





1262062

**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

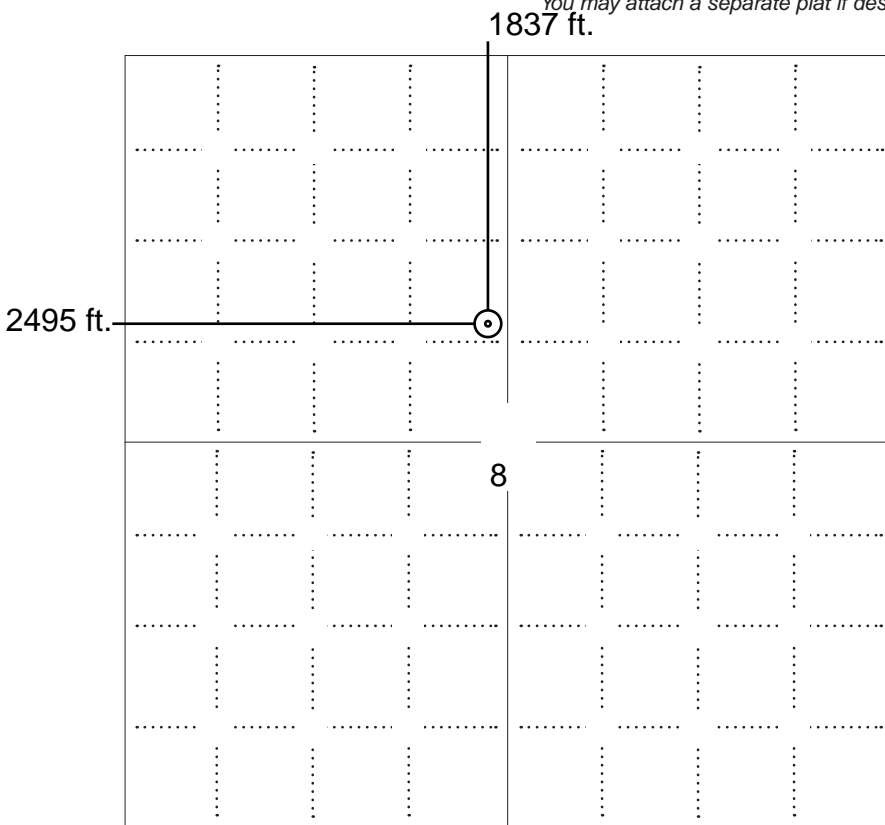
Is Section:  Regular or  Irregular

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

Section corner used:  NE  NW  SE  SW

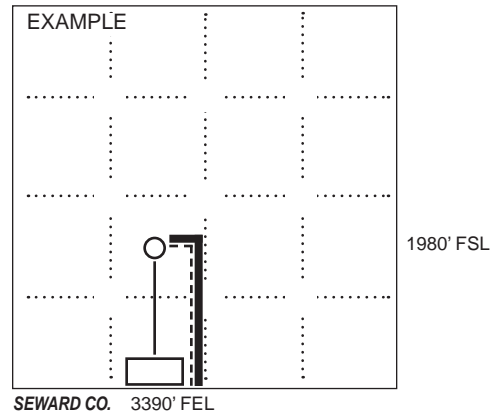
**PLAT**

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.



KANSAS CORPORATION COMMISSION 1262062  
OIL & GAS CONSERVATION DIVISION

Form CDP-1  
May 2010  
Form must be Typed

**APPLICATION FOR SURFACE PIT**

*Submit in Duplicate*

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

Liner     Steel Pit     RFAC     RFAS

Date Received: \_\_\_\_\_ Permit Number: \_\_\_\_\_ Permit Date: \_\_\_\_\_ Lease Inspection:     Yes     No



### 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

I

8-13S-31W  
1837' FNL  
2495' FWL  
2969 Elev.

