



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

KANSAS CORPORATION COMMISSION 1219151
 OIL & GAS CONSERVATION DIVISION

Form C-1
 March 2010

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

NOTICE OF INTENT TO DRILL

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

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

Expected Spud Date: _____
month day year

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

CONTRACTOR: License# _____
 Name: _____

Well Drilled For:	Well Class:	Type Equipment:
<input type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input type="checkbox"/> Infield
<input type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Pool Ext.
	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat
<input type="checkbox"/> Seismic ; _____ # of Holes	<input type="checkbox"/> Other	<input type="checkbox"/> Mud Rotary
<input type="checkbox"/> Other: _____		<input type="checkbox"/> Air Rotary
		<input type="checkbox"/> Cable
<input type="checkbox"/> If OWWO: old well information as follows:		

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

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

Spot Description: _____
 _____ - _____ - _____ Sec. _____ Twp. _____ S. R. _____ E W
(Q/Q/Q/Q)
 _____ feet from N / S Line of Section
 _____ feet from E / W Line of Section
 Is SECTION: Regular Irregular?

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

County: _____
 Lease Name: _____ Well #: _____
 Field Name: _____
 Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): _____
 Nearest Lease or unit boundary line (in footage): _____
 Ground Surface Elevation: _____ feet MSL
 Water well within one-quarter mile: Yes No
 Public water supply well within one mile: Yes No
 Depth to bottom of fresh water: _____
 Depth to bottom of usable water: _____
 Surface Pipe by Alternate: I II
 Length of Surface Pipe Planned to be set: _____
 Length of Conductor Pipe (if any): _____
 Projected Total Depth: _____
 Formation at Total Depth: _____
 Water Source for Drilling Operations:
 Well Farm Pond Other: _____
 DWR Permit #: _____
(Note: Apply for Permit with DWR)
 Will Cores be taken? Yes No
 If Yes, proposed zone: _____

AFFIDAVIT

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

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

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

Submitted Electronically

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

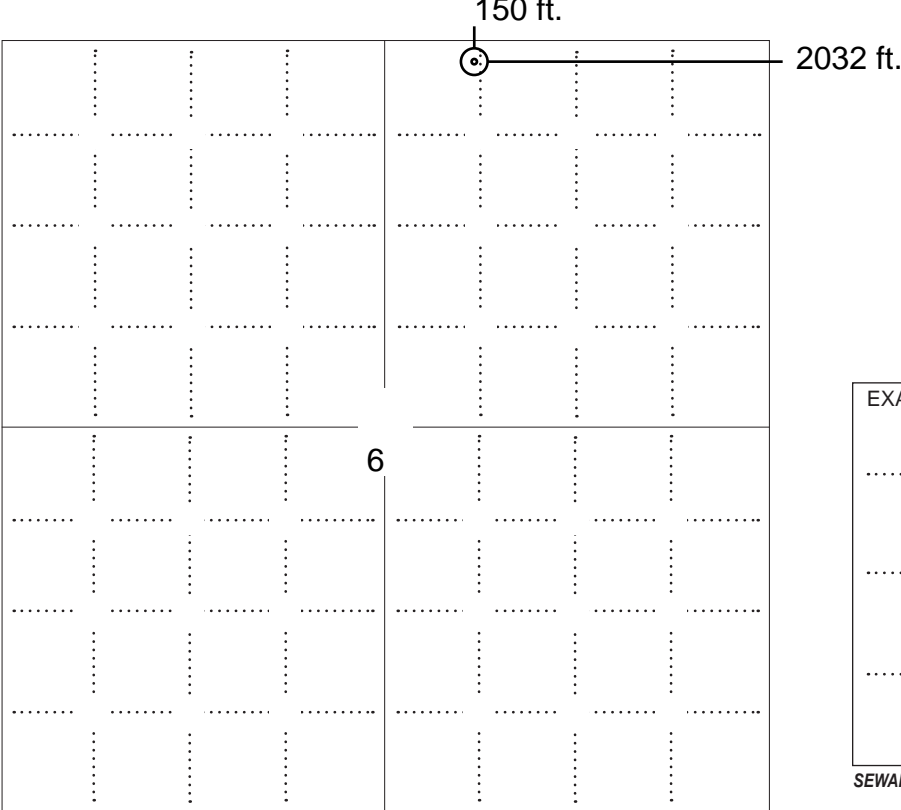
If Section is Irregular, locate well from nearest corner boundary.

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.



LEGEND

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



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

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

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

APPLICATION FOR SURFACE PIT

Submit in Duplicate

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

KCC OFFICE USE ONLY			
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	



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:

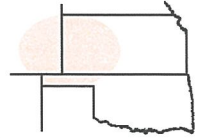
- I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this 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 must provide the name and address of the surface owner by filling out the top section of this form and 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 & Constructions Site Staking
 P.O. Box 2324
 Garden City, Kansas 67846
 Office/Fax: (620) 276-6159
 Cell: (620) 272-1499
 burt@pro-stakellc.kscoxmail.com



000930
 PLAT NO.

12056
 INVOICE NO.

Palomino Petroleum, Inc.
 OPERATOR
Sheridan County, KS
 COUNTY

#1 Audrey Schwarz Unit
 LEASE NAME
150' FNL - 2032' FEL
 LOCATION SPOT

6 9s 30w
 Sec. Twp. Rng.

