For KCC Use:

Eff	e	ct	iv	е	Date

District	±	
DISTINCT	TT .	

SGA?	Yes	No

KANSAS CORPORATION COMMISSION **OIL & GAS CONSERVATION DIVISION**

March 2010 Form must be Typed Form must be Signed All blanks must be Filled

Form C-1

1265667

NOTICE OF INTENT TO DRILL

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

Form KSONA-1, Certification of Com	pliance with	the Kansas	Surface	Owner Notification Ac	t, MUST be submitt	ed with this form.

Expected Spud Date:	Spot Description:
month day year	(<u>0/0/0/0</u>)
OPERATOR: License#	feet from N / S Line of Section
Name:	feet from E / W Line of Section
Address 1:	Is SECTION: Regular Irregular?
Address 2:	(Note: Locate well on the Section Plat on reverse side)
City: State: Zip: +	County:
Contact Person:	Lease Name: Well #:
Phone:	Field Name:
CONTRACTOR: License#	
Name:	Is this a Prorated / Spaced Field?
Name	Target Formation(s):
Well Drilled For: Well Class: Type Equipment:	Nearest Lease or unit boundary line (in footage):
Oil Enh Rec Infield Mud Rotary	Ground Surface Elevation:feet MSL
Gas Storage Pool Ext. Air Rotary	Water well within one-quarter mile:
Disposal Wildcat Cable	Public water supply well within one mile:
Seismic ; # of Holes Other	Depth to bottom of fresh water:
Other:	Depth to bottom of usable water:
	Surface Pipe by Alternate:
If OWWO: old well information as follows:	Length of Surface Pipe Planned to be set:
Operator:	Length of Conductor Pipe (if any):
Well Name:	Projected Total Depth:
Original Completion Date: Original Total Depth:	Formation at Total Depth:
5	Water Source for Drilling Operations:
Directional, Deviated or Horizontal wellbore?	Well Farm Pond Other:
If Yes, true vertical depth:	DWR Permit #:
Bottom Hole Location:	(Note: Apply for Permit with DWR)
KCC DKT #:	Will Cores be taken?
	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. II
Approved by:	
This authorization expires:	rted within 12 months of approval date.)
Spud date: Age	ent:

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:

ш



For KCC Use ONLY

API # 15 - ____

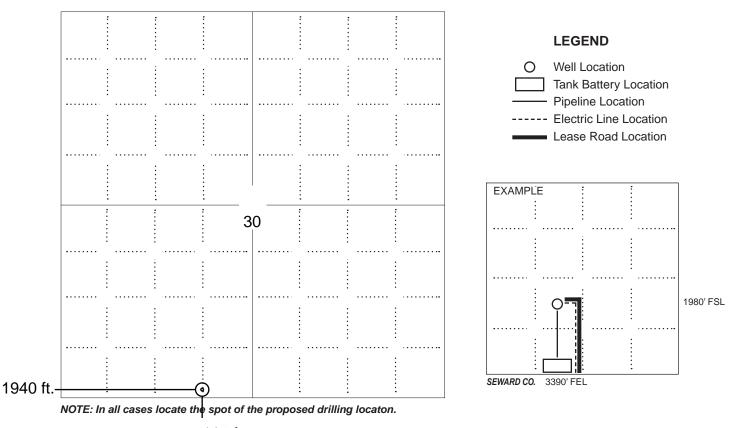
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

Operator:	Location of Well: County:
Lease:	feet from N / S Line of Section
Well Number:	feet from E / W Line of Section
Field:	Sec Twp S. R E 📃 W
Number of Acres attributable to well: QTR/QTR/QTR/QTR of acreage:	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.



115 ft.

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

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

Side Two



KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION 1265667

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:	Pit is:	Existing	 SecTwp R East West	
Settling Pit Drilling Pit	If Existing, date cor	nstructed:	Feet from North / South Line of Section	
U Workover Pit Haul-Off Pi (If WP Supply API No. or Year Drilled)	Pit capacity:		Feet from East / West Line of Section	
		(bbls)	County	
Is the pit located in a Sensitive Ground W	ater Area?	No	Chloride concentration: mg/l (For Emergency Pits and Settling Pits only)	
Is the bottom below ground level?	Artificial Liner?	lo	How is the pit lined if a plastic liner is not used?	
Pit dimensions (all but working pits):	Length (fee	et)	Width (feet)N/A: Steel Pits	
Dep	oth from ground level to dee	epest point:	(feet) No Pit	
material, thickness and installation procee	lure.	liner integrity, in	ncluding any special monitoring.	
Distance to nearest water well within one-mile of pit:		Depth to shallor Source of inforr	west fresh water feet. mation:	
feet Depth of water we	ell feet	measured	well owner electric log KDWR	
Emergency, Settling and Burn Pits ONI	Y:	Drilling, Worko	over and Haul-Off Pits ONLY:	
Producing Formation:		Type of materia	al utilized in drilling/workover:	
Number of producing wells on lease:		Number of working pits to be utilized:		
Barrels of fluid produced daily:		Abandonment p	procedure:	
Does the slope from the tank battery allow all spilled fluids to flow into the pit? Yes No		Drill pits must b	be closed within 365 days of spud date.	
Submitted Electronically				
	KCC	OFFICE USE OI	NLY	
Date Received: Permit	Number:	Permi	it Date: Lease Inspection: Yes No	

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202



KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT Form KSONA-1 January 2014 Form Must Be Typed Form must be Signed All blanks must be Filled

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

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

OPERATOR: License #	Well Location:	
Name:	Sec TwpS. R East 🗌 West	
Address 1:	County:	
Address 2:	Lease Name: Well #:	
City: State: Zip:+	······································	
Contact Person:	the lease below:	
Phone: () Fax: ()		
Email Address:		
Surface Owner Information:		
Name:		
Address 1:	sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the	
Address 2:	county, and in the real estate property tax records of the county treasurer.	
City: State: Zip:+		
,		

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.

Submitted Electronically

I

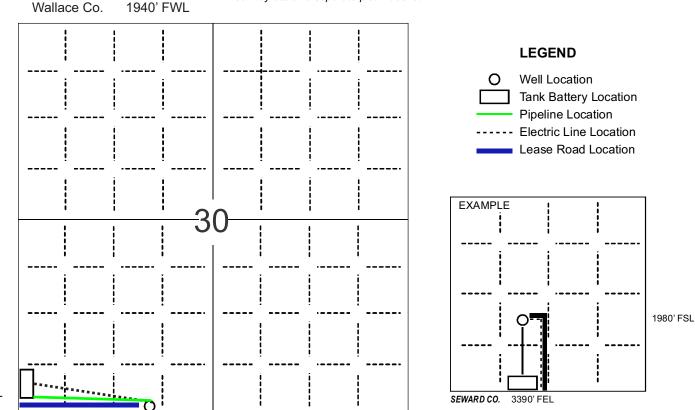
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

Operator: Red Oak Energy, Inc.	Location of Well: County: Wallace
Lease: Johnson View Farms	N / S Line of Section
Well Number: <u>#1-30</u>	E / W Line of Section
Field: WC	Sec. <u>30</u> Twp. <u>13</u> S. R. <u>38</u> 🗌 E 📕 W
Number of Acres attributable to well: <u>40</u> QTR/QTR/QTR/QTR of acreage: <u>NW</u> - <u>NE</u> - <u>SE</u> - <u>NW</u>	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.



115' FSL

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.