Tank Battery

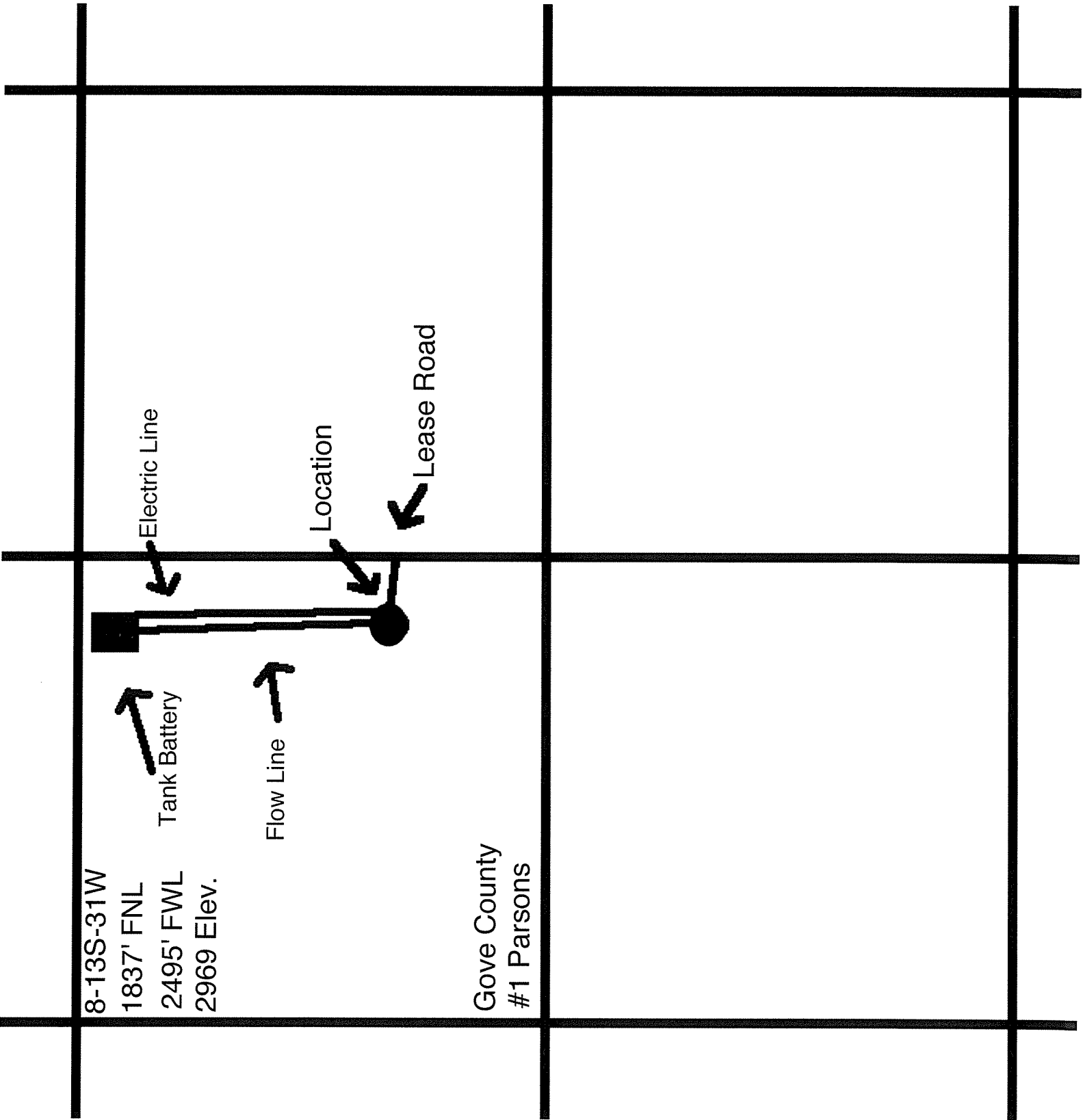
Flow Line

Electric Line

Location

Lease Road

Gove County  
#1 Parsons





*Christy Smith*

Date Recorded: 12/28/2012 11:24:57 AM

LL88-1  
Form 88 (Producers)  
Paid-up  
Kansas-Oklahoma

### OIL AND GAS LEASE

THIS AGREEMENT, Entered into this 7th day of December, 2012, between  
Glennis G. Parsons, Trustee of the Revocable Inter Vivos Trust of Glennis G. Parsons, dated April 25th, 2002;  
and Glennis G. Parsons, a single person, individually,  
whose mailing address is 804 East 5th, Oakley, Kansas 67748, herein after called lessor

and Empire Energy E&P, LLC, 1900 N. Amidon, Suite 210, Wichita, Kansas 67203, hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of One (1) and more Dollars in hand paid and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted, leased, and let and by these presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land, with any reversionary rights therein, for the purpose of carrying on geological, geophysical and other exploratory work thereon, including core drilling and the drilling, mining, and operating for, producing and saving all of the oil, gas, gas condensate, gas distillate, casinghead gasoline and their respective constituent vapors, and all other gases, found thereon, the exclusive right of injecting water, brine, and other fluids and substances into the subsurface strata, and for constructing roads, laying pipe lines, building tanks, storing oil, building power stations, electrical lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and the injection of water, brine, and other substances into the subsurface strata, said tract of land being situated in the County of Gove, State of Kansas and described as follows:

Township 13 South, Range 31 West  
Section 8: NW/4

containing 160 acres, more or less thirty (30) months BHP

- This lease shall remain in force for a term of thirty (30) months BHP years (called "primary term") and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of the products covered by this lease is severely produced. BHP five thirty-seconds (5/32nds) BHP
- The lessee shall deliver to lessor as royalty, free of cost, on the lease, or into the pipe line to which lessee may connect its wells the equal one-eighth (1/8) part of all oil produced and saved from the leased premises, or at the lessee's option may pay to the lessor for such one-eighth (1/8) royalty the market price at the wellhead for oil of like grade and gravity prevailing on the day such oil is run into the pipe line or into storage tanks. The thirty-seconds (5/32nds) BHP five thirty-seconds (5/32nds) BHP
- The lessee shall pay to the lessor, as a royalty, one-eighth (1/8) of the proceeds received by the lessee from the sale of gas, gas condensate, gas distillate, casinghead gas, gas used for the manufacture of gasoline or any other product, and all other gases, including their constituent parts, produced from the land herein leased. If such gas is not sold by the lessee, lessee may pay or tender annually at or before the end of each yearly period during which such gas is not sold, as a shut-in royalty, whether one or more wells, an amount equal to one dollar per net mineral acre, and while said shut in royalty is so paid or tendered, it will be considered under all provisions of this lease that gas is being produced in paying quantities. The first yearly period during which such gas is not sold shall begin on the date the first well is completed for production of gas.
- This lease is a paid-up lease and may be maintained during the primary term without further payments or drilling operations.
- In the event said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein then the royalties herein provided for shall be paid to said lessor only in the proportion which his interest bears to the whole and undivided fee, however, in the event the title to any interest in said land should revert to lessor, or his heirs, or his or their grantees, this lease shall cover such reversion.
- The lessee shall have the right to use free of cost, gas, oil and water found on said land for its operations thereon, except water from existing wells of the lessor. When required by lessor, the lessee shall bury its pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during, or after the expiration of this lease to remove all machinery, fixtures, houses, buildings, and other structures placed on said premises, including the right to draw and remove all casing.
- If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee, and no change of ownership in the land or in the royalties or any sum due under this lease shall be binding on the lessee until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof, or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing the appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to lessor of the full interest claimed, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, or administrator, executor, or heir of lessor.
- If the leased premises are now or shall hereafter be owned in severally or in separate tracts, the premises may nonetheless be developed and operated as one lease, and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may now or hereafter be divided by sale, devise, descent or otherwise, or to furnish separate measuring or receiving tanks.
- Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge in whole or in part any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in the event it exercises such option it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty accruing hereunder.
- If after the expiration of the primary term, production of oil or gas should cease from any cause, this lease shall not terminate if lessee commences additional drilling or reworking operations within one hundred twenty (120) days thereafter, or if at the expiration of the primary term, oil or gas is not being produced on said land, but lessee is then engaged in drilling or reworking operations thereon, then in either event, this lease shall remain in force so long as operations are prosecuted either on the same well or any other well thereafter commenced, with no cessation of more than one hundred twenty (120) consecutive days, and if they result in production of oil or gas, this lease shall remain in effect so long thereafter as there is production of oil or gas under any provisions of this lease.
- Lessee may at any time surrender or cancel this lease in whole or in part by delivering or mailing such release to the lessor, or by placing same of record in the proper county. In case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion canceled shall cease and determine, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes.
- All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules, or regulations (and interpretations thereof) of all governmental agencies administering the same, and this lease shall not be in any way terminated wholly or partially nor shall the lessee be liable in damages for failure to comply with any of the express or implied provisions hereof if such failure accords with any such laws, orders, rules or regulations (or interpretations thereof). If lessee should be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction thereover, the primary term of this lease shall continue until six months after said order is suspended.
- Lessee, at its option, is hereby given the right and power to pool or combine into one or more units the land covered by this lease, or any portion thereof, with other land covered by another lease, or leases when, in lessee's judgment, it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of such minerals in and under said land, such pooling to be in a unit or units not exceeding 80 acres each in the event of an oil well, or into a unit or units not exceeding 840 acres each in the event of a gas and/or condensate or distillate well, plus a tolerance of ten percent (10%) to conform to Governmental Survey quarter sections. Lessee shall execute in writing and file for record in the county in which the land is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a unit or units shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on any part of the pooled acreage it shall be treated as if production is had from this lease whether any well is located on the land covered by this lease or not. Any well drilled on such unit shall be and constitute a well hereunder. In lieu of the royalties elsewhere herein specified lessor shall receive on production from the unit so pooled only such portion of the royalty stipulated herein as the amount of his net royalty interest therein on an acreage basis bears to the total mineral acreage so pooled in the particular unit involved.
- This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor and lessee.