SCALE: **1" = 1000'**
 DATE STAKED: **Aug. 12th, 2014**
 MEASURED BY: **Kent C.**
 DRAWN BY: **Luke R.**
 AUTHORIZED BY: **Klee W.**

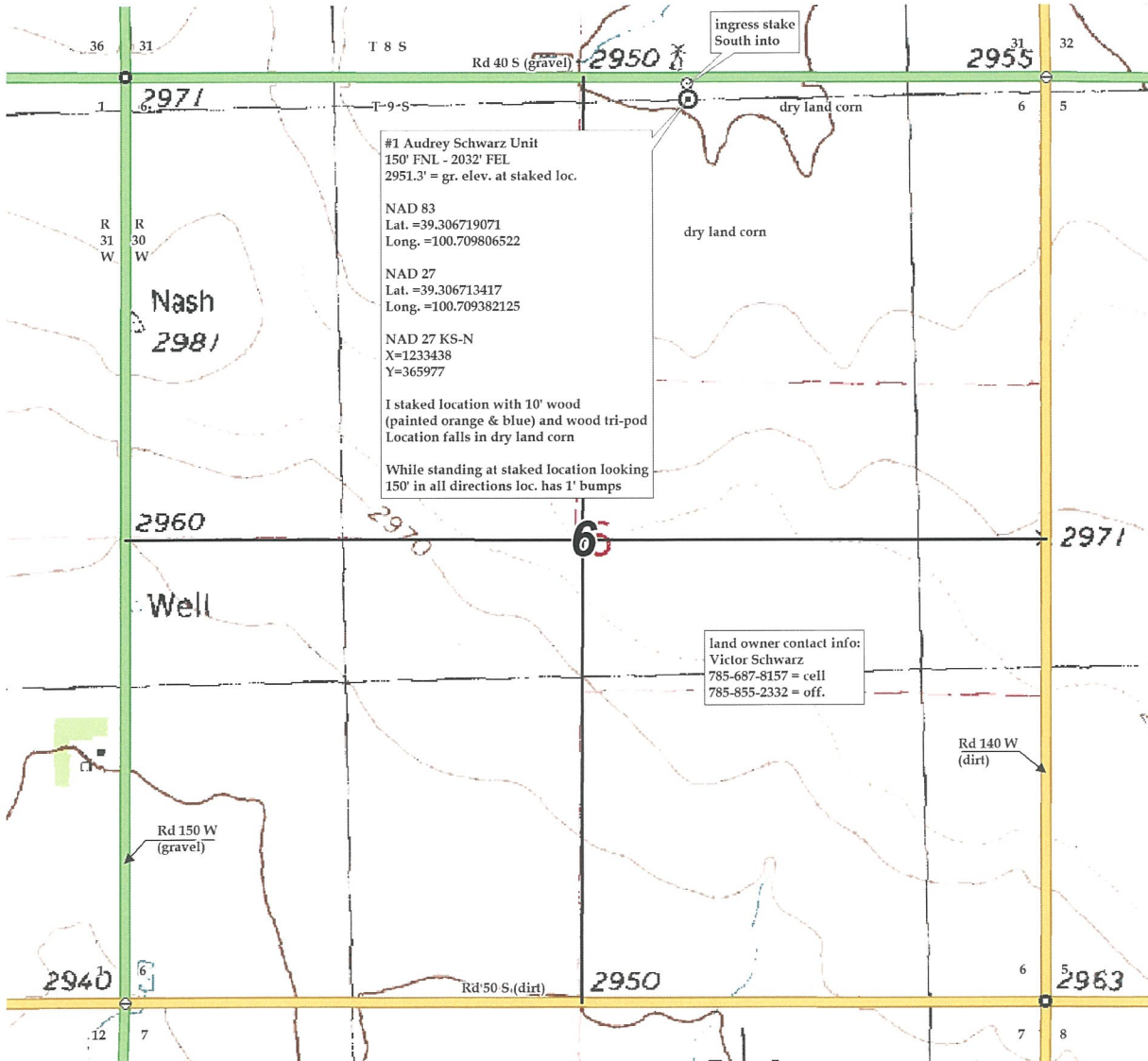


GR. ELEVATION: **2951.3'**

Directions: From approx. 1.5 mile North of Menlo KS. at the intersection of Hwy 24 & Hwy 186 South – Now go 1.5 mile South on Hwy 186 & 3.5 mile South on Rd 150 W to the NW corner of section 6-9s-30w – Now go 0.6 mile East on Rd 40 to ingress stake South into – Now go 150' South through dry land corn, into staked location.

Final ingress must be verified with land owner or Operator.

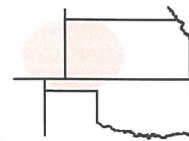
This drawing does not constitute a monumented survey or a land survey plat.
This drawing is for construction purposes only.





Pro-Stake LLC
Oil Field & Constructions Site Staking

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



000930
PLAT NO.

12056
INVOICE NO.

burt@pro-stakellc.kscoxmail.com

Palomino Petroleum, Inc.

#1 Audrey Schwarz Unit

OPERATOR

LEASE NAME

Sheridan County, KS

150' FNL - 2032' FEL

COUNTY

6 9s 30w
Sec. Twp. Rng.

LOCATION SPOT

SCALE: 1" = 1000'
DATE STAKED: Aug. 12th, 2014
MEASURED BY: Kent C.
DRAWN BY: Luke R.
AUTHORIZED BY: Klee W.



