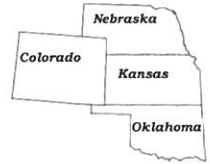




181734L
CRD NO.

PRO-STAKE LLC

12944
INVOICE NO.



Construction Site Staking

P.O. Box 2324 Garden City, Kansas 67846
Office/Fax: (620) 276-6159 – Cell: (620) 272-1499
burt@pro-stakellc.ksoxmail.com

Palomino Petroleum, Inc.
OPERATOR

Scott County, KS
COUNTY **21** **17s** **34w**
 Sec. **Twp.** **Rng.**

#1 J & B Wilkinson
LEASE NAME

1081' FNL - 2465' FWL
LOCATION SPOT

3036.1'
GR. ELEVATION

SCALE: 1" = 1000"
DATE STAKED: Feb. 25th, 2015
MEASURED BY: Kent C.
DRAWN BY: Norby S.
AUTHORIZED BY: Klee W. & Nick G.
DATE REVISED:

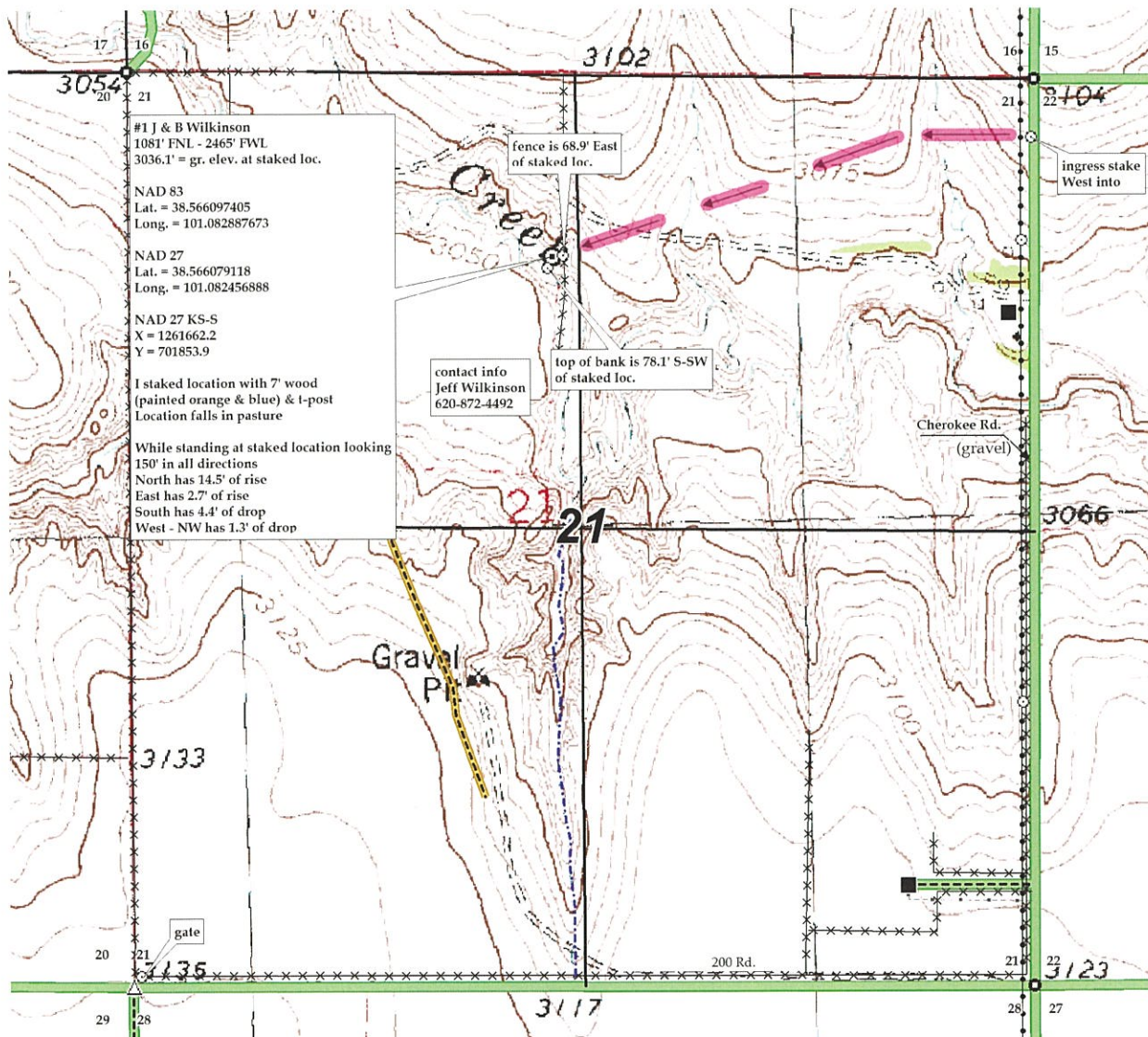


LEGEND

- irr. well
- ⊕ water hydrant
- ⊕ tank battery
- ⊕ staked loc.
- ⊗ prod. well/aband. well
- house
- building
- G— gas line
- W— water line
- E— transmission powerline
- 3 phase powerline
- single phase powerline
- x—x—x— fence
- ▬▬▬ gravel/sand rd.
- ▬▬▬ gravel trail/lease rd.
- ▬▬▬ dirt rd.
- ▬▬▬ dirt trail/lease rd.
- ▬▬▬ Hwy/blacktop rd.

DIRECTIONS: From the center of Pence, KS at the intersection Rd. 270 & Cherokee Rd. – Now go 5.5 miles South on Cherokee Rd. to the NE corner of section 21-17s-34w – Now go 0.1 mile South on Cherokee Rd. to ingress stake West into – Now go approx. 2900' / 0.6 mile West & West-SW through pasture, into staked location.
Final ingress must be verified with landowner or operator.

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



#1 J & B Wilkinson
1081' FNL - 2465' FWL
3036.1' = gr. elev. at staked loc.

NAD 83
Lat. = 38.566097405
Long. = 101.082887673

NAD 27
Lat. = 38.566079118
Long. = 101.082456888

NAD 27 KS-S
X = 1261662.2
Y = 701853.9

I staked location with 7' wood (painted orange & blue) & t-post
Location falls in pasture

While standing at staked location looking 150° in all directions
North has 14.5' of rise
East has 2.7' of rise
South has 4.4' of drop
West - NW has 1.3' of drop

contact info
Jeff Wilkinson
620-872-4492

fence is 68.9' East
of staked loc.

top of bank is 78.1' S-SW
of staked loc.

ingress stake
West into

Cherokee Rd.
(gravel)