SEE ADDENDUM ATTACHED HERETO AND MADE A PART HEREOF.

IN WITNESS HEREOF, we sign the day and year first above written.

Glennis G. Parsons  
Glennis G. Parsons, Trustee of the Revocable Inter Vivos Trust of Glennis G. Parsons, dated April 25th, 2002

Glennis G. Parsons  
Glennis G. Parsons, a single person, individually

STATE OF Kansas )

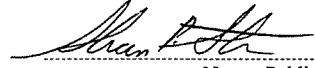
) ss.

ACKNOWLEDGMENT FOR INDIVIDUAL

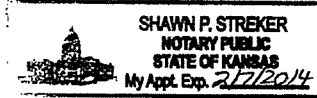
COUNTY OF LOGAN )

This instrument was acknowledged to me on this 13<sup>th</sup> day of December, 2012, by Glennis G. Parsons, Trustee of the Revocable Inter Vivos Trust of Glennis G. Parsons, dated April 25th, 2002; and Glennis G. Parsons, a single person, individually.

My Commission Expires: \_\_\_\_\_



Notary Public



## ADDENDUM

This Addendum is a part of that certain oil and gas lease, identified above by date and parties, covering the NW/4 of Section 8, Township 13 South, Range 31 West, Gove County, Kansas, to the same extent as if the provisions hereof had originally been written in said lease. In the event of conflict between the lease provisions and the provisions provided in this Addendum, the provisions of this Addendum shall be binding.

1. If, at the expiration of the primary term or any time thereafter, there is any well(s) on the lease or lands pooled therewith that is capable of producing gas and such well(s) is shut-in, and this lease is not being maintained in force by any other provision of this lease, this lease shall nevertheless continue in force as though operations were being conducted on the leased premises for so long as such well(s) is shut-in, provided however, that this lease shall not be maintained in force for more than twelve (12) consecutive months at any one time solely by a shut-in well(s). If there is a shut-in well(s) at a time when this lease is not being maintained in force by any other provision of this lease, lessee shall pay or tender at or before the end of the one year anniversary of when the lease began to be maintained in force solely by the shut-in well(s), as a shut-in royalty, an amount equal to one dollar per net mineral acre subject to the lease at the time of payment.

2. The Lessee shall have the right to use free of cost, gas, oil and water found on said land for its operations thereon, except water from existing wells or stream. Lessee hereby is granted the right to use water from the springs located on the premises. Notwithstanding the foregoing, Lessee shall pay Lessor \$1,500 in the event of Lessee's use of Lessor's fresh water in drilling operations for an oil and/or gas well.

3. Three (3) years following the expiration of the primary term of this lease, if this lease is being maintained in force only by virtue of a portion or portions thereof being pooled or unitized with other lands, operations on such unit or units will not maintain this lease in force as to the land not included in such unit or units.

4. When requested by Lessor all pipelines which shall be constructed under this lease shall be buried to a depth of 32 inches and so laid as not to interfere with farming and ranching operations and, should the contours of the land be changed for farming practices, then and in that event the Lessee shall lower any lines laid by it to maintain the minimum depth of 32 inches at its sole cost and expense. Nothing herein shall be interpreted as prohibiting Lessor's location and construction of fences, temporary structure, irrigation water and/or gas pipelines or ditches over, under or alongside any pipeline of the Lessee and the easement area herein granted.

5. Lessee agrees to pay Lessor for any damages caused by its operations to Lessor's land and growing crops. Lessee shall pay Lessor a reasonable amount, but no less than \$1,000 damages, per well drilled by Lessee on the above described land.

6. The installation of any salt water disposal equipment by Lessee in the operation of the lease shall be for the disposal of salt water from this lease only, and the disposal of water from any other lease shall not be permitted on the leased premises without the written consent of Lessor.



7. Lessee covenants and agrees that at all times he shall drill, develop and produce and plug all oil wells on the leased premises in compliance with all state and federal regulations relating to production of oil and/or gas. The Lessors or their agents shall have the rights at any time to inspect all of the drilling or production operations of the Lessee or their assigns for the primary purpose of inspecting to see that the Lessee has complied with all state and federal regulations.

8. Upon the completion of drilling operations, Lessee agrees to backfill the pits when dry, restore the surface to its original condition, as near as practicable, and pay for all damages.

9. Lessee shall fence all slush pits and areas containing equipment, chemicals or other substances which may be harmful to livestock of Lessor and/or Lessor's surface tenant.