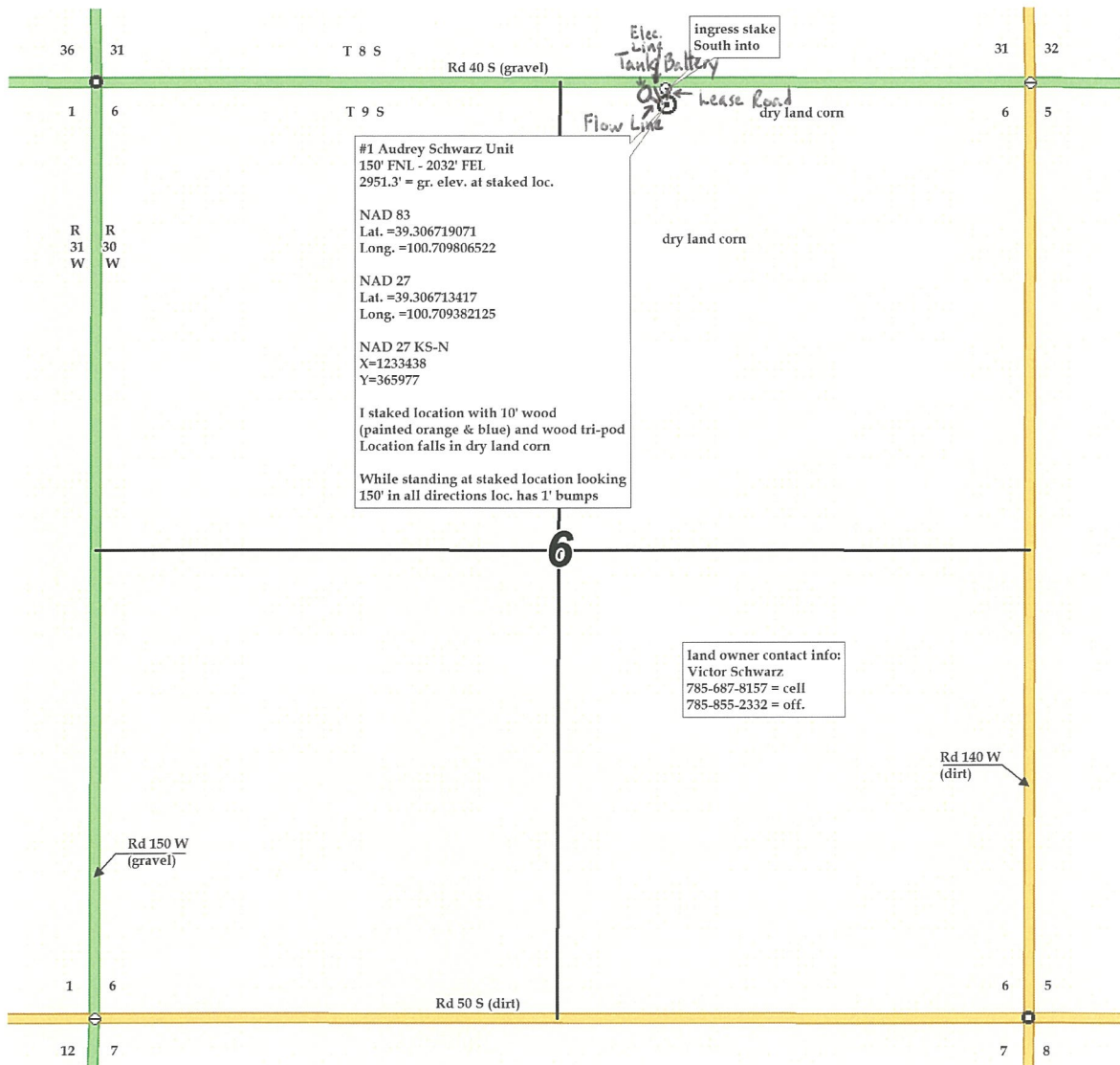
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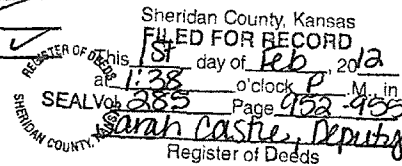
Final ingress must be verified with land owner or Operator.

This drawing does not constitute a monumented survey or a land survey plat.

This drawing is for construction purposes only.



SCANNED ✓
INDEXED ✓
CROSS-INDEXED ✓



RETURN TO: Carbon Creek Resources, LLC.
P.O. Box 5944
Edmond, Oklahoma 73083

**OIL AND GAS LEASE
(PAID-UP)**

AGREEMENT, Made and entered into this 11th day of November, 2011, by and between. **The Audrey M. Schwarz Revocable Trust dated June 6th, 2007**, whose address is 1326 County Road 37, Rexford, KS 67753, hereinafter called Lessor and **Carbon Creek Resources, LLC**, whose address is P.O. Box 5944, Edmond, Oklahoma 73083, party of the second part, hereinafter called Lessee.

WITNESSETH. That the said Lessor, for and in consideration of Ten and Other DOLLARS (\$10.00), cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and give the exclusive right unto the said Lessee, for the sole and only purpose of exploring by geophysical and other methods, mining and operating for oil (including but not limited to distillate and condensate), gas (including casing-head gas and helium and all other constituents), and for laying pipe lines, and building tanks, power stations and structures thereon, to produce, save and take care of said products, all that certain tract of land, together with any reversionary rights therein, situated in the County of Sheridan, State of Kansas, described as follows, to-wit:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ALL PURPOSES

and containing 854 acres, more or less.

It is agreed that this lease shall remain in force for a term of three (3) year from date (herein called primary term) and as long thereafter as oil or gas, or either of them, is produced from said land by the Lessee. In consideration of the premises the said Lessee covenants and agrees:

1st To deliver to the credit of Lessor free of cost of production, in the pipeline to which it may connect its wells, the One-Eighth (1/8th) part of all oil (including but not limited to condensate and distillate) produced and saved from the leased premises.