(Rev. 1981) (Rev. 1981) CLEVE CONNECT 630 (Pro Form 88

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AND GAS LEASE

OIL

Page 476-48 Fee \$52.00 20 15 cluas A. M Book 179 6-11 SS State of Kansas Wallace County at 9:57 o'clock Filed for Record

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Register of Deeds

Agreement, Made and entered into the 22nd day of April, 2015, by and between, Ben F. Johnson and Stephanie J. Johnson, Trustees of the Ben F. Johnson Trust dated June 5, 2012, 1410 Road 26, Wallace, KS 67761, hereinafter called Lessor (whether one or more), and Paramount Land Inc., P.O. Box 1278, Cimarron, KS 67835, hereinafter called Lesser (whether Essor, in consideration of Ten and more Dollars (\$10.00) in hand paid, receipt of which is here by acknowledged and the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of geological and geophysical investigating, exploring, prospecting, drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent produces are of treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent produces are of treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent produces and other produces manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest, therein stituated in the County of Wallace, State of Kansas, described as follows, to-wit:

"B" attached hereto and made a part hereof 3 See Exhibit "A"

acres, more or less, and all accretions thereto. and containing

Subject to the provisions herein contained, this lease shall remain in force for a term of **Three (3)** years from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land in consideration of the premises the said lesseo covenants and agrees: In consideration of the premises the said lesseo covenants and agrees: It. To deliver to the credit of lessor, free of cost, in the pipe line which lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and avord from the leased premises. Tod. To pay lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8), at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (1/8) of the proceeds received by lessee from a well producing gas only is not sold or used, lessee ensy pay or tender as royalty therefrom, said payments to be made monthy. Where gas from a well producing gas only is not sold or used, lessee shall not the manufacture of any products therefrom, said payments to be made monthy. Where gas from a well producing gas only is not sold or used, lessee shall not the manufacture of any products therefrom, and epithenes there in the relatived hereunder, and if such payment or tender is made it will be considered that gas is being produced may be maintained during the primary term hereof without thruther payment or tender is made it will be considered the fast of the lessee shall have the right to drill a well well not completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall be noticed within the term of these are shall have the right to use if the or only letter or the above described land than the entire and movided for shall be paid thes said lessor only in the proportion which lessor's interest ha

When requested by lessor, lessee shall bury lessee's pipe lines below plow depth. No well shall e drilled nearer than 200 feet to the house or barn now on said premises without written consent of lessor. Lessee shall pay for damages caused by lessee's operations to growing crops on said land. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including he right to draw and remove

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

Tessee may at my time execute and deliver to lessor or place of record a release or releases overing any portion or portions of the above described premises and thereby surrender this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and described premises and thereby surrender this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this leases to demonster and the reliver or the arranges surrendered. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation. Lesson by payment, any mole or in part, nor lessee held liable in damages, for failure is the result of any state Laws, Draw and agrees to defend the title to the lands here the described lands, in the event of default of payment by the lesson, by payment, any mortgage, taxes or other litens on the above described lands, in the event of default of payment by the lessor, and be subogated to the rights and, as a reclined lessor, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as staid right of dower and homestead may in any way affect the purposes for which this lease is made, as areiched herein, in so far as staid right of dower and homestead in the premises described herein, in so far as staid right of dower and homestead may in any way affect the purposes for which this lease is intermined with the event of a gas well. Lessee shall be a unit or units and operate staid less to protom the product from and preverses and part and take and operate state the purposes for which that lease or a leases in the immediat voting thereof, when in lessor is jud

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

The Ben F. Johnson Trust

1 nster Stephanie J. Johnson, Trustee

tar Re Delle Ben F. Johnson, Trustee

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179 PAGE 5

ACKNOWLEDGEMENT

.SS. Wallac , COUNTY OF Konsas STATE OF

BE IT REMEMBERED, That on this 24^{4} day of 4_{2} crip 2015, before me, the undersigned, a notary public in and for the County and State aforesald, came **Stephanie J. Johnson and Ben F. Johnson, Trustees of the The Ben F. Johnson Trust**, who are personally known to me to be such trustees, and who are personally known to me to be the same persons who executed, as such trustees, the foregoing document on behalf of said trust, and such persons duly acknowledged the execution of the same to be the act and deed of said trust.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above mentioned.

NOTARY PUBLIC - State of Kansas MARY LOU HURLBURT My Appt. Exp. 2-15 THE

Hur Iburt Mary Public Mary Lou Hu Type on Print Name

(My Appt. Expires: $\lambda - 7 - 15$)

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EXHIBIT "A"

ATTACHED HERETO AND MADE A PART HEREOF that certain Oil and Gas Lease dated April 22nd, 2015, by and between The Ben F. Johnson Trust dated June 5, 2012, as Lessor, and Paramount Land Inc., as Lessee All of Lessor's undivided interest in the real estate described on the attached Exhibit "B", referred to as "Leased Premises". To the 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.

It is expressly agreed that the lease shall not cover any minerals except oil and gas and their constituent products.

- All power lines and pipelines shall be buried below 48 inches in depth. All damages shall be due and payable on or before three (3) months after the same occur. Lessor reserves the right to designate all routes of installation of other equipment on the leased premises, Lessee shall consult and agree with the surface owner and/or the tenant as to the location and direction of the same. No seismic work or ingress and egress. Prior to the construction of any roads, pipelines, tank battery installations, or existing water line or any other structure on the leased premises without the prior written consent well shall be drilled nearer than 200 feet from any house, barn, corrals, stock tank, windmill, Lessee shall pay for all damages caused by its operations on said land. of Lessor. -
- that may be harmful to livestock of Lessor or Lessor's tenant. Said fence shall be constructed of Lessee shall fence all slush pits and areas containing equipment, chemicals or other substances materials and in a manner consistent with Lessor or Lessor's present ranching practices. N
- Lessee agrees to construct proper and sufficient braces at any point where fences are to be cut prior to cutting such fence. It is agreed that such braces be constructed so that slack will not develop in the existing fences. Surface Estate Owner and Lessee shall agree on location and type each fence to be cut by Lessee. Any such cattle guard and gate or gates shall remain in place and of substantial cattle guard and gate or gates to be installed by Lessee at Lessee's sole expense in shall become the property of the Surface Estate Owner. e
- upon the Lessor's land and to replace it on the top of the soil surface being restored. Upon including crop and grass damage caused by its operations, including pipelines installed on or \$2,500.00 each drill site location on grass land, and not less than \$3,500.00 each drill site location on crop land situated on the leased premises. As further consideration hereunder, Lessee agrees to pipeline installed or constructed on the above described land, whether or not connecting to a well including the reseeding of grass of Lessor's choice. All trash and debris shall be removed before Lessee hereby agrees to pay for any and all damages occasioned by its operation hereunder, the premises. Lessee shall pay Lessor a reasonable amount, but no less than pay Lessor a minimum of \$20.00 per rod, plus damages to Lessor's grass or crops, for any on the leased premises. The Lessee agrees to remove and save the top soil from all excavations completion of Lessee's operations on each well, Lessee agrees to restore the premises to as nearly as practical to the same condition they were prior to the commencement of operation hereunder, the surface of the premises is restored. No deadmen or other anchors shall be left on the property after drilling whether completed as a producing well or dry hole. from removed 4
 - By acceptance of this lease, Lessee covenants and agrees that it will fully comply with all statutes and all rules and regulations of all governmental agencies having jurisdiction over compliance with all environmental legislation. Lessee further agrees to indemnity, save, protect, and hold permitted by Lessee, its successors and assigns. This covenant and indemnity agreement shall Lessor harmless from any environmental damage or contamination caused, contributed to, survive the termination, expiration or release of this lease. S
 - Any abstracting expenses on such tract for drilling operations by Lessee under the terms of this lease shall be paid by the Lessee. 0.
- The Lessee shall not build any houses or buildings upon the leasehold estate. 1
- All reference to water in the lease shall be deleted. Lessee shall specifically not have any right to use fresh water from the above described premises for the purpose of water flooding or injection ŝ

C of 6 (Page

unitized. Use of any water located on the above described leasehold estate shall be made only in any water flooding program in which the leased premises may, for any reason, be pooled or after receipt of express written consent of Lessor.