10. Lessee, at its option is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, a pool or unit formed by such pooling for a vertical oil well shall not exceed 40 acres plus a maximum acreage tolerance of 10%, and for a horizontal well or a directional well which is either an oil or gas well or for a vertical gas well the pool or unit shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that Lessee has the right, but not the obligation, to form larger units for an oil well or gas well, whether or not a horizontal well, as permitted by the well spacing, density or allowable regulations of the governmental authority having jurisdiction over such matters. The terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or by regulations of the governmental authority, which has jurisdiction over such matters. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. Production, drilling or reworking operations anywhere on a pool or unit which includes all or any part of this lease, regardless of whether such production was obtained or such drilling or reworking operations were commenced before or after the execution of this lease or the instrument designating the pooled unit, shall be treated for all purposes (except the payment of royalties on production from the pooled unit) as if there were production, drilling or reworking operations on this lease and references herein to production from or operations on this lease shall be deemed to include production from or operations on any portion of such pooled unit, regardless of whether the well or wells are located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

11. 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 \$35.00 multiplied by the number of net mineral acres owned by Lessor in the land above described and then subject to this lease; and subject to the other provisions of this lease, the primary term shall be extended for an additional term of one (1) year from the end of the primary term hereof.

Glennis G. Parsons

Glennis G. Parsons, Trustee of the  
Revocable Inter Vivos Trust of  
Glennis G. Parsons dated April 25<sup>th</sup>, 2002

Glennis G. Parsons

Glennis G. Parsons, a single person, individually



Date Recorded: 12/28/2012 11:24:58 AM

LL88-1  
Form 88 (producers)  
Paid-up  
Kansas-Oklahoma

### OIL AND GAS LEASE

THIS AGREEMENT, Entered into this 7th day of December, 2012, between  
Mitchell Parsons, a/k/a Mitch Parsons,  
and Angela Parsons, his wife  
whose mailing address is 3509 Zest, Oakley, KS 67748, herein after called lessor

and Empire Energy E&P, LLC, 1900 N. Amidon, Suite 210, Wichita, Kansas 67203, hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of One (1) and more Dollars in hand paid and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted, leased, and let and by these presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land, with any reversionary rights therein, for the purpose of carrying on geological, geophysical and other exploratory work thereon, including core drilling and the drilling, mining, and operating for, producing and saving all of the oil, gas, gas condensate, gas distillate, casinghead gasoline and their respective constituent vapors, and all other gases, found thereon, the exclusive right of injecting water, brine, and other fluids and substances into the subsurface strata, and for constructing roads, laying pipe lines, building tanks, storing oil, building power stations, electrical lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and the injection of water, brine, and other substances into the subsurface strata, said tract of land being situated in the County of Gove, State of Kansas and described as follows:

Township 13 South, Range 31 West  
Section 8: NW/4

containing 160 acres, more or less.

2. This lease shall remain in force for a term of thirty (30) months (called "primary term") and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of the products covered by this lease is ~~being~~ produced.

3. The lessee shall deliver to lessor as royalty, free of cost, on the lease, or into the pipe line to which lessee may connect its wells the equal ~~one-eighth (1/8)~~ five thirty-seconds (5/32nds) part of all oil produced and saved from the leased premises, or at the lessor's option may pay to the lessor for each ~~one-eighth (1/8)~~ five thirty-seconds (5/32nds) royalty the market price at the wellhead for oil of like grade and gravity prevailing on the day such oil is run into the pipe line or into storage tanks.

4. The lessee shall pay to the lessor, as a royalty, ~~one-eighth (1/8)~~ five thirty-seconds (5/32nds) of the proceeds received by the lessee from the sale of gas, gas condensate, gas distillate, casinghead gas, gas used for the manufacture of gasoline or any other product, and all other gases, including their constituent parts, produced from the land herein leased. If such gas is not sold by the lessee, lessee may pay or tender annually at or before the end of each yearly period during which such gas is not sold, as a shut-in royalty, whether one or more wells, an amount equal to one dollar per net mineral acre, and while said shut in royalty is so paid or tendered, it will be considered under all provisions of this lease that gas is being produced in paying quantities. The first yearly period during which such gas is not sold shall begin on the date the first well is completed for production of gas.

5. This lease is a paid-up lease and may be maintained during the primary term without further payments or drilling operations.

6. In the event said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein then the royalties herein provided for shall be paid to said lessor only in the proportion which his interest bears to the whole and undivided fee, however, in the event the title to any interest in said land should revert to lessor, or his heirs, or his or their grantee, this lease shall cover such reversion.

7. The lessee shall have the right to use free of cost, gas, oil and water found on said land for its operations thereon, except water from existing wells of the lessor. When required by lessor, the lessee shall bury its pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during, or after the expiration of this lease to remove all machinery, fixtures, houses, buildings, and other structures placed on said premises, including the right to draw and remove all casing.

8. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessor, and no change of ownership in the land or in the royalties or any sum due under this lease shall be binding on the lessee until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof, or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing the appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to lessor of the full interest leased, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, or administrator, executor, or heir of lessor.

9. If the leased premises are now or shall hereafter be owned in severally or in separate tracts, the premises may nonetheless be developed and operated as one lease, and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may now or hereafter be divided by sale, devise, descent or otherwise, or to furnish separate measuring or receiving tanks.

10. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge in whole or in part any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in the event it exercises such options it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty accruing hereunder.

11. If after the expiration of the primary term, production of oil or gas should cease from any cause, this lease shall not terminate if lessee commences additional drilling or reworking operations within one hundred-twenty (120) days thereafter, or if at the expiration of the primary term, oil or gas is not being produced on said land, but lessee is then engaged in drilling or reworking operations thereon, then in either event, this lease shall remain in force so long as operations are prosecuted either on the same well or any other well thereafter commenced, with no cessation of more than one hundred twenty (120) consecutive days, and if they result in production of oil or gas, this lease shall remain in effect so long thereafter as there is production of oil or gas under any provisions of this lease.

12. Lessee may at any time surrender or cancel this lease in whole or in part by delivering or mailing such release to the lessor, or by placing same of record in the proper county. In case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion canceled shall cease and terminate, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes.

13. All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules, or regulations (and interpretations thereof) of all governmental agencies administering the same, and this lease shall not be in any way terminated wholly or partially nor shall the lessee be liable in damages for failure to comply with any of the express or implied provisions hereof if such failure accords with any such laws, orders, rules or regulations (or interpretations thereof). If lessee should be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction thereover, the primary term of this lease shall continue until six months after said order is suspended.