2nd To pay Lessor for gas of whatsoever nature or kind (with all of its constituents) produced and sold or used off the leased premises, or used in the manufacture of products therefrom One-Eighth (1/8th) of the net proceeds after all deductions for costs and expenses necessary to make the gas marketable, used off the premises, or in the manufacture of products therefrom, and in no event less than One-Eighth (1/8th) of the actual amount so received by the Lessee, said payments to be made monthly. During any period (whether before or after expiration of the primary term hereof) when gas is not being so sold or used and the well or wells are shut in and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, Lessee shall pay or tender a royalty of One Dollar (\$1.00) per year per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of ninety (90) days from the date such well is shut in and thereafter on the anniversary date of this lease during the period such well is shut in, to the royalty owners. When such payment or tender is made it will be considered that gas is being produced within the meaning of the entire lease.

3rd To pay Lessor for gas produced from any oil well and used off the premises, or for the manufacture of casing-head gasoline or dry commercial gas, One-Eighth (1/8th) of the net proceeds, at the mouth of the well, received by Lessee for the gas during the time such gas shall be used, said payment to be made monthly.

If the Lessee shall commence to drill a well or commence reworking operations on an existing well within the term of this lease or any extension thereof, or on acreage pooled therewith, the Lessee shall have the right to drill such well to completion or complete reworking operations 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.

Lessee shall have the right, but not the obligation, to pool all or any part of the Leased Premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this Lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the Leased Premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 160 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres, plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component in the reservoir. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the Leased Premises shall be treated as if it were production, drilling or reworking operations on the Leased Premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority or as otherwise provided for in this lease and is deemed advisable by Lessee. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the Leased Premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

In respect to production from the unit, Lessee shall pay Lessor, in lieu of other royalties thereon, only such proportion of the royalties 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 in the unit.

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 shall be paid to the Lessor only in the proportion which his 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 its operations thereon, except water from wells of Lessor.

Lessee shall bury his pipelines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent of the Lessor.

Lessee shall pay for all damages caused by its operations to growing crops on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the estate of either part hereto is assigned, and the privilege of assigning in whole in part is expressly allowed, the covenants hereof shall extend to their heirs executors, administrator, successors or assigns. However, no change or division in ownership of the land or royalties shall enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land 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.

As further consideration for the mutual covenants and conditions contained herein, Lessor agrees that Lessee shall have no liability for any injuries, damages, nuisances, pollution and environmental problems which were caused or may result from prior oil and gas operations or other activities previous to the date hereof, and to fully effectuate same, Lessor hereby releases Lessee from any and all claims that Lessor might otherwise have as a result of any prior activities or operations on or relating to the lease premises, Lessor agrees that they will indemnify Lessee from any and all

As further consideration for the mutual covenants and conditions contained herein, Lessor agrees that Lessee shall have no liability for any injuries, damages, nuisances, pollution and environmental problems which were caused or may result from prior oil and gas operations or other activities previous to the date hereof, and to fully effectuate same, Lessor hereby releases Lessee from any and all claims that Lessor might otherwise have as a result of any prior activities or operations on or relating to the lease premises, Lessor agrees that they will indemnify Lessee from any and all claims, liability and/or losses associated therewith, and Lessor covenants that they will not file any suit, administrative action or complaint against Lessee relating thereto.

The parties further agree that, by entering into this Lease, the Lessee is not taking or assuming ownership, physical possession or control of any previously existing wells, locations, pits, pipelines, tanks, equipment, junk, debris or other prior oilfield related sites, wells and physical equipment, and that Lessee shall have no liability or responsibility whatsoever with respect to any pre-existing oilfield-related facilities or equipment located upon said lands, and Lessor hereby releases Lessee from any and all claims relating thereto and Lessor agrees to indemnify Lessee from any liability, claims and/or losses associated therewith. Lessee shall have responsibility for those facilities and equipment that it constructs or places on the premises from and after the date hereof. Lessor covenants that they will not file any suit, administrative action or complaint against Lessee relating to any pre-existing sites, wells or physical equipment.

If at any time within the primary term of this lease and while the same remains in forces and effect, Lessor receives any bona fide offer, acceptable to Lessor, to grant an additional lease (top lease) covering all or part of the aforescribed lands, Lessee shall have the continuing option, by meeting any such offer, to acquire such top lease. Any offer must be in writing and must set forth the proposed Lessee's name, bonus consideration and royalty consideration to be paid for such lease, and include a copy of the lease form to be utilized, which form should reflect all pertinent and relevant terms and conditions of the top lease. Lessee shall have fifteen (15) days after receipt, from Lessor, of a complete copy of any such offer, to advise Lessor in writing of its election to enter into an oil and gas lease with Lessor on equivalent terms and conditions. Upon receipt of such notice, Lessor shall execute and deliver such new lease and Lessee shall pay the bonus due upon receipt of such new lease. If Lessee fails to notify Lessor within the aforesaid fifteen (15) day period of its election to meet any such bona fide offer, Lessor shall have the right to accept said offer.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules and 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 such failure is the result of any such Law, Order, Rule or Regulation.

This lease shall be effective as to Lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the Lessors above named may not join in the execution, hereof the word "Lessor" as used in this lease means the party or parties who execute this lease as Lessor, although not named above.

Lessee and/or its assigns have Lessor's permission to conduct a seismic survey across Lessor's lands as listed herein for the purpose of potential oil and gas exploration. Lessee's operations will be conducted in accordance with good standard industry practices. Lessor hereby warrants title. The parties intend that the express provisions of this lease shall control over any conflicting implied covenants.

Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to Lessor, or by placing a release of record in the proper County.