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- without compensating Lessor for the use thereof. Provided, however, the terms and conditions of The installation of any salt water disposal equipment by Lessee in the operation of the lease shall be subject to the written approval of Lessor. Lessee shall not be permitted to use any well drilled on the leased premises as a salt water disposal well without the written consent of Lessor and this paragraph do not apply to the disposal of salt water produced from wells located on the leased premises. 6
- Lessee during the primary term of the lease and there is an abandonment of said lease, the Lessee shall fill all pits, ponds, remove all structures and reasonably restore the premises to the condition In the event there is no production in paying quantities found by any operations undertaken by existing at the time the lease is executed within three (3) months after the conclusion of the exploration or drilling, weather permitting. 10.
 - 11. Lessee shall have two (2) years herein called "shut-in-period", from the date of the completion of a gas well in which to make pipeline connections from production or marketing of gas. During the shut-in period, it shall be considered that gas is being produced from the leased premises in paying quantities so long as Lessee is paying Lessor a payment in the amount of \$5.00 per year Lessee does not have the right to shut-in for more than a two (2) consecutive year period unless per net mineral acre "in lieu of royalty" and not "as a shut-in royalty" as noted in the lease. an additional length of shut-in is agreed to in advance in writing by Lessor.
 - pe production of oil and/or gas. In addition, each governmental quarter section comprising a part of It is expressly agreed, notwithstanding anything to the contrary herein, that if the lease be in force and effect beyond the primary term, thereupon it shall terminate as to the oil and gas rights in all zones and formations of the leased premises or land unitized therewith which are 100° or more obligated to file of record in the county courthouse in which the leased premises are located a release of the lease below such zones or formations within sixty (60) days following written demand thereof, with said demand being made after the primary term or extension period herein referred to above. It is further agreed that at the same time, Lessee shall be obligated to also file of record in the county courthouse in which the leased premises are located a release of all of that portion of the leased surface acreage not included in any 40 acre unit immediately surrounding any producing oil well or in any 640 acre unit for any producing gas well and if such release is not filed within sixty (60) days following written demand thereof by Lessor, Lessee shall be liable Notwithstanding any provision heretofore, if Lessee drills a horizontal well, with a lateral length of 500 feet or greater, then Lessee shall have the right to unitize the leased premises with other lands in a unit that shall not exceed 640 acres, plus a tolerance of ten percent thereof, for the the Leased Premises shall constitute a separate oil and gas lease for purpose of holding the lease for damages and attorney's fees, if any, incurred, by Lessor in obtaining such release. below the deepest zone penetrated by Lessee or its horizontal equivalent. Lessee shall beyond the primary term. 12.
 - Lessee agrees to maintain any well site, storage tank location, or any other area used in its lease operations reasonably free of weeds, but without the use of salt or chemical substances in such weed control. 13.
- Upon written request by Lessor, Lessee shall make available to Lessor a copy of all logs and results of all tests run and made by Lessee in connection with its drilling operations on the leased premises at the Lessee's place of business. Lessor, or Lessor's agent shall have egress and access to all wells during drilling operations, however, shall not be permitted to be on any drilling rig. Lessor agrees to keep confidential all information provided to Lessor by Lessee. 14.
- No right is granted to the Lessee to erect on any part of the leased premises any plant or facility for gasoline extraction or for the processing of gas or petroliferous substances, except the normal and necessary heater treater and separator customarily used. Lessee specifically agrees to build any meter houses, separators, heater treaters, and storage tanks, used for the purpose of producing and saving any oil and gas upon the above described lands adjacent to any county, state road or highway adjoining the above described premises which shall not interfere with Lessor's use of the surface for farming and ranching purposes. 15.
 - Lessors reserve the right to designate all routes of ingress and egress. Prior to the construction of any roads, pipelines, tank battery installations, or installation of other equipment on the leased premises. Lessor shall consult and agree with the Lessors as to the location and direction of the 16.

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Exhibit "B"

Township 13 South, Range 38 West Section 30: A tract of land described as Beginning at the Southeast corner of the (SW/4); thence West along the South line of said Section a distance of forty (40) rods; thence North a distance of sixty (60) rods; thence East a distance of forty (40) rods to the East line of said Southwest Quarter; thence South along said Quarter Section line a distance of sixty (60) rods to the point of beginning, containing 15 acres, more or less

Section 31: Lot 1 (43.18), Lot 7 (36.80), and the South Half of the Northeast Quarter (S/2NE/4)

and containing 174.98 acres, more or less, and all accretions thereto.

Numerical Direct Index Indirect Index Microfilm Computer

(Producers Special) (Paid-Up) (Rev. 1981) 63U Form 88 -

OIL AND GAS LEASE

Agreement, Made and entered into the 22nd day of <u>April</u>, 2015, by and between, <u>The Louise M. Pearce Trust</u>, dated 12/22/12, <u>Louise M. Pearce, Bryan F. Pearce, Rita L. Kirkham, and Cecil W. Pearce, Trustees, 1420 Road 26, Wallace, KS 67761</u>, hereinafter called Lessor (whether one or more), and <u>Paramount Land Inc., P.O. Box 1278, Cimarron, KS 67355</u>, hereinafter called Lessee:

Lessor, in consideration of <u>Ten and more</u> Dollars (\$10.00) in hand paid, receipt of which is here by acknowledged and the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of geological and geophysical investigating, exploring, prospecting, drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufacture therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest, therein situated in the County of <u>Wallace</u>. State of <u>Kansas</u>, described as follows, to-wit:

"B" attached hereto and made a part hereof See Exhibit "A" &

acres, more or less, and all accretions thereto. and containing

Subject to the provisions herein contained, this lease shall remain in force for a term of **Three (3)** years from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or land with which said land is pooled.

In consideration of the premises the said lessee covenants and agrees: In consideration of the premises the said lessee covenants and agrees: I.f. To deliver to the credit of lessor, free of cost, in the pipe line which lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the lessed premises. 2nd. To pay lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8), at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (1/8) of the products therefrom, one-eighth (1/8), at the market price at the well, (but, as to gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. Where gas from a well producing gas only is not sold or used, lessee may pay or tender as royalty One Dollar (\$1:00) prestreper net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preading paragraph. This lease may be maintained during the primary term hereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned. If said lessor owns a less interest in the above described land time the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for lessee's operations thereon, except water from the worle of lesser of sort, gas, oil and water produced on said land for lessee's operations thereon, except water from

When requested by lessor, lessee shall bury lessee's pipe lines below plow depth. No well shall e drilled nearer than 200 feet to the house or barn now on said premises without written consent of lessor. Lessee shall pay for damages caused by lessee's operations to growing crops on said land. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including he right to draw and remove casing.

The testate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof restand extended to their herix, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment or remedy to shall be birding on the lesser unit after the lessee than been firmished with a written transfer or assignment or arue coupt hereof. In ease lessee assigns this lesse, in whole or in part, lessee shall be relieved of all obligations with respect to the assignment or arue coupt hereof. In ease lessee assigns this lesse, in whole or in part, lessee shall be relieved of all obligations as to the acreage surrender described premises and thereby surrander this lesse as to such proton or portion or portions of the above described premises and thereby surrander this lesse shall be subject to all Federal and State Laws. Executive Orders, Rules or Regulations, and lesses phale premises and thereby surrander this lesse shall be subject to all Federal and State Laws. Executive Orders, Rules or Regulations, and lesses, by partient mixed, in whole or in part, nor lessee held liable in damages, for faulture to comply therwith, if compliance is prevented by, or if such finiture is the result of any sub-law. Orders, Rules or Regulations, and the release, or by pares, or by any at any time event and gares to defend the title to the lands herein described harein, in so far as staid if op wrane is proton and agrees or darks and the releases and a successes and assess, and be subrogated to the ingrits of the holder threeof, when in lesses' sjudgment it is necessary or any portion thereof with the lesser, and its option, the protoned in the premises described herein, in so far as staid if op wrane in the lesser, and its option, thereof, when in lesses of the mackes is the arrange or any portion thereof with the lesser, and and or and house and

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

The Louise M. Pearce Trust

0400 lar Louise M. Pearce, Trustee Pearce, Trustee Bryank. Pear

00 Uner-122 041.7 Cecil W. Pearce, Trustee 0

Rith L. Kirkham, Trustee

ACKNOWLEDGEMENT

Ware, ss: Wa , COUNTY OF Kansus STATE OF

undersigned, a notary public in and for the County and State aforesaid, came Louise M. Pearce, Bryan F. Pearce, Rita L. Kirkham, and Cecil W. Pearce, Trustees of The Louise M. Pearce Trust, who are personally known to me to be such trustees, and who are personally known to me to be the same persons who executed, as such trustees, the foregoing document on behalf of said trust, and such persons duly acknowledged the execution of the same to be the act and deed of said trust. BE IT REMEMBERED, That on this $24^{\pm l_1}$ day

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above mentioned.