gate

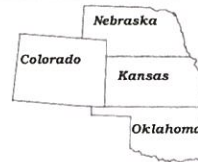


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Scott County, KS
COUNTY

21 17s 34w
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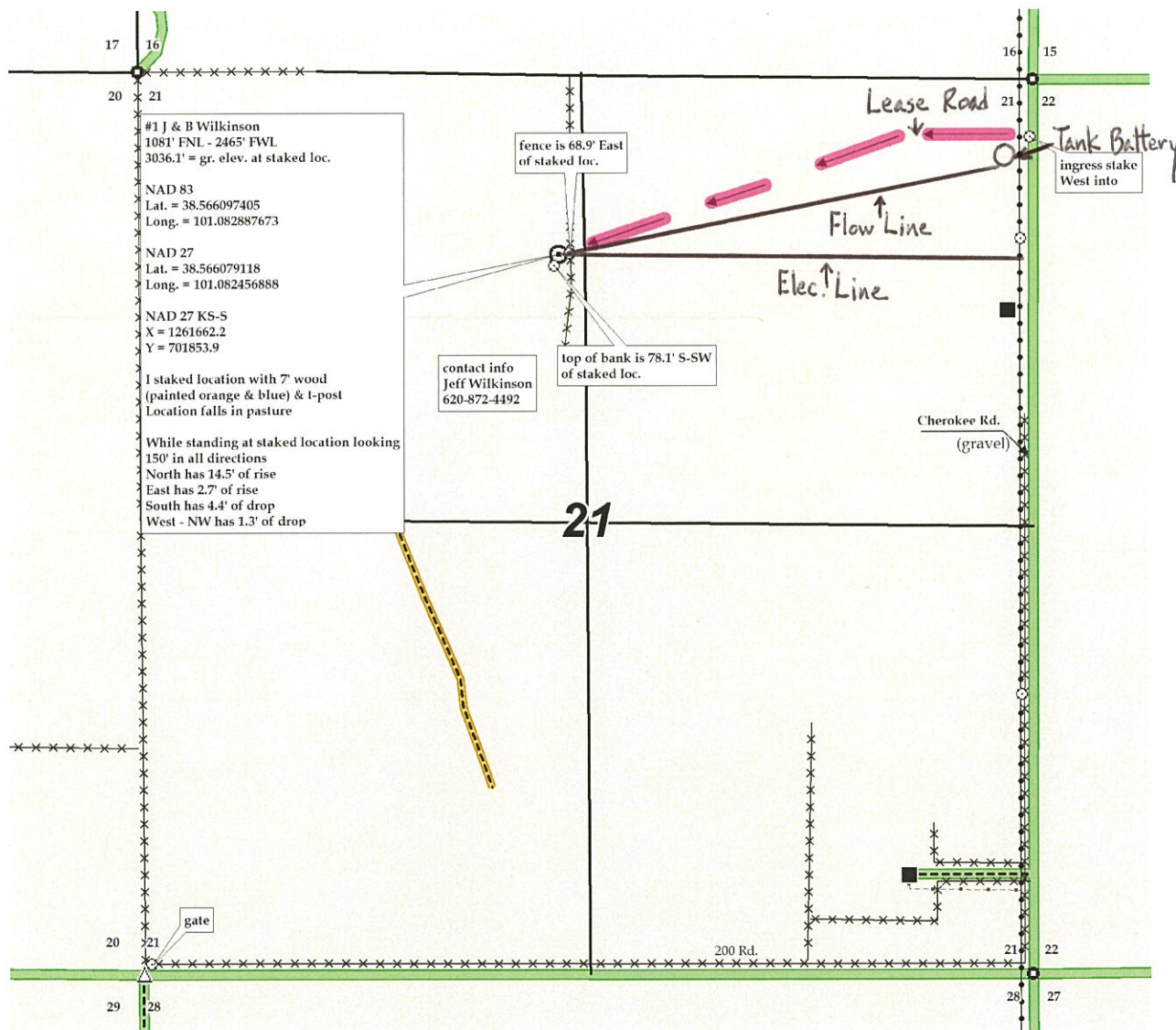
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COMPUTER
NUMERICAL



STATE OF KANSAS, SCOTT COUNTY, SS
This instrument was filed for record on the
13 day of March A.D. 2015
10 o'clock A.M., and duly recorded in book
274 page 74
Dakota Murphy
\$ 36.00 Register of Deeds

PAID UP OIL AND GAS LEASE

PROD 88 (REV 10/92/14MP)

THIS LEASE AGREEMENT is made as of the 11th day of February, 2015, between Jeffrey A. Wilkinson and Barbara J. Wilkinson, Co-Trustees of the Jeffrey A. Wilkinson Trust dated 12/27/2012, and Barbara J. Wilkinson and Jeffrey A. Wilkinson, Co-Trustees of the Barbara J. Wilkinson Trust dated 12/27/2012, 706 Orr St., Scott City, KS 67871, as Lessor (whether one or more) and Paramount Land, Inc., P.O. Box 1278, Cimarron, KS 67835, as Lessee.