14. Lessee, at its option, is hereby given the right and power to pool or combine into one or more units the land covered by this lease, or any portion thereof, with other land covered by another lease, or leases when, in lessee's judgment, it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of such minerals in and under said land, such pooling to be in a unit or units not exceeding 80 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas and/or condensate or distillate well, plus a tolerance of ten percent (10%) to conform to Governmental Survey quarter sections. Lessee shall execute in writing and file for record in the county in which the land is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a unit or units shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on any part of the pooled acreage it shall be treated as if production is had from this lease whether any well is located on the land covered by this lease or not. Any well drilled on such unit shall be and constitute a well hereunder. In lieu of the royalties elsewhere herein specified lessor shall receive on production from the unit so pooled only such portion of the royalty stipulated herein as the amount of his net royalty interest therein on an acreage basis bears to the total mineral acreage so pooled in the particular unit involved.

15. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor and lessee.

SEE ADDENDUM ATTACHED HERETO AND MADE A PART HEREOF.

IN WITNESS HEREOF, we sign the day and year first above written.

Mitchell Parsons  
Mitchell Parsons

Angela Parsons  
Angela Parsons

STATE OF Kansas.....)

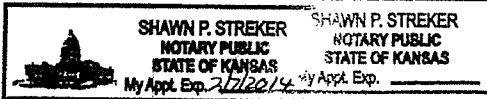
) ss. ACKNOWLEDGMENT FOR INDIVIDUAL

COUNTY OF LOGAN.....)

This instrument was acknowledged to me on this 13TH day of December, 2012, by Mitchell Parsons, a/k/a Mitch Parsons..... and Angela Parsons..... his wife.....

My Commission Expires:.....

*Shawn P. Streker*  
Notary Public



## ADDENDUM

This Addendum is a part of that certain oil and gas lease, identified above by date and parties, covering the NW/4 of Section 8, Township 13 South, Range 31 West, Gove County, Kansas, to the same extent as if the provisions hereof had originally been written in said lease. In the event of conflict between the lease provisions and the provisions provided in this Addendum, the provisions of this Addendum shall be binding.

1. If, at the expiration of the primary term or any time thereafter, there is any well(s) on the lease or lands pooled therewith that is capable of producing gas and such well(s) is shut-in, and this lease is not being maintained in force by any other provision of this lease, this lease shall nevertheless continue in force as though operations were being conducted on the leased premises for so long as such well(s) is shut-in, provided however, that this lease shall not be maintained in force for more than twelve (12) consecutive months at any one time solely by a shut-in well(s). If there is a shut-in well(s) at a time when this lease is not being maintained in force by any other provision of this lease, lessee shall pay or tender at or before the end of the one year anniversary of when the lease began to be maintained in force solely by the shut-in well(s), as a shut-in royalty, an amount equal to one dollar per net mineral acre subject to the lease at the time of payment.

2. The Lessee shall have the right to use free of cost, gas, oil and water found on said land for its operations thereon, except water from existing wells or stream. Lessee hereby is granted the right to use water from the springs located on the premises. Notwithstanding the foregoing, Lessee shall pay Lessor \$1,500 in the event of Lessee's use of Lessor's fresh water in drilling operations for an oil and/or gas well.

3. Three (3) years following the expiration of the primary term of this lease, if this lease is being maintained in force only by virtue of a portion or portions thereof being pooled or unitized with other lands, operations on such unit or units will not maintain this lease in force as to the land not included in such unit or units.

4. When requested by Lessor all pipelines which shall be constructed under this lease shall be buried to a depth of 32 inches and so laid as not to interfere with farming and ranching operations and, should the contours of the land be changed for farming practices, then and in that event the Lessee shall lower any lines laid by it to maintain the minimum depth of 32 inches at its sole cost and expense. Nothing herein shall be interpreted as prohibiting Lessor's location and construction of fences, temporary structure, irrigation water and/or gas pipelines or ditches over, under or alongside any pipeline of the Lessee and the easement area herein granted.

5. Lessee agrees to pay Lessor for any damages caused by its operations to Lessor's land and growing crops. Lessee shall pay Lessor a reasonable amount, but no less than \$1,000 damages, per well drilled by Lessee on the above described land.

6. The installation of any salt water disposal equipment by Lessee in the operation of the lease shall be for the disposal of salt water from this lease only, and the disposal of water from any other lease shall not be permitted on the leased premises without the written consent of Lessor.

7. Lessee covenants and agrees that at all times he shall drill, develop and produce and plug all oil wells on the leased premises in compliance with all state and federal regulations relating to production of oil and/or gas. The Lessors or their agents shall have the rights at any time to inspect all of the drilling or production operations of the Lessee or their assigns for the primary purpose of inspecting to see that the Lessee has complied with all state and federal regulations.

8. Upon the completion of drilling operations, Lessee agrees to backfill the pits when dry, restore the surface to its original condition, as near as practicable, and pay for all damages.

9. Lessee shall fence all slush pits and areas containing equipment, chemicals or other substances which may be harmful to livestock of Lessor and/or Lessor's surface tenant.

10. Lessee, at its option is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, a pool or unit formed by such pooling for a vertical oil well shall not exceed 40 acres plus a maximum acreage tolerance of 10%, and for a horizontal well or a directional well which is either an oil or gas well or for a vertical gas well the pool or unit shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that Lessee has the right, but not the obligation, to form larger units for an oil well or gas well, whether or not a horizontal well, as permitted by the well spacing, density or allowable regulations of the governmental authority having jurisdiction over such matters. The terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or by regulations of the governmental authority, which has jurisdiction over such matters. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. Production, drilling or reworking operations anywhere on a pool or unit which includes all or any part of this lease, regardless of whether such production was obtained or such drilling or reworking operations were commenced before or after the execution of this lease or the instrument designating the pooled unit, shall be treated for all purposes (except the payment of royalties on production from the pooled unit) as if there were production, drilling or reworking operations on this lease and references herein to production from or operations on this lease shall be deemed to include production from or operations on any portion of such pooled unit, regardless of whether the well or wells are located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

11. 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 \$35.00 multiplied by the number of net mineral acres owned by Lessor in the land above described and then subject to this lease; and subject to the other provisions of this lease, the primary term shall be extended for an additional term of one (1) year from the end of the primary term hereof.