Mortary PUBLIC - State of Kansas MARY LOU HURLBURT My Appt. Exp. 22-7-15	nsas,	URT	L'
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(My Appt. Expires: $/\lambda - 7 - 15$)

ACKNOWLEDGEMENT

.SS. COUNTY OF W & Mare Van STATE OF

BE IT REMEMBERED. That on this $24^{\frac{1}{4}h}$ day of $40^{\frac{1}{2}h}$. 2015, before me, the undersigned, a notary public in and for the County and State aforesard, came Louise M. Pearce, Bryan F. Pearce, Rita L. Kirkham, and Cecil W. Pearce, Trustees of The Louise M. Pearce Trust, who are personally known to me to be such trustees, and who are personally known to me to be the same persons who executed, as such trustees, the foregoing document on behalf of said trust, and such persons duly acknowledged the execution of the same to be the act and deed of said trust.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above mentioned.

NOTARY PUBLIC - State of Kansas MARY LOU HURLBURT My Appt. Exp. 12.7-15

(My Appt. Expires: /2 - 7-/5

Chur Notary Public

Huchburg Type of Print Name

EXHIBIT "A"

22nd, 2015, by and between The Louise M. Pearce Trust, dated 12/22/12, as Lessor, and Paramount ATTACHED HERETO AND MADE A PART HEREOF that certain Oil and Gas Lease dated April Land Inc., as Lessee All of Lessor's undivided interest in the real estate described on the attached Exhibit "B", referred to as "Leased Premises".

between the lease provisions and the provisions provided in this Addendum, the provisions of this To the extent as if the provisions hereof had originally been written in said lease. In the event of conflict Addendum shall be binding.

It is expressly agreed that the lease shall not cover any minerals except oil and gas and their constituent products.

- All power lines and pipelines shall be buried below 48 inches in depth. All damages shall be due and payable on or before three (3) months after the same occur. Lessor reserves the right to designate all routes of installation of other equipment on the leased premises, Lessee shall consult and agree with the ingress and egress. Prior to the construction of any roads, pipelines, tank battery installations, or surface owner and/or the tenant as to the location and direction of the same. No seismic work or well shall be drilled nearer than 200 feet from any house, barn, corrals, stock tank, windmill, existing water line or any other structure on the leased premises without the prior written consent Lessee shall pay for all damages caused by its operations on said land. of Lessor.
 - Lessee shall fence all slush pits and areas containing equipment, chemicals or other substances that may be harmful to livestock of Lessor or Lessor's tenant. Said fence shall be constructed of materials and in a manner consistent with Lessor or Lessor's present ranching practices. N
 - Lessee agrees to construct proper and sufficient braces at any point where fences are to be cut prior to cutting such fence. It is agreed that such braces be constructed so that slack will not develop in the existing fences. Surface Estate Owner and Lessee shall agree on location and type of substantial cattle guard and gate or gates to be installed by Lessee at Lessee's sole expense in each fence to be cut by Lessee. Any such cattle guard and gate or gates shall remain in place and shall become the property of the Surface Estate Owner. e.
 - Lessee hereby agrees to pay for any and all damages occasioned by its operation hereunder, including crop and grass damage caused by its operations, including pipelines installed on or removed from the premises. Lessee shall pay Lessor a reasonable amount, but no less than \$2,500.00 each drill site location on grass land, and not less than \$3,500.00 each drill site location on crop land situated on the leased premises. As further consideration hereunder, Lessee agrees to pipeline installed or constructed on the above described land, whether or not connecting to a well on the leased premises. The Lessee agrees to remove and save the top soil from all excavations upon the Lessor's land and to replace it on the top of the soil surface being restored. Upon including the reseeding of grass of Lessor's choice. All trash and debris shall be removed before pay Lessor a minimum of \$20.00 per rod, plus damages to Lessor's grass or crops, for any completion of Lessee's operations on each well, Lessee agrees to restore the premises to as nearly as practical to the same condition they were prior to the commencement of operation hereunder, the surface of the premises is restored. No deadmen or other anchors shall be left on the property after drilling whether completed as a producing well or dry hole. 4
- and all rules and regulations of all governmental agencies having jurisdiction over compliance with all environmental legislation. Lessee further agrees to indemnity, save, protect, and hold By acceptance of this lease, Lessee covenants and agrees that it will fully comply with all statutes Lessor harmless from any environmental damage or contamination caused, contributed to, or permitted by Lessee, its successors and assigns. This covenant and indemnity agreement shall survive the termination, expiration or release of this lease. S.
 - Any abstracting expenses on such tract for drilling operations by Lessee under the terms of this lease shall be paid by the Lessee. 6.
 - The Lessee shall not build any houses or buildings upon the leasehold estate. r %
- All reference to water in the lease shall be deleted. Lessee shall specifically not have any right to use fresh water from the above described premises for the purpose of water flooding or injection

in any water flooding program in which the leased premises may, for any reason, be pooled or unitized. Use of any water located on the above described leasehold estate shall be made only after receipt of express written consent of Lessor.

- without compensating Lessor for the use thereof. Provided, however, the terms and conditions of The installation of any salt water disposal equipment by Lessee in the operation of the lease shall on the leased premises as a salt water disposal well without the written consent of Lessor and this paragraph do not apply to the disposal of salt water produced from wells located on the be subject to the written approval of Lessor. Lessee shall not be permitted to use any well drilled leased premises. 6
 - In the event there is no production in paying quantities found by any operations undertaken by Lessee during the primary term of the lease and there is an abandonment of said lease, the Lessee shall fill all pits, ponds, remove all structures and reasonably restore the premises to the condition existing at the time the lease is executed within three (3) months after the conclusion of the exploration or drilling, weather permitting. 10.
 - Lessee shall have two (2) years herein called "shut-in-period", from the date of the completion of a gas well in which to make pipeline connections from production or marketing of gas. During the shut-in period, it shall be considered that gas is being produced from the leased premises in paying quantities so long as Lessee is paying Lessor a payment in the amount of \$5.00 per year per net mineral acre "in lieu of royalty" and not "as a shut-in royalty" as noted in the lease. Lessee does not have the right to shut-in for more than a two (2) consecutive year period unless an additional length of shut-in is agreed to in advance in writing by Lessor. 11.
- It is expressly agreed, notwithstanding anything to the contrary herein, that if the lease be in force zones and formations of the leased premises or land unitized therewith which are 100° or more and effect beyond the primary term, thereupon it shall terminate as to the oil and gas rights in all below the deepest zone penetrated by Lessee or its horizontal equivalent. Lessee shall be obligated to file of record in the county courthouse in which the leased premises are located a demand thereof, with said demand being made after the primary term or extension period herein referred to above. It is further agreed that at the same time, Lessee shall be obligated to also file of record in the county courthouse in which the leased premises are located a release of all of that release of the lease below such zones or formations within sixty (60) days following written portion of the leased surface acreage not included in any 40 acre unit immediately surrounding production of oil and/or gas. In addition, each governmental quarter section comprising a part of any producing oil well or in any 640 acre unit for any producing gas well and if such release is not filed within sixty (60) days following written demand thereof by Lessor, Lessee shall be liable Notwithstanding any provision heretofore, if Lessee drills a horizontal well, with a lateral length of 500 feet or greater, then Lessee shall have the right to unitize the leased premises with other lands in a unit that shall not exceed 640 acres, plus a tolerance of ten percent thereof, for the the Leased Premises shall constitute a separate oil and gas lease for purpose of holding the lease such release. for damages and attorney's fees, if any, incurred, by Lessor in obtaining beyond the primary term. 12.
 - Lessee agrees to maintain any well site, storage tank location, or any other area used in its lease operations reasonably free of weeds, but without the use of salt or chemical substances in such weed control. 13.
- Upon written request by Lessor, Lessee shall make available to Lessor a copy of all logs and results of all tests run and made by Lessee in connection with its drilling operations on the leased premises at the Lessee's place of business. Lessor, or Lessor's agent shall have egress and access to all wells during drilling operations, however, shall not be permitted to be on any drilling rig. Lessor agrees to keep confidential all information provided to Lessor by Lessee. 14.
 - and necessary heater treater and separator customarily used. Lessee specifically agrees to build saving any oil and gas upon the above described lands adjacent to any county, state road or highway adjoining the above described premises which shall not interfere with Lessor's use of the No right is granted to the Lessee to erect on any part of the leased premises any plant or facility for gasoline extraction or for the processing of gas or petroliferous substances, except the normal any meter houses, separators, heater treaters, and storage tanks, used for the purpose of producing surface for farming and ranching purposes. and 15.
 - Lessors reserve the right to designate all routes of ingress and egress. Prior to the construction of any roads, pipelines, tank battery installations, or installation of other equipment on the leased premises. Lessor shall consult and agree with the Lessors as to the location and direction of the 16.

same. There shall be no oil road surfaces or hard surfacing of any access roads without the written consent of Lessors.