It is the intent of Lessor to lease all of Lessors interest to Lessee in the section(s) named herein regardless of an error or omission in tract description.

In the event this lease is not continued beyond the primary term by production, on-going operations or by any other means or provision herein contained, Lessee shall have the option, but not the obligation, to extend the primary term of this lease, as to all or any portion of the leased premises, for an additional and extended term of Three Years (3 years), and for so long thereafter as this lease is continued or maintained in force and effect by the production, or allocation to the leased premises, of oil, gas or other hydrocarbons, or by any other means or provisions herein contained. Lessee may exercise the option to extend this lease as to all or any portion of the leased premises by tendering \$50.00 per net mineral acre to Lessor, at the address stated above and on or before the expiration date of the initial primary term of this lease.

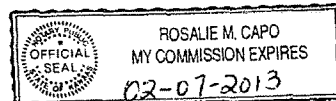
IN TESTIMONY WHEREOF, we sign this 30th day of November, 2011.

LESSOR:

Audrey M. Schwarz
Audrey M. Schwarz, Trustee

Victor L. Schwarz
Victor L. Schwarz, Trustee

STATE OF Kansas)
) SS.
COUNTY OF Shedden)



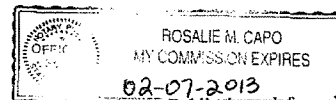
BE IT REMEMBERED, That on this 30th day of November, 2011, before me, a Notary Public in and for said County and State, personally appeared Audrey M. Schwarz, Trustee to me known to be the identical persons who executed the within and foregoing instrument acknowledged to me that they executed the same as their free and voluntary act and deed for the purposes herein set forth.

IN WITNESS WHEREOF, I have hereunto set my official signature and affixed by notarial seal, the day and year first above written.

My commission expires: 02-07-2013

Rosalie M. Capo
Notary Public

STATE OF Kansas)
) SS.
COUNTY OF Shedden)



BE IT REMEMBERED, That on this 30th day of November, 2011, before me, a Notary Public in and for said County and State, personally appeared Victor L. Schwarz, Trustee to me known to be the identical persons who executed the within and foregoing instrument acknowledged to me that they executed the same as their free and voluntary act and deed for the purposes herein set forth.

IN WITNESS WHEREOF, I have hereunto set my official signature and affixed by notarial seal, the day and year first above written.

My commission expires: 02-07-2013

Rosalie M. Capo
Notary Public

EXHIBIT "A"

To that certain Oil and Gas lease dated November 11th, 2011
From The Audrey M. Schwarz Revocable Trust dated June 6th, 2007, as Lessor,
To Carbon Creek Resources, LLC., as Lessee

LEGAL DESCRIPTION OF THE LEASE PREMISES

The lands contained herein shall be treated as if separate oil and gas lease were executed for each quarter section.

Township 9 SOUTH RANGE 30 WEST Sheridan County, KS

The NW/4 SECTION 6 TOWNSHIP 9 SOUTH RANGE 30 WEST

The SW/4 SECTION 6 TOWNSHIP 9 SOUTH RANGE 30 WEST

The E 2/3 of E/2 SECTION 6 TOWNSHIP 9 SOUTH RANGE 30 WEST

The NW/4 SECTION 19 TOWNSHIP 9 SOUTH RANGE 30 WEST

Township 8 SOUTH RANGE 30 WEST Sheridan County, KS

The SW/4 SECTION 30 TOWNSHIP 8 SOUTH RANGE 30 WEST

Pugh Clause: If at the end of the primary term, a part but not all of the land covered by this lease, on a surface acreage basis, is not included within a unit or units in accordance with the other provisions hereof, this lease shall terminate as to such part, or parts, of the land lying outside such unit or units, unless this lease is perpetuated as to such land outside such unit or units by operations conducted thereon or by the production of oil, gas or other minerals, or by such operations and such production in accordance with the provisions hereof.

Depth Clause: In the event this lease is extended by commercial production beyond its primary term, then at the expiration of the primary term this lease shall terminate as to all depths located one hundred feet (100') below the stratigraphic equivalent of the base of the deepest formation penetrated in the well or wells located on the leased premises, or land spaced or pooled therewith. In the event Lessee shall have commenced the drilling of a well, pursuant to the terms of this lease, within the primary term, this provision shall not take effect until such well is completed.