1. **Description.** Lessor in consideration of Ten (\$10.00) and more dollars and other good and valuable consideration, in hand paid and the covenants herein contained, hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

Township 17 South, Range 34 West
Section 21: W/2NE/4, NW/4, W/2SW/4, SE/4SW/4

in the county of **SCOTT**, State of **KANSAS**, containing .36000 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described land, this lease and the term "leased premises" also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described land, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. **Term of Lease.** This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of **Three (3) years** from **March 5, 2015**, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. **Royalty Payment.** Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be **one-eighth (1/8th)** of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, less a proportionate part of ad valorem taxes and production, severance or other excise taxes and the costs incurred by Lessee in delivering, treating or otherwise marketing such oil or other liquid hydrocarbons, provided that Lessee shall have the continuing right to sell such production to itself or an affiliate at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be **one-eighth (1/8th)** of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to sell such production to itself or an affiliate at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay an aggregate shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. **Depository Agent.** All shut-in royalty payments under this lease shall be paid or tendered directly to Lessor or to Lessor's credit at Lessor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, as Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. **Operations.** If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. **Pooling.** Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well (other than a horizontal completion) shall not exceed 80 acres plus a maximum acreage tolerance of 10% and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 15,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 15,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment, and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. **Proportionate Reductions.** If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. **Ownership Changes.** The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. **Release of Lease.** Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases less than all of the interest or area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. **Ancillary Rights.** In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized therewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the exclusive right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, environmental surveys or studies, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled or unitized therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands of Lessor used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. **Regulation and Delay.** 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. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or order, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. **Breach or Default.** No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

13. **Warranty of Title.** Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

14. **Notice.** LESSOR SHALL NOT EXECUTE ANY OILAND GAS LEASE OR AGREEMENT, WHILE THIS LEASE IS IN EFFECT, THAT MAY IN ANY WAY AFFECT THOSE RIGHTS GRANTED HEREIN TO LESSEE.

Please see Exhibit "A" attached hereto and made a part hereof

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

Jeffrey A. Wilkinson Trust dated 12/27/2012

Lessor: Jeffrey A. Wilkinson TTEE
(Jeffrey A. Wilkinson, Trustee)

Lessor: Barbara J. Wilkinson Trustee
(Barbara J. Wilkinson, Trustee)

Barbara J. Wilkinson Trust dated 12/27/2012

Lessor: Jeffrey A. Wilkinson TTEE
(Jeffrey A. Wilkinson, Trustee)

Lessor: Barbara J. Wilkinson Trustee
(Barbara J. Wilkinson, Trustee)

Acknowledgement page to follow


ACKNOWLEDGEMENT

STATE OF KANSAS

COUNTY OF SCOTT

On this 11 day of FEBRUARY, 2015, before me, the undersigned Notary Public in and for said county and state, personally appeared Jeffrey A. Wilkinson and Barbara J. Wilkinson, Co-Trustees of the Jeffrey A. Wilkinson Trust dated 12/27/2012, and Barbara J. Wilkinson and Jeffrey A. Wilkinson, Co-Trustees of the Barbara J. Wilkinson Trust dated 12/27/2012, known to me to be the person(s) whose name(s) are subscribed to the foregoing instrument, and acknowledged that the same was executed and delivered as their free and voluntary act for the purposes therein set forth. In witness whereof, I hereunto set my hand and official seal and of the date hereinabove stated.

My Commission Expires: 9/24/2016



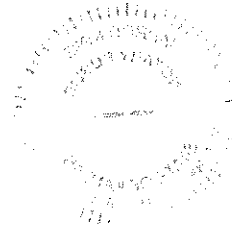
Notary Public



EXHIBIT "A"

1. Lessee and/or their assigns shall restore the surface and the surface contours to their original condition as nearly as is reasonably practicable after drilling operations are completed on the above described premises.

2. The Lessor reserves the right to designate all routes of ingress and egress and must be consulted by Lessee as to the location of all roads, pipelines, tank batteries, power lines and other equipment and machinery necessary for production prior to its construction and installation, so as to minimize the interference with the surface farming operations. Lessor's designation of routes of ingress and egress shall not be unreasonably withheld.



ORIGINAL COMPARED WITH RECORD