- 17. Lessee, without the prior written consent of Lessor first obtained, shall have no right or power to pool or unitize all or any part of the leased lands with any other tract or tracts. In the event Less shall, by any rule or regulation of any governmental authority having jurisdiction, be compelled to pool or unitize all or any part of the leased lands, said compulsory pooling or unitization shall not reduce the obligations of Lessee to pay royalties as provided for herein nor shall the royalty payable be reduced by such pooling or unitization.
 - Notwithstanding anything to the contrary in this lease, all portions of this Lease, not included in a unit created by the Corporation Commission and not producing or upon which drilling operations have not commenced, shall be released at the expiration of the primary term of this Lease. Should the unit, as established by the Corporation Commission, be changed after the expiration of the Commission unit shall be released. In addition, each governmental quarter section comprising a term, all portions of this lease not included in the newly prescribed Corporation part of the Leased Premises shall constitute and be considered as a separate oil and gas lease for purposes of holding the lease beyond the primary term. primary 18.
 - Should any provision of the Oil and Gas Lease be in conflict with this Addendum, this Addendum shall control. 20. 19.
- It is agreed between the Lessor and Lessee that, notwithstanding any language herein to the contrary, all oil, gas or other proceeds accruing to the Lessor under this lease or by state law shall dehydrating, compressing, processing, transporting, and marketing the oil, gas and other products result in enhancing the value of the marketable oil, gas or other products to receive a better price may be deducted from Lessor's share of production so long as they are based on actual cost of treating, produced hereunder to transform the product into marketable form; however, any costs which enhancements. However, in no event shall Lessor receive a price that is less than, or more than, separating, storing, be without deduction for the cost of producing, gathering, the price received by Lessee.
 - Each storage tank on the Leased Premises shall be protected by an earthen embankment of such size, height, and width as to adequately contain all substances which could be placed in such tank and prevent any such substances from escaping to other portions of the Leased Premises. 21.
- furnish Lessor with a recorded copy of each assignment instrument wherein all or any portion of Lessee, and each subsequent assignee of Lessee or Lessee's assigns, shall (upon written request) this lease is assigned to third party. 23.
 - All references in the Lease to 1/8 royalty shall be changed to read 3/16 royalty. 23.
- This Lease and Addendum, and all of its terms, conditions and stipulations shall extend to and be binding on, all of the heirs, administrators, executors, trustees, successors and assigns of Lessor and Lessee. 24.

IN WITNESS WHEREOF, I signed the day and year first above written.

SIGNED FOR IDENTIFICATION:

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Exhibit "B"

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Township 13 South, Range 38 West

Section 30: Lot 2 (36.60), SE/4NW/4 (a/d/a S/2NW/4) less a triangular 7.4 acre tract which lies to the South and West of the established road crossing said Quarter in a Southwesterly direction

Section 30: Lot 3 (36.56), Lot 4 (36.54), E/2SW/4 (a/d/a SW/4) less a tract described as Beginning at the Southeast corner of the (SW/4); thence West along the South line of said Section a distance of forty (40) rods; thence North a distance of sixty (60) rods; thence East a distance of forty (40) rods to the East line of said Southwest Quarter; thence South along said Quarter Section line a distance of sixty (60) rods to the point of beginning, containing 15 acres, more or less

and containing 207.30 acres, more or less, and all accretions thereto.

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Form 88 – (Producer, Special) (Parid-Up) 63U 1984)

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AND GAS LEASE OIL

Register of Deeds

Agreement, Made and entered into the 22nd day of April, 2015, by and between, Matthew E. Pearce and Megan G. Pearce. Trustees of the Matthew E. Pearce Trust dated July 26, 2012, 160 Road 26, Wallace, KS 67761, hereinafter called Lessor (whether one or more), and Paramount Land Inc., P.O. Box 1278, Cimarron, KS 67835, hereinafter called Lessee: Lessor, in consideration of Ten and more Dollars (\$10.00) in hand paid, receipt of which is here by acknowledged and the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of geological and geophysical investigating, exploring, prospecting, drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and an into subsurface stata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and their respective constituent products, injecting gas, water, other fluids, and an into subsurface stata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and their respective constituent products and other products manufacture, process, store and and otherwise caring for its employees, the following described land, together with any reversionary nights and after-acquired interest, therein situated in the County of Wallace, State of Kansas, described as follows, to-wit:

"B" attached hereto and made a part hereof 3 See Exhibit "A"

acres, more or less, and all accretions thereto. and containing

Subject to the provisions herein contained, this lease shall remain in force for a term of **Three (3)** years from this date (called "primary term"), and as long thereaftre as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or land via which said land is pooled. In consideration of the premises the sand lease covenants and agrees:

 1st. To deliver to the credit of leasor, free of cost, in the pipe line which lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.
 2nd. To pay lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8), at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (1/8) of the products therefrom, one-eighth (1/8), at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (1/8) of the products therefrom, one-eighth (1/8), at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (1/8) of the products therefrom, one-eighth (1/8), at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (1/8).
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Tessee may at any time exacute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered. All express or implied covernants of this lease as to such portion or portions and be relieved of all obligations as to the acreage surrender this lease shall have be exminated, in whole or in part, nor lessen had be an instructed, in whole or in part, nor lessen had agrees that the lessen shall have the right at any time evented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.
Lesson beneby varrants and agrees to defend the title to the lands here diverded and agrees that the lessen shall have the right at any time to redeem for lessor, by payment, any mortgage, taxes or other liens on the above described lands, in the event of default of payment by the lessor, and be subrogated to the holder threeof, and the undersigned lessor, for themselves and their heris, successons and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, and searce to everted by this lease or any portion thereof with other land, lease or leases in the implication or on the none and her mice as indomesting and describing and carcing the produced from said premises, such pooling to be of tracts contiguous to one another that an into a unit of units not exceeding 640 as ers each in the event of a gas well. Lessee shall be recorded and that may be forduced in an intervation of onl, gas or other minerals in and under and that may be forduced from this lease. If production is found on the pooled acreage, it shall be treated as if the novel acreage of the robidet the structure of on gas well. Lessee shall be treated in the event of a gas well. Lessee shall b

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

The Matthew E. Pearce Trust

Matthew E. Pearce, Trustee

Megan G/Pearce, Trustee

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ACKNOWLEDGEMENT

STATE OF Kan Sur, COUNTY OF Wallac

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BE IT REMEMBERED, That on this $24\frac{4}{3}$ day of 400 before me, the undersigned, a notary public in and for the County and State aforesaid, came Matthew E. Pearce and Megan G. Pearce, as Trustees of the Matthew E. Pearce Trust, who are personally known to me to be such trustees, and who are personally known to me to be the same persons who executed, as such trustees, the foregoing document on behalf of said trust, and such persons duly acknowledged the execution of the same to be the act and deed of said trust.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above mentioned.