Addendum

1. It is understood and agreed that the above-described Tracts shall constitute separate and individual Leases according to the terms herein established. Production on any single Tract shall not hold any other Tract Lease by said production.
2. It is understood and agreed that upon the termination of production on the Lease, all equipment of Lessee shall be removed within six (6) months and all sites shall be restored to their original condition a nearly as is practicable.
3. A sufficient dike shall be placed around tank batteries. Also tank batteries and pumping equipment units shall be fenced to restrain cattle in pastures or on ground that Lessor grazes cattle on Milo stalks or wheat. Lessee or assigns agrees to comply with all applicable Federal, State and Local laws and regulations
4. If any part of the leased premises are subject to or enrolled in the Conservation Reserve Program, Lessee shall reseed to grass all areas thereof affected by Lessee's operations and hold Lessor harmless from penalties or liquidated damages assessed the Department of Agriculture, the Soil Conservation Service or the Agricultural Stabilization and Conservation Services under the Conservation Reserve Program as a result of Lessee's operations.
5. It is the intention of the parties hereto to cause as little interference with farming operations on said land as possible, including but not limited to the operation of pivotal irrigation sprinklers, or other irrigation methods. If the lands covered hereby are irrigated by the use of a self-propelled overhead sprinkler system, presently in operation or installed hereafter, the Lessee, prior to conducting operations hereon, shall consult with the Lessor in regard to said drilling and seismic survey operations. Said operations shall be conducted in such a manner as will least disturb or interfere with Lessor's irrigation system or the surface contours of the leased premises. Should any alterations to the surface contours be caused by its operations, Lessee, or his assign, shall restore said surface contours to their former condition as nearly as is practicable. In the event of production and continued use of the surface, Lessee, or his assigns, will restore or prepare the surface and situate and install all equipment needed in connection therewith, so that Lessee's use thereof will not interfere with the passage of said over-head sprinkler irrigation system. Any production equipment, including but not limited to pump jacks, hydraulic lifting or other equipment necessary to produce any oil or gas well on said land shall use low profile equipment and/or recess equipment to such depths as to permit the use by Lessor of circular irrigation sprinkler system.
6. Lessee shall consult with Lessor and obtain consent as to routes of ingress/egress as well as road and equipment placement on said premises for the purpose of drilling and production.
7. After any well is completed, the drilling site will be restored to its original topography and surface condition as nearly as practicable within (6) six months after completion date or as soon as pit dries sufficiently to fill and cover properly. This requirement applies whether said drilling results in production or not. Lessee agrees to pay a minimum of \$1500.00 per location for damages.
8. It is understood and agreed that the pooling clause of this lease is applicable in the event of production resulting from vertical drilling operations. In the event of production from vertical drilling operation, as provided by the terms of this lease regarding pooling and unitization, this lease allows Lessee to establish units up to 40 acres in the event of Oil production and the right to unitize up to 640 acres in the event of gas production. It is further understood and agreed that in the event of production by means of horizontal drilling, that the Lessee will be allowed to create a unit not exceeding 640 acres in the event of oil production and allowed to create a unit not exceeding 1,280 acres in the event of gas production, or the maximum allowable size as dictated by the proper state governing body. It is further understood that operations upon and production from any such unit shall be treated as if such operations were upon or such production were from the leased premises whether or not the well or wells are located thereon.

CORRECTION OF DESCRIPTION IN LEASE

WHEREAS, I the undersigned, as lessor, did under date of, November 11, 2011, make and execute unto Carbon Creek Resources, LLC as lessee, a certain oil and gas lease, covering certain lands owned by my trust, situated in Sheridan County, Kansas, and described in said lease as follows, to wit:

Township 9 South, Range 30 West
E 2/3 of E/2 Section 6, Township 9 South, Range 30 West

AND WHEREAS, said description is incomplete and indefinite, and the lands intended to be covered by said lease are more accurately described as follows, to-wit:

Township 9 South, Range 30 West
Section 6: North Fifty-three and thirteen-thirtieths (N-53 13/30) acres of the Southeast Quarter (SE 1/4) and the South Fifty-three and thirteen-thirtieths (S-53 13/30) acres of the Northeast Quarter (NE 1/4); North 106 13/15ths Acres in the Northeast Quarter (NE/4)

in said County and State:

NOW, THEREFORE, in consideration of the premises, and for the purpose of making the said lease more definite and certain in respect to the identity of the lands intended to be covered thereby, we do hereby declare that it was and is our intention to lease for oil and gas purposes the identical tract of land last above described; and we hereby amend said lease in respect to the description of the lands included therein, as aforesaid, and ratify and adopt the same as so amended.

WITNESS our hands and seals this 16 day of July, 2014.

IN WITNESS WHEREOF this instrument is executed on the day and year first hereinabove set out.

Audrey M. Schwarz trustee
Audrey M. Schwarz, Trustee
Audrey M. Schwarz Revocable Trust dated June 6, 2007

STATE OF Kansas (INDIVIDUAL ACKNOWLEDGMENT)
COUNTY OF Thomas

Before me the undersigned, a Notary Public, within and for said County and State, on this 16 day of July, 2014, personally appeared Audrey M. Schwarz, Trustee of the Audrey M. Schwarz Revocable Trust dated June 6, 2007 to me personally known 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 THEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires Feb. 22, 2017 Rosalinda Capo
Notary Public

Sheridan County, Kansas
FILED FOR RECORD
This 24 day of July, 2014
at 10:15 o'clock A.M., in
Vol. 295 Page 720
Mary Weimer
Register of Deeds

SCANNED
INDEXED
CROSS-INDEXED



BOOK 295 PAGE 720

SCANNED
INDEXED
CROSS-INDEXED

Sheridan County, Kansas
FILED FOR RECORD
This 13th day of Feb, 2012
at 9:58 o'clock A.M., in
Vol. 288 Page 288-293
Sarah Castle, Deputy
Register of Deeds
REGISTER OF DEEDS
SHERIDAN COUNTY, KANSAS
SEAL

RETURN TO: Carbon Creek Resources, LLC.
P.O Box 5944
Edmond, Oklahoma 73083

**OIL AND GAS LEASE
(PAID-UP)**

AGREEMENT, Made and entered into this 5th day of December, 2011, by and between. The S-S Cattle Company, whose address is 1326 County Road 37, Rexford, KS 67753, hereinafter called Lessor and Carbon Creek Resources, LLC. whose address is P.O Box 5944, Edmond, Oklahoma 73083, party of the second part, hereinafter called Lessee.

WITNESSETH. That the said Lessor, for and in consideration of Ten and Other DOLLARS (\$10.00), cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and give the exclusive right unto the said Lessee, for the sole and only purpose of exploring by geophysical and other methods, mining and operating for oil (including but not limited to distillate and condensate), gas (including casing-head gas and helium and all other constituents), and for laying pipe lines, and building tanks, power stations and structures thereon, to produce, save and take care of said products, all that certain tract of land, together with any reversionary rights therein, situated in the County of Sheridan, State of Kansas, described as follows, to-wit:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ALL PURPOSES

and containing _____ acres, more or less.