  
\_\_\_\_\_  
Mitchell Parsons

  
\_\_\_\_\_  
Angela Parsons



STATE OF KANSAS, GOVE COUNTY SS  
REGISTER OF DEEDS

Book: 182 Page: 574-579

Receipt #: 16414  
Pages Recorded: 6

Recording Fee: \$28.00

City of Topeka

Date Recorded: 12/28/2012 11:24:55 AM

LL88-1  
Form 88 (producers)  
Paid-up  
Kansas-Oklahoma

### OIL AND GAS LEASE

THIS AGREEMENT, Entered into this 7<sup>th</sup> day of December, 2012, between Patrick Parsons, a/k/a Pat Parsons,  
and Wendy R. Parsons, his wife  
whose mailing address is 406 Maple Ave., Oakley, KS 67748, herein after called lessor

and Empire Energy E&P, LLC, 1900 N. Amidon, Suite 210, Wichita, Kansas 67203, hereinafter called lessee, does witness:  
1. That lessor, for and in consideration of the sum of One (1) and more Dollars in hand paid and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted, leased, and let and by these presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land, with any reversionary rights therein, for the purpose of carrying on geological, geophysical and other exploratory work thereon, including core drilling and the drilling, mining, and operating for, producing and saving all of the oil, gas, gas condensate, gas distillate, casinghead gasoline and their respective constituent vapors, and all other gases, found thereon, the exclusive right of injecting water, brine, and other fluids and substances into the subsurface strata, and for constructing roads, laying pipe lines, building tanks, storing oil, building power stations, electrical lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and the injection of water, brine, and other substances into the subsurface strata, said tract of land being situated in the County of Gove, State of Kansas and described as follows:

Township 13 South, Range 31 West  
Section 8: NW/4

containing 160 acres, more or less.

2. This lease shall remain in force for a term of thirty (30) months (unless "primary term") and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of the products covered by this lease is separately produced.

3. The lessee shall deliver to lessor as royalty, free of cost, of the lease, or into the pipe line to which lessee may connect its wells the equal one-eighth (1/8) part of all oil produced and saved from the leased premises, or at the lessee's option may pay to the lessor for such production the one-eighth (1/8) royalty market price at the wellhead for oil of the grade and gravity prevailing on the day such oil is run into the pipe line or into storage tanks.

4. The lessee shall pay to the lessor, as a royalty, seventy-five (75%) of the proceeds received by the lessee from the sale of gas, gas condensate, gas distillate, casinghead gas, gas used for the manufacture of gasoline or any other product, and all other gases, including their constituent parts, produced from the land herein leased. If such gas is not sold by the lessee, lessee may pay or tender annually at or before the end of each yearly period during which such gas is not sold, as a shut-in royalty, whether one or more wells, an amount equal to one dollar per net mineral acre, and while said shut-in royalty is so paid or tendered, it will be considered under all provisions of this lease that gas is being produced in paying quantities. The first yearly period during which such gas is not sold shall begin on the date the first well is completed for production of gas.

5. This lease is a paid-up lease and may be maintained during the primary term without further payments or drilling operations.

6. In the event said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein then the royalties herein provided for shall be paid to said lessor only in the proportion which his interest bears to the whole and undivided fee, however, in the event the title to any interest in said land should revert to lessor, or his heirs, or his or their grantees, this lease shall cover such reversion.

7. The lessee shall have the right to use free of cost, gas, oil and water found on said land for its operations thereon, except water from existing wells of the lessor. When required by lessor, the lessee shall bury its pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during, or after the expiration of this lease to remove all machinery, fixtures, houses, buildings, and other structures placed on said premises, including the right to draw and remove all casing.

8. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee, and no change of ownership in the land or in the royalties or any sum due under this lease shall be binding on the lessee until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof, or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing the appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to lessor of the full interest claimed, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, or administrator, executor, or heir of lessor.

9. If the leased premises are now or shall hereafter be owned in severally or in separate tracts, the premises may nonetheless be developed and operated as one lease, and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may now or hereafter be divided by sale, devise, descent or otherwise, or to furnish separate measuring or receiving tanks.

10. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge in whole or in part any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in the event it exercises such option it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty accruing hereunder.

11. If after the expiration of the primary term, production of oil or gas should cease from any cause, this lease shall not terminate if lessee commences additional drilling or reworking operations within one hundred-twenty (120) days thereafter, or if at the expiration of the primary term, oil or gas is not being produced on said land, but lessee is then engaged in drilling or reworking operations thereon, then in either event, this lease shall remain in force so long as operations are prosecuted either on the same well or any other well thereafter commenced, with no cessation of more than one hundred twenty (120) consecutive days, and if they result in production of oil or gas, this lease shall remain in effect so long thereafter as there is production of oil or gas under any provisions of this lease.

12. Lessee may at any time surrender or cancel this lease in whole or in part by delivering or mailing such release to the lessor, or by placing same of record in the proper county. In case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion canceled shall cease and terminate, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes.

13. All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules, or regulations (and interpretations thereof) of all governmental agencies administering the same, and this lease shall not be in any way terminated wholly or partially nor shall the lessee be liable in damages for failure to comply with any of the express or implied provisions hereof if such failure accords with any such laws, orders, rules or regulations (or interpretations thereof). If lessee should be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction thereover, the primary term of this lease shall continue until six months after said order is suspended.

14. Lessee, at its option, is hereby given the right and power to pool or combine into one or more units the land covered by this lease, or any portion thereof, with other land covered by another lease, or leases when, in lessee's judgment, it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of such minerals in and under said land, such pooling to be in a unit or units not exceeding 80 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas or gas condensate or distillate well, plus a tolerance of ten percent (10%) to conform to Governmental Survey quarter sections. Lessee shall execute in writing and file for record in the county in which the land is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a unit or units shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on any part of the pooled acreage it shall be treated as if production is had from this lease whether any well is located on the land covered by this lease or not. Any well drilled on such unit shall be and constitute a well hereunder. In lieu of the royalty elements herein specified lessor shall receive on production from the unit so pooled only such portion of the royalty stipulated herein as the amount of his net royalty interest therein on an acreage basis bears to the total mineral acreage so pooled in the particular unit involved.

15. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor and lessee.

SEE ADDENDUM ATTACHED HERETO AND MADE A PART HEREOF.