NOTARY PUBLIC - State of Kansas MARY LOU HURLBURT My Appt. Exp. 13 - 7 - 15 · MA

Hurlburt Type or Print Name

Mary Public Notary Public

(My Appt. Expires: 12 - 7 - 15

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(Page 179 PAGE 41 EXHIBIT "A"

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22nd, 2015, by and between The Matthew E. Pearce Trust dated July 26, 2012, as Lessor, and ATTACHED HERETO AND MADE A PART HEREOF that certain Oil and Gas Lease dated April Paramount Land Inc., as Lessee All of Lessor's undivided interest in the real estate described on the attached Exhibit "B", referred to as "Leased Premises" To the 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. It is expressly agreed that the lease shall not cover any minerals except oil and gas and their constituent products

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 - with all environmental legislation. Lessee further agrees to indemnity, save, protect, and hold By acceptance of this lease, Lessee covenants and agrees that it will fully comply with all statutes and all rules and regulations of all governmental agencies having jurisdiction over compliance permitted by Lessee, its successors and assigns. This covenant and indemnity agreement shall Lessor harmless from any environmental damage or contamination caused, contributed to, survive the termination, expiration or release of this lease. S
 - Any abstracting expenses on such tract for drilling operations by Lessee under the terms of this lease shall be paid by the Lessee. 6.
- The Lessee shall not build any houses or buildings upon the leasehold estate. 2
- All reference to water in the lease shall be deleted. Lessee shall specifically not have any right to use fresh water from the above described premises for the purpose of water flooding or injection ×

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in any water flooding program in which the leased premises may, for any reason, be pooled or unitized. Use of any water located on the above described leasehold estate shall be made only after receipt of express written consent of Lessor.

- without compensating Lessor for the use thereof. Provided, however, the terms and conditions of this paragraph do not apply to the disposal of salt water produced from wells located on the The installation of any salt water disposal equipment by Lessee in the operation of the lease shall be subject to the written approval of Lessor. Lessee shall not be permitted to use any well drilled on the leased premises as a salt water disposal well without the written consent of Lessor and leased premises. 6
- In the event there is no production in paying quantities found by any operations undertaken by Lessee during the primary term of the lease and there is an abandonment of said lease, the Lessee shall fill all pits, ponds, remove all structures and reasonably restore the premises to the condition existing at the time the lease is executed within three (3) months after the conclusion of the exploration or drilling, weather permitting. 10.
 - Lessee shall have two (2) years herein called "shut-in-period", from the date of the completion of a gas well in which to make pipeline connections from production or marketing of gas. During the shut-in period, it shall be considered that gas is being produced from the leased premises in paying quantities so long as Lessee is paying Lessor a payment in the amount of \$5.00 per year Lessee does not have the right to shut-in for more than a two (2) consecutive year period unless per net mineral acre "in lieu of royalty" and not "as a shut-in royalty" as noted in the lease. an additional length of shut-in is agreed to in advance in writing by Lessor. 11.
 - and effect beyond the primary term, thereupon it shall terminate as to the oil and gas rights in all zones and formations of the leased premises or land unitized therewith which are 100° or more obligated to file of record in the county courthouse in which the leased premises are located a demand thereof, with said demand being made after the primary term or extension period herein referred to above. It is further agreed that at the same time, Lessee shall be obligated to also file of record in the county courthouse in which the leased premises are located a release of all of that portion of the leased surface acreage not included in any 40 acre unit immediately surrounding any producing oil well or in any 640 acre unit for any producing gas well and if such release is lands in a unit that shall not exceed 640 acres, plus a tolerance of ten percent thereof, for the production of oil and/or gas. In addition, each governmental quarter section comprising a part of the Leased Premises shall constitute a separate oil and gas lease for purpose of holding the lease It is expressly agreed, notwithstanding anything to the contrary herein, that if the lease be in force below the deepest zone penetrated by Lessee or its horizontal equivalent. Lessee shall be release of the lease below such zones or formations within sixty (60) days following written not filed within sixty (60) days following written demand thereof by Lessor, Lessee shall be liable Notwithstanding any provision heretofore, if Lessee drills a horizontal well, with a lateral length of 500 feet or greater, then Lessee shall have the right to unitize the leased premises with other for damages and attorney's fees, if any, incurred, by Lessor in obtaining such release. beyond the primary term. 12.
 - Lessee agrees to maintain any well site, storage tank location, or any other area used in its lease operations reasonably free of weeds, but without the use of salt or chemical substances in such weed control. 13.
- premises at the Lessee's place of business. Lessor, or Lessor's agent shall have egress and access Upon written request by Lessor, Lessee shall make available to Lessor a copy of all logs and results of all tests run and made by Lessee in connection with its drilling operations on the leased to all wells during drilling operations, however, shall not be permitted to be on any drilling rig. Lessor agrees to keep confidential all information provided to Lessor by Lessee. 14.
- and saving any oil and gas upon the above described lands adjacent to any county, state road or and necessary heater treater and separator customarily used. Lessee specifically agrees to build highway adjoining the above described premises which shall not interfere with Lessor's use of the No right is granted to the Lessee to erect on any part of the leased premises any plant or facility for gasoline extraction or for the processing of gas or petroliferous substances, except the normal any meter houses, separators, heater treaters, and storage tanks, used for the purpose of producing surface for farming and ranching purposes. 15.
 - Lessors reserve the right to designate all routes of ingress and egress. Prior to the construction of any roads, pipelines, tank battery installations, or installation of other equipment on the leased premises. Lessor shall consult and agree with the Lessors as to the location and direction of the 16.

of (Page

same. There shall be no oil road surfaces or hard surfacing of any access roads without the written consent of Lessors.

- pool or unitize all or any part of the leased lands with any other tract or tracts. In the event Lessee Lessee, without the prior written consent of Lessor first obtained, shall have no right or power to shall, by any rule or regulation of any governmental authority having jurisdiction, be compelled to pool or unitize all or any part of the leased lands, said compulsory pooling or unitization shall not reduce the obligations of Lessee to pay royalties as provided for herein nor shall the royalty payable be reduced by such pooling or unitization. 17.
 - Notwithstanding anything to the contrary in this lease, all portions of this Lease, not included in a unit created by the Corporation Commission and not producing or upon which drilling operations Commission unit shall be released. In addition, each governmental quarter section comprising a have not commenced, shall be released at the expiration of the primary term of this Lease. Should the unit, as established by the Corporation Commission, be changed after the expiration of the primary term, all portions of this lease not included in the newly prescribed Corporation part of the Leased Premises shall constitute and be considered as a separate oil and gas lease for purposes of holding the lease beyond the primary term. 18.
 - Should any provision of the Oil and Gas Lease be in conflict with this Addendum, this Addendum shall control. 19.
- 20. It is agreed between the Lessor and Lessee that, notwithstanding any language herein to the contrary, all oil, gas or other proceeds accruing to the Lessor under this lease or by state law shall may be deducted from Lessor's share of production so long as they are based on actual cost of dehydrating, compressing, processing, transporting, and marketing the oil, gas and other products produced hereunder to transform the product into marketable form; however, any costs which result in enhancing the value of the marketable oil, gas or other products to receive a better price enhancements. However, in no event shall Lessor receive a price that is less than, or more than, separating, treating, deduction for the cost of producing, gathering, storing, the price received by Lessee. be without
 - Each storage tank on the Leased Premises shall be protected by an earthen embankment of such size, height, and width as to adequately contain all substances which could be placed in such tank and prevent any such substances from escaping to other portions of the Leased Premises. 21.
- furnish Lessor with a recorded copy of each assignment instrument wherein all or any portion of Lessee, and each subsequent assignee of Lessee or Lessee's assigns, shall (upon written request) this lease is assigned to third party. 22.
- All references in the Lease to 1/8 royalty shall be changed to read 3/16 royalty. 23.
- This Lease and Addendum, and all of its terms, conditions and stipulations shall extend to and be binding on, all of the heirs, administrators, executors, trustees, successors and assigns of Lessor and Lessee. 24.

IN WITNESS WHEREOF, I signed the day and year first above written.