It is agreed that this lease shall remain in force for a term of three (3) year from date (herein called primary term) and as long thereafter as oil or gas, or either of them, is produced from said land by the Lessee. In consideration of the premises the said Lessee covenants and agrees:

1st To deliver to the credit of Lessor free of cost of production, in the pipeline to which it may connect its wells, the **One-Eighth (1/8th)** part of all oil (including but not limited to condensate and distillate) produced and saved from the leased premises.

2nd To pay Lessor for gas of whatsoever nature or kind (with all of its constituents) produced and sold or used off the leased premises, or used in the manufacture of products therefrom **One-Eighth (1/8th)** of the net proceeds after all deductions for costs and expenses necessary to make the gas marketable, used off the premises, or in the manufacture of products therefrom, and in no event less than **One-Eighth (1/8th)** of the actual amount so received by the Lessee, said payments to be made monthly. During any period (whether before or after expiration of the primary term hereof) when gas is not being so sold or used and the well or wells are shut in and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, Lessee shall pay or tender a royalty of One Dollar (\$1.00) per year per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of ninety (90) days from the date such well is shut in and thereafter on the anniversary date of this lease during the period such well is shut in, to the royalty owners. When such payment or tender is made it will be considered that gas is being produced within the meaning of the entire lease.

3rd To pay Lessor for gas produced from any oil well and used off the premises, or for the manufacture of casing-head gasoline or dry commercial gas, **One-Eighth (1/8th)** of the net proceeds, at the mouth of the well, received by Lessee for the gas during the time such gas shall be used, said payment to be made monthly.

If the Lessee shall commence to drill a well or commence reworking operations on an existing well within the term of this lease or any extension thereof, or on acreage pooled therewith, the Lessee shall have the right to drill such well to completion or complete reworking operations 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.

Lessee shall have the right, but not the obligation, to pool all or any part of the Leased Premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this Lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the Leased Premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 160 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres, plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component in the reservoir. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the Leased Premises shall be treated as if it were production, drilling or reworking operations on the Leased Premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority or as otherwise provided for in this lease and is deemed advisable by Lessee. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the Leased Premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a

cross-conveyance of interests.

In respect to production from the unit, Lessee shall pay Lessor, in lieu of other royalties thereon, only such proportion of the royalties 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 in the unit.

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 shall be paid to the Lessor only in the proportion which his 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 its operations thereon, except water from wells of Lessor.

Lessee shall bury his pipelines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent of the Lessor.

Lessee shall pay for all damages caused by its operations to growing crops on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the estate of either part hereto is assigned, and the privilege of assigning in whole in part is expressly allowed, the covenants hereof shall extend to their heirs executors, administrators, successors or assigns. However, no change or division in ownership of the land or royalties shall enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land 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.

As further consideration for the mutual covenants and conditions contained herein, Lessor agrees that Lessee shall have no liability for any injuries, damages, nuisances, pollution and environmental problems which were caused or may result from prior oil and gas operations or other activities previous to the date hereof, and to fully effectuate same, Lessor hereby releases Lessee from any and all claims that Lessor might otherwise have as a result of any prior activities or operations on or relating to the lease premises, Lessor agrees that they will indemnify Lessee from any and all claims, liability and/or losses associated therewith, and Lessor covenants that they will not file any suit, administrative action or complaint against Lessee relating thereto.

The parties further agree that, by entering into this Lease, the Lessee is not taking or assuming ownership, physical possession or control of any previously existing wells, locations, pits, pipelines, tanks, equipment, junk, debris or other prior oilfield related sites, wells and physical equipment, and that Lessee shall have no liability or responsibility whatsoever with respect to any pre-existing oilfield-related facilities or equipment located upon said lands, and Lessor hereby releases Lessee from any and all claims relating thereto and Lessor agrees to indemnify Lessee from any liability, claims and/or losses associated therewith. Lessee shall have responsibility for those facilities and equipment that it constructs or places on the premises from and after the date hereof. Lessor covenants that they will not file any suit, administrative action or complaint against Lessee relating to any pre-existing sites, wells or physical equipment.

If at any time within the primary term of this lease and while the same remains in forces and effect, Lessor receives any bona fide offer, acceptable to Lessor, to grant an additional lease (top lease) covering all or part of the aforescribed lands, Lessee shall have the continuing option, by meeting any such offer, to acquire such top lease. Any offer must be in writing and must set forth the proposed Lessee's name, bonus consideration and royalty consideration to be paid for such lease, and include a copy of the lease form to be utilized, which form should reflect all pertinent and relevant terms and conditions of the top lease. Lessee shall have fifteen (15) days after receipt, from Lessor, of a complete copy of any such offer, to advise Lessor in writing of its election to enter into an oil and gas lease with Lessor on equivalent terms and conditions. Upon receipt of such notice, Lessor shall execute and deliver such new lease and Lessee shall pay the bonus due upon receipt of such new lease. If Lessee fails to notify Lessor within the aforesaid fifteen (15) day period of its election to meet any such bona fide offer, Lessor shall have the right to accept said offer.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules and 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 such failure is the result of any such Law, Order, Rule or Regulation.

This lease shall be effective as to Lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the Lessors above named may not join in the execution, hereof the word "Lessor" as used in this lease means the party or parties who execute this lease as Lessor, although not named above.

Lessee and/or its assigns have Lessor's permission to conduct a seismic survey across Lessor's lands as listed herein for the purpose of potential oil and gas exploration. Lessee's operations will be conducted in accordance with good standard industry practices. Lessor hereby warrants title. The parties intend that the express provisions of this lease shall control over any conflicting implied covenants.

Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to Lessor, or by placing a release of record in the proper County.

It is the intent of Lessor to lease all of Lessors interest to Lessee in the section(s) named herein regardless of an error or omission in tract description.

In the event this lease is not continued beyond the primary term by production, on-going operations or by any other means or provision herein contained, Lessee shall have the option, but not the obligation, to extend the primary term of this lease, as to all or any portion of the leased premises, for an additional and extended term of Three Years (3 years), and for so long thereafter as this lease is continued or maintained in force and effect by the production, or allocation to the leased premises, of oil, gas or other hydrocarbons, or by any other means or provisions herein contained. Lessee may exercise the option to extend this lease as to all or any portion of the leased premises by tendering \$50.00 per net mineral acre to Lessor, at the address stated above and on or before the expiration date of the initial primary term of this lease.

EXHIBIT "A"

To that certain Oil and Gas lease dated December 5th, 2011
From The S-S Cattle Company, as Lessor,
To Carbon Creek Resources, LLC., as Lessee

LEGAL DESCRIPTION OF THE LEASE PREMISES

The lands contained herein shall be treated as if separate oil and gas lease were executed for each quarter section.

Township 8 SOUTH RANGE 30 WEST Sheridan County, KS

The SE/4 SECTION 31 TOWNSHIP 8 SOUTH RANGE 30 WEST

Depth Clause: In the event this lease is extended by commercial production beyond its primary term, then at the expiration of the primary term this lease shall terminate as to all depths located one hundred feet (100') below the stratigraphic equivalent of the base of the deepest formation penetrated in the well or wells located on the leased premises, or land spaced or pooled therewith. In the event Lessee shall have commenced the drilling of a well, pursuant to the terms of this lease, within the primary term, this provision shall not take effect until such well is completed.

END OF EXHIBIT "A"

ACKNOWLEDGMENT

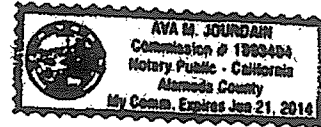
State of California
County of Alameda)

On December 13, 2011 before me, Ava M Jourdain
(insert name and title of the officer)

personally appeared Sarah T. Schlenk
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.



Signature Ava M. Jourdain (Seal)

Addendum

1. It is understood and agreed that the above-described Tracts shall constitute separate and individual Leases according to the terms herein established. Production on any single Tract shall not hold any other Tract Lease by said production.
2. It is understood and agreed that upon the termination of production on the Lease, all equipment of Lessee shall be removed within six (6) months and all sites shall be restored to their original condition as nearly as is practicable.
3. A sufficient dike shall be placed around tank batteries. Also tank batteries and pumping equipment units shall be fenced to restrain cattle in pastures or on ground that Lessor grazes cattle on Milo stalks or wheat. Lessee or assigns agrees to comply with all applicable Federal, State and Local laws and regulations.
4. If any part of the leased premises are subject to or enrolled in the Conservation Reserve Program, Lessee shall reseed to grass all areas thereof affected by Lessee's operations and hold Lessor harmless from penalties or liquidated damages assessed the Department of Agriculture, the Soil Conservation Service or the Agricultural Stabilization and Conservation Services under the Conservation Reserve Program as a result of Lessee's operations.
5. It is the intention of the parties hereto to cause as little interference with farming operations on said land as possible, including but not limited to the operation of pivotal irrigation sprinklers, or other irrigation methods. If the lands covered hereby are irrigated by the use of a self-propelled overhead sprinkler system, presently in operation or installed hereafter, the Lessee, prior to conducting operations hereon, shall consult with the Lessor in regard to said drilling and seismic survey operations. Said operations shall be conducted in such a manner as will least disturb or interfere with Lessor's irrigation system or the surface contours of the leased premises. Should any alterations to the surface contours be caused by its operations, Lessee, or his assign, shall restore said surface contours to their former condition as nearly as is practicable. In the event of production and continued use of the surface, Lessee, or his assigns, will restore or prepare the surface and situate and install all equipment needed in connection therewith, so that Lessee's use thereof will not interfere with the passage of said over-head sprinkler irrigation system. Any production equipment, including but not limited to pump jacks, hydraulic lifting or other equipment necessary to produce any oil or gas well on said land shall use low profile equipment and/or recess equipment to such depths as to permit the use by Lessor of circular irrigation sprinkler system.
6. Lessee shall consult with Lessor and obtain consent as to routes of ingress/egress as well as road and equipment placement on said premises for the purpose of drilling and production.
7. After any well is completed, the drilling site will be restored to its original topography and surface condition as nearly as practicable within (6) six months after completion date or as soon as pit dries sufficiently to fill and cover properly. This requirement applies whether said drilling results in production or not. Lessee agrees to pay a minimum of \$1500.00 per location for damages.
8. It is understood and agreed that the pooling clause of this lease is applicable in the event of production resulting from vertical drilling operations. In the event of production from vertical drilling operation, as provided by the terms of this lease regarding pooling and unitization, this lease allows Lessee to establish units up to 40 acres in the event of Oil production and the right to unitize up to 640 acres in the event of gas production. It is further understood and agreed that in the event of production by means of horizontal drilling, that the Lessee will be allowed to create a unit not exceeding 640 acres in the event of oil production and allowed to create a unit not exceeding 1,280 acres in the event of gas production, or the maximum allowable size as dictated by the proper state governing body. It is further understood that operations upon and production from any such unit shall be treated as if such operations were upon or such production were from the leased premises whether or not the well or wells are located thereon.