than nis for the drilling of a subsequent well. If, after thereof should cease from any cause after the neluding but not limited to drilling, testing, co of production of from date of completion of	as are not being produced on the leased premises but Lesse long as operations are being continuously prosecuted on the inety (90) days shall clapse between the completion or the result of the discovery of oil or gas or the products of oil or gas of the primary term, this lease shall not terminate if Lesse ompleting, reworking, recompleting, deepening, or plugging a dry hole. If oil, gas or the products of oil or gas shall before this lease, this lease shall continue in force so long as oil.
remises as of	the date of this lease without written concer-	at of the Large T	for Lessee's operations thereon, except water from the well be drilled nearer than 200 feet to any house or barn on sai ages caused by Lessee's operations to growing crops on sai ses, including the right to draw and remove casing, but sha
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No other notice of any kind or character, whe different portions or parcels of said land sha conducted without regard to any such division any other leasehold owner.

nctual or constructive, shall be binding on the Lessee. Note to enlarge the obligations, or to diminish the right or any part of this lease is assigned, no leasehold own

ent or tuture division of Lessor's ownership as to be Lessee, and all of Lessee's operations may be It be liable for any act or omission on the part of

12. Lessee, at its option, is hereby given the right and power to voluntarily pool or combine the lands covered by this lease, or any portion thereof, as to the oil and gas, or either of them, with any other land, lease or leases adjacent thereto when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said premises, such pooling to be into units not exceeding eighty (80) acres for an oil well, plus a tolerance of ten percent (10%), and not exceeding six hundred forty (640) acres for a gas well, plus a tolerance of ten percent (10%), except that larger units may be created to conform to any spacing or well unit pattern that may be prescribed by governmental authorities having jurisdiction. Lessee shall execute in writing and record in the County Records as instrument identifying and describing the pooled acreage. The entire acreage so pooled into units shall be treated for all purposes, except the payment of royalties, as if it were included in this lease, and drilling or reworking operations thereon or production of oil or gas therefrom, or the completion thereon of a well as a shuting gas well, shall be considered for all purposes, except the payment of royalties, as if such operation were on, or such production were from, or such completion was on the land covered by this lease, whether or not the well or wells be located on the premises covered by this lease. In lieu of royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive from a unit so formed only such portion of the royalties stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein bears to the total acreage so pooled. 13. On or before the expiration of the primary term of this lease, the Lessee, its successors or assigns, shall have the option and right to renew this lease as to all or any portion of the acreage described herein and extend the primary term thereto an additional One (1) years commencing on the expiration of the primary term of this lease, by making payment to Lessor's credit in the depository bank hereinabove shown on or before such expiration date in the sum of Ten and No/100ths DOLLARS (\$10.00) per net mineral acre for each acre to which the term of this lease is extended, and to release this lease as to those portions of the leased premises to which an extension is not sought. 14. In the absence of production, Lessee may terminate any unitized area by filing in the county records a Notice of Termination of the unit. All express or implied covenants of this lease shall be subject to all federal and state laws, executed orders, rules or regulations of governmental bodies having jurisdiction, and this lease shall not terminate in whole or in part, nor shall Lessee be 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. 15. 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 land in the event of failure of payment by the Lessor, and be subrogated to the rights of the holder thereof, and in addition Lessee may reimburse itself for such payments out of any royalties or rentals payable to Lessor.

16. All the provisions of this Lease shall be binding on the heirs, successors, assigns, and legal representatives of the Lessor and Lessee.

REFER TO ADDENDUM TO OIL AND GAS LEASE ATTACHED HERETO.

The second of the control of the con				
IN WITNESS WHEREOF this instrument is executed on the day and year first hereinabove set out.				
GRACE ELAINE SNIDER, TRUST #1				
Greace Electron medica				
Grace Elaine Snider, Trustee				
STATE OF Kansas)				
COUNTY OF Lane) SS (INDIVIDUAL ACKNOWLEDGMENT)				
Before me the undersigned, a Notary Public, within and for said county and state, on this and day of January, 2012 personally appeared Grace Elaine Snider, Trustee of the Grace Elaine Snider Trust #1 dated February 23, 1995 and to me personally to be the identical person who executed the within and foregoing instrument and acknowledged 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 and official seal the day and year last above written.				
My commission expires 8-24-2013 Debbre & Brackett				
NOTARY PUBLIC - State of Kansas DEBBIE S. BRACKETT My Appt. Expires 3-24-13				
STATE OF)				
COUNTY OF) SS (CORPORATION ACKNOWLEDGMENT)				
On this day before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared to me personally known to be the identical person who signed the name of the maker thereof to the within and foregoing instrument as its				
instrument as its and acknowledged to me that executed the same as free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.				
Given under my hand and seal the day and year last above written.				
My commission expiresNotary Public				
Toury I done				

ADDENDUM to and made a part of that certain oil and gas lease dated January 3, 2012 by and between Grace Elaine Snider, Trustee of the Grace Elaine Snider Trust No. 1 dated February 23, 1995 as Lessor and Credo Petroleum Corporation, as Lessee.

ADDENDUM TO OIL AND GAS LEASE

- 17. Notwithstanding that Lessee will require ingress and egress for operations without delay, Lessee shall consult with the Lessor (surface owner and/or tenant) as to the location, direction and designation of any roadway or access route on the leased premises, provided that such designated and/or access route shall be sufficient in width for normal operations. Furthermore prior to the construction of any roads, pipelines, tank battery installations, or installations of other equipment on the leased premises, Lessee shall consult with the surface owner and/or tenant as to the locations of same. Notwithstanding, all storage tanks and tank battery installations shall be installed in any of the four (4) corners of the leased premises.
- 18. Lessee shall reasonably restore the premises as nearly as practicable to its original contours and condition, including but not limited to the filing of all pits, ponds, and removal of all structures, including roadway surface material, if any, placed thereon during the term of said lease; and upon abandonment, Lessee shall similarly comply with the provisions of restoration herein set forth within six (6) months from the date of abandonment.
- 19. Lessee shall agree to conduct its operations on the leased premises in such a way as to minimize interference with irrigation activities that are now being conducted or hereinafter are conducted on the surface. In the event a test well(s) is drilled on the leased premises and completed for production of oil and/or gas, Lessee agrees to install low-profile pumping equipment and any other equipment required for production of oil and gas shall be placed on the land at such a level, which will permit a circular irrigation system to traverse said land.
- 20. This lease is subordinate to that certain Oil and Gas Lease dated January 22, 2008 and recorded at Book 122, Page 05. Lessor hereby agrees not to revise, modify or extend the said lease.
- 21. In the event a well is drilled on the leased premises by the current Lessee, its successors or assigns, Credo Petroleum Corporation shall have the option to release this Lease prior to the effective date referenced herein.

Signed for Identification

Grace Elaine Snider, Trustee

Lice Elevin Sniely



Fall & Associates

Stake and Elevation Service 719 W. 5th Street P.O. Box 404 Cencerdia, KS. 66901

1-800-536-2821 Date _____4-7-14 Invoice Number ____0331141 LCF 2-11 FORESTAR PETROLEUM CORP. Farm Name Number Operator 2210'FNL 2510'FWL 11 17s 29w Lane-KS Location R County-State Elevation 2792 Gr. Forestar Petroleum Corp. 1801 Broadway Ordered By: Justin Suite 600 Denver, CO. 80202 Scale 1"=1000" Tank Battery Lease Rd / Elec / flow lines Feed lot Pens Stake 2510' Set 5' wood stake on level corn stalks 150'W of W feedlot fence.