SIGNED FOR IDENTIFICATION:

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6 of 6) Section 31: Lot 2 (39.84), Lot 3 (36.68), Lot 6 (36.80) and the Southeast Quarter of the Northwest Quarter (SE/4NW/4), a/d/a NW/4 (Page_ 5 7 179 No. Exhibit "B" and containing 153.32 acres, more or less, and all accretions thereto. Township 13 South, Range 38 West Numerical Direct Index Indirect Index Microfilm 8 - - -

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(Producers Special) (Paid-Up) (Rev. 1981) 63U Form 88 - (

OIL AND GAS LEASE

Agreement, Made and entered into the 22nd day of <u>April</u>, 2015, by and between, <u>The Louise M. Pearce Trust, dated 12/22/12</u>, <u>Louise M. Pearce, Bryan F. Pearce, Rita L. Kirkham, and Cecil W. Pearce, Trustees, 1420 Road 26, Wallace, KS 67761</u>, hereinafter called Lessor (whether one or more), and <u>Paramount Land Inc., P.O. Box 1278, Cimarron, KS 67835</u>, hereinafter called

Lessor, in consideration of <u>Ten and more</u> Dollars (<u>\$10.00</u>) in hand paid, receipt of which is here by acknowledged and the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of geological and geophysical investigating, exploring, prospecting, drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent produces and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest, therein situated in the County of <u>Wallace</u>, State of <u>Kansas</u>, described as follows, to-wit:

"B" attached hereto and made a part hereof See Exhibit "A" &

acres, more or less, and all accretions thereto. and containing

Subject to the provisions herein contained, this lease shall remain in force for a term of <u>Three (3)</u> years from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land in consideration of the premises the said lessee covenants and agrees: In consideration of the premises the said lessee covenants and agrees: It. To deliver to the cardit of lessor, free of cost, in the pipe line which lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced as aved from the lessed premises. The To pay lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8), at the market price at the well, (but, as to gas sold, by lessee, in no event more than one-eighth (1/8) of the proceeds received by lessee from a such acre from a such acre of the greenises, or used in the manufacture of any products therefrom, one-eighth (1/8), at the market price at the well, (but, as to gas sold, used off the premises, or in the manufacture of any products therefrom, and garser received by lessee from a such acre retained hereunder, and if such payment or tender as royalty one Dollar (\$1.00) per year per net mineeral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the term of this lease or any termines, this lessee shall have the right to duil a well within the term of the preceding paragraph. This lesser may be manimatined during the primary term hereof without further payment or tender is made it will be considered that gas is being produced for well had been completed within the term of them are formed within the term of the preserving the restore shall have the right to duil a well within the term of the prevention there with payment or tender is the sold or used levine within the term of the searca based land in paying qu

the wells of lessor.

When requested by lessor, lessee shall bury lessee's pipe lines below plow depth. No well shall e drilled nearer than 200 feet to the house or barn now on said premises without written consent of lessor. Lessee shall pay for damages caused by lessee's operations to growing crops on said land. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including he right to draw and remove

casing.

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

Tessee may at any time excente and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portion and be relieved of all obligations as to the acceage surrender this lease as to such portion or portion and be relieved of all obligations as to the acceage surrender this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this presented by, or if such failure is the result of, any such Law, Order, Rule or Regulation. The spectrated by or if such failure is the result of, any such Law, Order, Rule or Regulation. Tessor hereby warrants and agrees to defend the title to the lands here described lands, in the event of default of payment by the lessor, and be subrogated to the rights of the noder hereof, and the undersigned lessor, for themselves and their heris, successors and assigns, hereby surrender and release all right of dower and homestand may in any way affect the purposes for which this lease is independent event of only as a recidend free function. The secon the result of approxed and in the premises described herein, in so far as asid right of dower and homestand may in any way affect the purposes for which this lease is independent event of only gas or other mineral free proposes for which this lease is independent to its necessary or advisable to do so in order to properly dower land, lease or leases in the thereof, and the undersigned herein, in so far as asid right of dower and homestand may in any way affect the purposes for which this lease is independent to its necessary or advisable to do so in order to properly dower land, lease or leases or the times to pool or combine the areage covered by this lease. The order land, lease or the particular and the undersigned lease in the event of a gas well. Lessee shall be treated as if fructure in the standard for this lease. The convyance recording of the pooled areres is sindued an instrum

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first written. The Louise M. Pearce Trust

at co earee (F) Bryon F La Bryank. Pearce, Trustee Dout March Th. 42

00 Run lal Coci W. Pearce, Trustee 0 9

Rita L. Kirkham, Trustee

ACKNOWLEDGEMENT

Ware, ss: 3 , COUNTY OF Kansus STATE OF

undersigned, a notary public in and for the County and State aforesaid, came Louise M. Pearce, Bryan F. Pearce, Rita L. Kirkham, and Cecil W. Pearce, Trustees of The Louise M. Pearce Trust, who are personally known to me to be such trustees, and who are personally known to me to be such trustees, and who are personally known to me to be the same persons who executed, as such trustees, the foregoing document on behalf of said trust, and such persons duly acknowledged the execution of the same to be the act and deed of said trust. **BE IT REMEMBERED**, That on this $24^{\pm 1/3}$ day

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above mentioned.

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f Kans	LBU	1-1
State of Kansas	HUH	12.
1	MARY LOU HURLBURT	Exp.
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(My Appt. Expires: $1\lambda - 7 - 15$

ACKNOWLEDGEMENT

.SS. Olac WA COUNTY OF Kans STATE OF

BE IT REMEMBERED, That on this $24^{\frac{1}{4}h}$ day of $40^{\frac{1}{2}h}$, 2015, before me, the undersigned, a notary public in and for the County and State aforesard, came Louise M. Pearce, Bryan F. Pearce, Rita L. Kirkham, and Cecil W. Pearce, Trustees of The Louise M. Pearce Trust, who are personally known to me to be such trustees, and who are personally known to me to be such trustees, the foregoing document on behalf of said trust, and such persons duly acknowledged the execution of the same to be the act and deed of said trust.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above mentioned.

NOTARY PUBLIC - State of Kansas MARY LOU HURLBURT My Appt. Exp. 12.7-15 -個Ш

(My Appt. Expires: 12 - 7-15

Notary Public

Hurlbur Macy Few F

EXHIBIT "A"

22nd, 2015, by and between The Louise M. Pearce Trust, dated 12/22/12, as Lessor, and Paramount ATTACHED HERETO AND MADE A PART HEREOF that certain Oil and Gas Lease dated April Land Inc., as Lessee All of Lessor's undivided interest in the real estate described on the attached Exhibit "B", referred to as "Leased Premises".

between the lease provisions and the provisions provided in this Addendum, the provisions of this To the extent as if the provisions hereof had originally been written in said lease. In the event of conflict Addendum shall be binding. It is expressly agreed that the lease shall not cover any minerals except oil and gas and their constituent products.