IN WITNESS WHEREOF, we sign the day and year first above written.

Patrick Parsons  
Patrick Parsons, a/k/a Pat Parsons

Wendy R. Parsons  
Wendy R. Parsons



STATE OF Kansas )

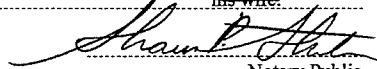
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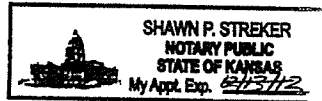
ACKNOWLEDGMENT FOR INDIVIDUAL

COUNTY OF LOGAN )

This instrument was acknowledged to me on this 13<sup>TH</sup> day of December, 2012, by Patrick Parsons, a/k/a Pat Parsons, HUSBAND OF and Wendy R. Parsons, his wife.

My Commission Expires: \_\_\_\_\_

  
Notary Public



2/7/2014

STATE OF Kansas.....)

) ss.

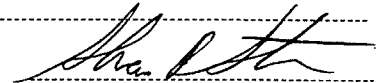
ACKNOWLEDGMENT FOR INDIVIDUAL

COUNTY OF Logan.....)

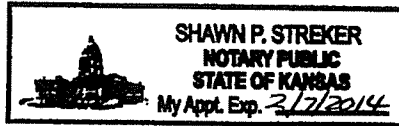
This instrument was acknowledged to me on this 13th day of December, 2012, by

Wendy R. Parsons, wife of Pat Parsons, a/k/a Patrick Parsons.

My Commission Expires:.....



Notary Public



## ADDENDUM

This Addendum is a part of that certain oil and gas lease, identified above by date and parties, covering the NW/4 Section 8, Township 13 South, Range 31 West, Gove County, Kansas, to the same extent as if the provisions hereof had originally been written in said lease. In the event of conflict between the lease provisions and the provisions provided in this Addendum, the provisions of this Addendum shall be binding.

1. If, at the expiration of the primary term or any time thereafter, there is any well(s) on the lease or lands pooled therewith that is capable of producing gas and such well(s) is shut-in, and this lease is not being maintained in force by any other provision of this lease, this lease shall nevertheless continue in force as though operations were being conducted on the leased premises for so long as such well(s) is shut-in, provided however, that this lease shall not be maintained in force for more than twelve (12) consecutive months at any one time solely by a shut-in well(s). If there is a shut-in well(s) at a time when this lease is not being maintained in force by any other provision of this lease, lessee shall pay or tender at or before the end of the one year anniversary of when the lease began to be maintained in force solely by the shut-in well(s), as a shut-in royalty, an amount equal to one dollar per net mineral acre subject to the lease at the time of payment.

2. The Lessee shall have the right to use free of cost, gas, oil and water found on said land for its operations thereon, except water from existing wells or stream. Lessee hereby is granted the right to use water from the springs located on the premises. Notwithstanding the foregoing, Lessee shall pay Lessor \$1,500 in the event of Lessee's use of Lessor's fresh water in drilling operations for an oil and/or gas well.

3. Three (3) years following the expiration of the primary term of this lease, if this lease is being maintained in force only by virtue of a portion or portions thereof being pooled or unitized with other lands, operations on such unit or units will not maintain this lease in force as to the land not included in such unit or units.

4. When requested by Lessor all pipelines which shall be constructed under this lease shall be buried to a depth of 32 inches and so laid as not to interfere with farming and ranching operations and, should the contours of the land be changed for farming practices, then and in that event the Lessee shall lower any lines laid by it to maintain the minimum depth of 32 inches at its sole cost and expense. Nothing herein shall be interpreted as prohibiting Lessor's location and construction of fences, temporary structure, irrigation water and/or gas pipelines or ditches over, under or alongside any pipeline of the Lessee and the easement area herein granted.

5. Lessee agrees to pay Lessor for any damages caused by its operations to Lessor's land and growing crops. Lessee shall pay Lessor a reasonable amount, but no less than \$1,000 damages, per well drilled by Lessee on the above described land.

6. The installation of any salt water disposal equipment by Lessee in the operation of the lease shall be for the disposal of salt water from this lease only, and the disposal of water from any other lease shall not be permitted on the leased premises without the written consent of Lessor.

7. Lessee covenants and agrees that at all times he shall drill, develop and produce and plug all oil wells on the leased premises in compliance with all state and federal regulations relating to production of oil and/or gas. The Lessors or their agents shall have the rights at any time to inspect all of the drilling or production operations of the Lessee or their assigns for the primary purpose of inspecting to see that the Lessee has complied with all state and federal regulations.

8. Upon the completion of drilling operations, Lessee agrees to backfill the pits when dry, restore the surface to its original condition, as near as practicable, and pay for all damages.

9. Lessee shall fence all slush pits and areas containing equipment, chemicals or other substances which may be harmful to livestock of Lessor and/or Lessor's surface tenant.

10. Lessee, at its option is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, a pool or unit formed by such pooling for a vertical oil well shall not exceed 40 acres plus a maximum acreage tolerance of 10%, and for a horizontal well or a directional well which is either an oil or gas well or for a vertical gas well the pool or unit shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that Lessee has the right, but not the obligation, to form larger units for an oil well or gas well, whether or not a horizontal well, as permitted by the well spacing, density or allowable regulations of the governmental authority having jurisdiction over such matters. The terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or by regulations of the governmental authority, which has jurisdiction over such matters. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. Production, drilling or reworking operations anywhere on a pool or unit which includes all or any part of this lease, regardless of whether such production was obtained or such drilling or reworking operations were commenced before or after the execution of this lease or the instrument designating the pooled unit, shall be treated for all purposes (except the payment of royalties on production from the pooled unit) as if there were production, drilling or reworking operations on this lease and references herein to production from or operations on this lease shall be deemed to include production from or operations on any portion of such pooled unit, regardless of whether the well or wells are located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

11. 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 \$35.00 multiplied by the number of net mineral acres owned by Lessor in the land above described and then subject to this lease; and subject to the other provisions of this lease, the primary term shall be extended for an additional term of one (1) year from the end of the primary term hereof.

Patrick Parsons  
Patrick Parsons

Wendy R Parsons  
Wendy R. Parsons



STATE OF Kansas )

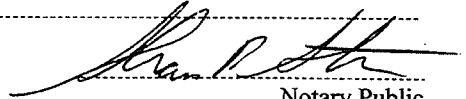
) ss.