- before three (3) months after the same occur. Lessor reserves the right to designate all routes of ingress and egress. Prior to the construction of any roads, pipelines, tank battery installations, or All power lines and pipelines shall be buried below 48 inches in depth. All damages shall be due and payable on or installation of other equipment on the leased premises, Lessee shall consult and agree with the surface owner and/or the tenant as to the location and direction of the same. No seismic work or well shall be drilled nearer than 200 feet from any house, barn, corrals, stock tank, windmill, existing water line or any other structure on the leased premises without the prior written consent Lessee shall pay for all damages caused by its operations on said land. of Lessor.
 - Lessee shall fence all slush pits and areas containing equipment, chemicals or other substances that may be harmful to livestock of Lessor or Lessor's tenant. Said fence shall be constructed of materials and in a manner consistent with Lessor or Lessor's present ranching practices. N
- Lessee agrees to construct proper and sufficient braces at any point where fences are to be cut prior to cutting such fence. It is agreed that such braces be constructed so that slack will not develop in the existing fences. Surface Estate Owner and Lessee shall agree on location and type of substantial cattle guard and gate or gates to be installed by Lessee at Lessee's sole expense in each fence to be cut by Lessee. Any such cattle guard and gate or gates shall remain in place and shall become the property of the Surface Estate Owner. e
 - Upon including crop and grass damage caused by its operations, including pipelines installed on or removed from the premises. Lessee shall pay Lessor a reasonable amount, but no less than \$2,500.00 each drill site location on grass land, and not less than \$3,500.00 each drill site location on crop land situated on the leased premises. As further consideration hereunder, Lessee agrees to pipeline installed or constructed on the above described land, whether or not connecting to a well on the leased premises. The Lessee agrees to remove and save the top soil from all excavations Lessee hereby agrees to pay for any and all damages occasioned by its operation hereunder, pay Lessor a minimum of \$20.00 per rod, plus damages to Lessor's grass or crops, for any completion of Lessee's operations on each well, Lessee agrees to restore the premises to as nearly as practical to the same condition they were prior to the commencement of operation hereunder, including the reseeding of grass of Lessor's choice. All trash and debris shall be removed before the surface of the premises is restored. No deadmen or other anchors shall be left on the property upon the Lessor's land and to replace it on the top of the soil surface being restored. after drilling whether completed as a producing well or dry hole. 4
 - By acceptance of this lease, Lessee covenants and agrees that it will fully comply with all statutes and all rules and regulations of all governmental agencies having jurisdiction over compliance with all environmental legislation. Lessee further agrees to indemnity, save, protect, and hold Lessor harmless from any environmental damage or contamination caused, contributed to, or permitted by Lessee, its successors and assigns. This covenant and indemnity agreement shall survive the termination, expiration or release of this lease. S
 - Any abstracting expenses on such tract for drilling operations by Lessee under the terms of this lease shall be paid by the Lessee. 6.
- The Lessee shall not build any houses or buildings upon the leasehold estate. 2
- All reference to water in the lease shall be deleted. Lessee shall specifically not have any right to use fresh water from the above described premises for the purpose of water flooding or injection 8

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in any water flooding program in which the leased premises may, for any reason, be pooled or unitized. Use of any water located on the above described leasehold estate shall be made only after receipt of express written consent of Lessor.

- without compensating Lessor for the use thereof. Provided, however, the terms and conditions of this paragraph do not apply to the disposal of salt water produced from wells located on the The installation of any salt water disposal equipment by Lessee in the operation of the lease shall on the leased premises as a salt water disposal well without the written consent of Lessor and be subject to the written approval of Lessor. Lessee shall not be permitted to use any well drilled leased premises. 6
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- It is expressly agreed, notwithstanding anything to the contrary herein, that if the lease be in force and effect beyond the primary term, thereupon it shall terminate as to the oil and gas rights in all zones and formations of the leased premises or land unitized therewith which are 100° or more below the deepest zone penetrated by Lessee or its horizontal equivalent. Lessee shall be obligated to file of record in the county courthouse in which the leased premises are located a release of the lease below such zones or formations within sixty (60) days following written demand thereof, with said demand being made after the primary term or extension period herein referred to above. It is further agreed that at the same time, Lessee shall be obligated to also file production of oil and/or gas. In addition, each governmental quarter section comprising a part of of record in the county courthouse in which the leased premises are located a release of all of that portion of the leased surface acreage not included in any 40 acre unit immediately surrounding any producing oil well or in any 640 acre unit for any producing gas well and if such release is not filed within sixty (60) days following written demand thereof by Lessor, Lessee shall be liable lands in a unit that shall not exceed 640 acres, plus a tolerance of ten percent thereof, for the Notwithstanding any provision heretofore, if Lessee drills a horizontal well, with a lateral length of 500 feet or greater, then Lessee shall have the right to unitize the leased premises with other the Leased Premises shall constitute a separate oil and gas lease for purpose of holding the lease for damages and attorney's fees, if any, incurred, by Lessor in obtaining such release. beyond the primary term. 12.
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- Lessee, without the prior written consent of Lessor first obtained, shall have no right or power to pool or unitize all or any part of the leased lands with any other tract or tracts. In the event Less shall, by any rule or regulation of any governmental authority having jurisdiction, be compelled to pool or unitize all or any part of the leased lands, said compulsory pooling or unitization shall not reduce the obligations of Lessee to pay royalties as provided for herein nor shall the royalty payable be reduced by such pooling or unitization. 17.
 - Notwithstanding anything to the contrary in this lease, all portions of this Lease, not included in a unit created by the Corporation Commission and not producing or upon which drilling operations have not commenced, shall be released at the expiration of the primary term of this Lease. Should Commission unit shall be released. In addition, each governmental quarter section comprising a the unit, as established by the Corporation Commission, be changed after the expiration of the term, all portions of this lease not included in the newly prescribed Corporation part of the Leased Premises shall constitute and be considered as a separate oil and gas lease for purposes of holding the lease beyond the primary term. primary 18.
 - Should any provision of the Oil and Gas Lease be in conflict with this Addendum, this Addendum shall control. 20. 19.
- It is agreed between the Lessor and Lessee that, notwithstanding any language herein to the contrary, all oil, gas or other proceeds accruing to the Lessor under this lease or by state law shall dehydrating, compressing, processing, transporting, and marketing the oil, gas and other products may be deducted from Lessor's share of production so long as they are based on actual cost of produced hereunder to transform the product into marketable form; however, any costs which result in enhancing the value of the marketable oil, gas or other products to receive a better price treating, enhancements. However, in no event shall Lessor receive a price that is less than, or more than, separating, storing, gathering, deduction for the cost of producing, the price received by Lessee. be without
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 - furnish Lessor with a recorded copy of each assignment instrument wherein all or any portion of Lessee, and each subsequent assignee of Lessee or Lessee's assigns, shall (upon written request) this lease is assigned to third party. 23. 22.
 - All references in the Lease to 1/8 royalty shall be changed to read 3/16 royalty.
- This Lease and Addendum, and all of its terms, conditions and stipulations shall extend to and be binding on, all of the heirs, administrators, executors, trustees, successors and assigns of Lessor and Lessee. 24.

IN WITNESS WHEREOF, I signed the day and year first above written.

SIGNED FOR IDENTIFICATION:

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Exhibit "B"

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Township 13 South, Range 38 West

Section 30: Lot 2 (36.60), SE/4NW/4 (a/d/a S/2NW/4) less a triangular 7.4 acre tract which lies to the South and West of the established road crossing said Quarter in a Southwesterly direction

Section 30: Lot 3 (36.56), Lot 4 (36.54), E/2SW/4 (a/d/a SW/4) less a tract described as Beginning at the Southeast corner of the (SW/4); thence West along the South line of said Section a distance of forty (40) rods; thence North a distance of sixty (60) rods; thence East a distance of forty (40) rods to the East line of said Southwest Quarter; thence South along said Quarter Section line a distance of sixty (60) rods to the point of beginning, containing 15 acres, more or less

and containing 207.30 acres, more or less, and all accretions thereto.

j.

Conservation Division 266 N. Main St., Ste. 220 Wichita, KS 67202-1513



Phone: 316-337-6200 Fax: 316-337-6211 http://kcc.ks.gov/

Shari Feist Albrecht, Chair Jay Scott Emler, Commissioner Pat Apple, Commissioner Sam Brownback, Governor

November 06, 2015

Sean Deenihan Red Oak Energy, Inc. 7701 E KELLOGG DR STE 710 WICHITA, KS 67207-1738

Re: Drilling Pit Application Johnson View Farm 1-30 SW/4 Sec.30-13S-38W Wallace County, Kansas

Dear Sean Deenihan:

District staff has inspected the above referenced location and has determined that an unsealed condition will present a pollution threat to water resources.

District staff has recommended that the reserve pit be lined with bentonite or native clay, constructed **without slots**, the bottom shall be flat and reasonably level and the free fluids must be removed. The fluids are to be removed from the reserve pit after drilling operations have ceased.

If production casing is set all completion fluids shall be removed from the working pits daily. <u>NO</u> completion fluids or non-exempt wastes shall be placed in the reserve pit.

The fluids should be taken to an authorized disposal well. Please call the District Office at (785) 625-0550 when the fluids have been removed. Please file form CDP-5 (August 2008), Exploration and Production Waste Transfer, through KOLAR within 30 days of fluid removal.

A copy of this letter should be posted in the doghouse along with the approved Intent to Drill. If you have any questions or concerns please feel free to contact the District Office at (785) 625-0550.