ACKNOWLEDGMENT FOR INDIVIDUAL

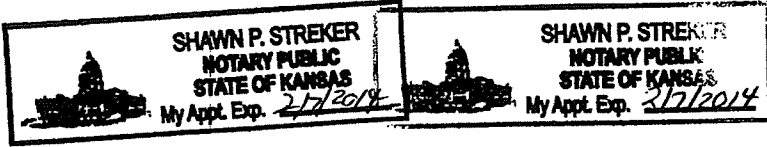
COUNTY OF Logan )

This instrument was acknowledged to me on this 13th day of December, 2012, by  
Wendy R. Parsons, wife of Pat Parsons, a/k/a Patrick Parsons.

My Commission Expires: \_\_\_\_\_



Notary Public



STATE OF Kansas )

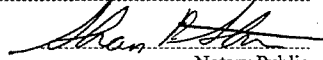
) ss.

ACKNOWLEDGMENT FOR INDIVIDUAL

COUNTY OF LOGAN )

This instrument was acknowledged to me on this 13<sup>TH</sup> day of December, 2012, by Pat Parsons, a/k/a Patrick Parsons, HUSBAND OF and Wendy R. Parsons, his wife.

My Commission Expires: \_\_\_\_\_

  
Notary Public



2/2/2014



## ADDENDUM

This Addendum is a part of that certain oil and gas lease, identified above by date and parties, covering the SE/4 Section 5, E/2 and SW/4 Section 8 and NE/4 Section 17, all in Township 13 South, Range 31 West, Gove County, Kansas, to the same extent as if the provisions hereof had originally been written in said lease. In the event of conflict between the lease provisions and the provisions provided in this Addendum, the provisions of this Addendum shall be binding.

1. If, at the expiration of the primary term or any time thereafter, there is any well(s) on the lease or lands pooled therewith that is capable of producing gas and such well(s) is shut-in, and this lease is not being maintained in force by any other provision of this lease, this lease shall nevertheless continue in force as though operations were being conducted on the leased premises for so long as such well(s) is shut-in, provided however, that this lease shall not be maintained in force for more than twelve (12) consecutive months at any one time solely by a shut-in well(s). If there is a shut-in well(s) at a time when this lease is not being maintained in force by any other provision of this lease, lessee shall pay or tender at or before the end of the one year anniversary of when the lease began to be maintained in force solely by the shut-in well(s), as a shut-in royalty, an amount equal to one dollar per net mineral acre subject to the lease at the time of payment.

2. The Lessee shall have the right to use free of cost, gas, oil and water found on said land for its operations thereon, except water from existing wells or stream. Lessee hereby is granted the right to use water from the springs located on the premises. Notwithstanding the foregoing, Lessee shall pay Lessor \$1,500 in the event of Lessee's use of Lessor's fresh water in drilling operations for an oil and/or gas well.

3. Three (3) years following the expiration of the primary term of this lease, if this lease is being maintained in force only by virtue of a portion or portions thereof being pooled or unitized with other lands, operations on such unit or units will not maintain this lease in force as to the land not included in such unit or units.

4. When requested by Lessor all pipelines which shall be constructed under this lease shall be buried to a depth of 32 inches and so laid as not to interfere with farming and ranching operations and, should the contours of the land be changed for farming practices, then and in that event the Lessee shall lower any lines laid by it to maintain the minimum depth of 32 inches at its sole cost and expense. Nothing herein shall be interpreted as prohibiting Lessor's location and construction of fences, temporary structure, irrigation water and/or gas pipelines or ditches over, under or alongside any pipeline of the Lessee and the easement area herein granted.

5. Lessee agrees to pay Lessor for any damages caused by its operations to Lessor's land and growing crops. Lessee shall pay Lessor a reasonable amount, but no less than \$1,000 damages, per well drilled by Lessee on the above described land.

6. The installation of any salt water disposal equipment by Lessee in the operation of the lease shall be for the disposal of salt water from this lease only, and the disposal of water from any other lease shall not be permitted on the leased premises without the written consent of Lessor.

7. Lessee covenants and agrees that at all times he shall drill, develop and produce and plug all oil wells on the leased premises in compliance with all state and federal regulations relating to production of oil and/or gas. The Lessors or their agents shall have the rights at any time to inspect all of the drilling or production operations of the Lessee or their assigns for the primary purpose of inspecting to see that the Lessee has complied with all state and federal regulations.

8. Upon the completion of drilling operations, Lessee agrees to backfill the pits when dry, restore the surface to its original condition, as near as practicable, and pay for all damages.

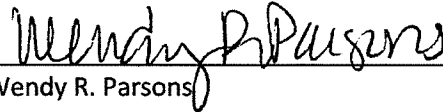
9. Lessee shall fence all slush pits and areas containing equipment, chemicals or other substances which may be harmful to livestock of Lessor and/or Lessor's surface tenant.

10. Lessee, at its option is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, a pool or unit formed by such pooling for a vertical oil well shall not exceed 40 acres plus a maximum acreage tolerance of 10%, and for a horizontal well or a directional well which is either an oil or gas well or for a vertical gas well the pool or unit shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that Lessee has the right, but not the obligation, to form larger units for an oil well or gas well, whether or not a horizontal well, as permitted by the well spacing, density or allowable regulations of the governmental authority having jurisdiction over such matters. The terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or by regulations of the governmental authority, which has jurisdiction over such matters. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. Production, drilling or reworking operations anywhere on a pool or unit which includes all or any part of this lease, regardless of whether such production was obtained or such drilling or reworking operations were commenced before or after the execution of this lease or the instrument designating the pooled unit, shall be treated for all purposes (except the payment of royalties on production from the pooled unit) as if there were production, drilling or reworking operations on this lease and references herein to production from or operations on this lease shall be deemed to include production from or operations on any portion of such pooled unit, regardless of whether the well or wells are located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

11. 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 \$35.00 multiplied by the number of net mineral acres owned by Lessor in the land above described and then subject to this lease; and subject to the other provisions of this lease, the primary term shall be extended for an additional term of one (1) year from the end of the primary term hereof.



Pat Parsons



Wendy R. Parsons