



For KCC Use:

Effective Date: _____

District # _____

SGA? Yes No

KANSAS CORPORATION COMMISSION 1315124
OIL & GAS CONSERVATION DIVISION

Form C-1
March 2010

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

NOTICE OF INTENT TO DRILL

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

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

Expected Spud Date: _____
 month day year

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

CONTRACTOR: License# _____
Name: _____

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

If OWWO: old well information as follows:

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

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

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

Is SECTION: Regular Irregular?
(Note: Locate well on the Section Plat on reverse side)

County: _____
Lease Name: _____ Well #: _____

Field Name: _____
Is this a Prorated / Spaced Field? Yes No

Target Formation(s): _____
Nearest Lease or unit boundary line (in footage): _____

Ground Surface Elevation: _____ feet MSL
Water well within one-quarter mile: Yes No

Public water supply well within one mile: Yes No
Depth to bottom of fresh water: _____

Depth to bottom of usable water: _____
Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set: _____
Length of Conductor Pipe (if any): _____

Projected Total Depth: _____
Formation at Total Depth: _____

Water Source for Drilling Operations:
 Well Farm Pond Other: _____

DWR Permit #: _____
(Note: Apply for Permit with DWR)

Will Cores be taken? Yes No
If Yes, proposed zone: _____

AFFIDAVIT

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

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

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

Submitted Electronically

For KCC Use ONLY
API # 15 - _____
Conductor pipe required _____ feet
Minimum surface pipe required _____ feet per ALT. <input type="checkbox"/> I <input type="checkbox"/> II
Approved by: _____
This authorization expires: _____ <i>(This authorization void if drilling not started within 12 months of approval date.)</i>
Spud date: _____ Agent: _____

Remember to:

- File Certification of Compliance with the Kansas Surface Owner Notification Act (KSONA-1) with Intent to Drill;
- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spud date;
- File acreage attribution plat according to field proration orders;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CP-4) after plugging is completed (within 60 days);
- Obtain written approval before disposing or injecting salt water.
- If well will not be drilled or permit has expired (See: authorized expiration date) please check the box below and return to the address below.

Well will not be drilled or Permit Expired Date: _____
Signature of Operator or Agent:

E
 W

For KCC Use ONLY

API # 15 - _____

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

Operator: _____

Lease: _____

Well Number: _____

Field: _____

Number of Acres attributable to well: _____

QTR/QTR/QTR/QTR of acreage: _____ - _____ - _____ - _____

Location of Well: County: _____

_____ feet from N / S Line of Section

_____ feet from E / W Line of Section

Sec. _____ Twp. _____ S. R. _____ E W

Is Section: Regular or Irregular

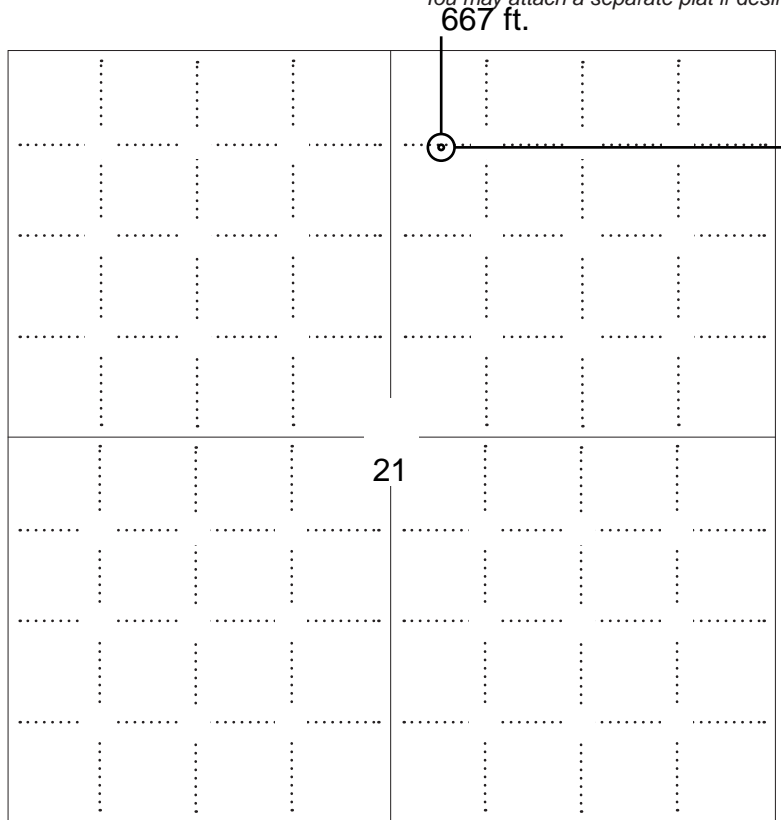
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

PLAT

Show location of the well. Show footage to the nearest lease or unit boundary line. Show the predicted locations of lease roads, tank batteries, pipelines and electrical lines, as required by the Kansas Surface Owner Notice Act (House Bill 2032).

You may attach a separate plat if desired.



LEGEND

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



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

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

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

APPLICATION FOR SURFACE PIT

Submit in Duplicate

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

KCC OFFICE USE ONLY

Liner Steel Pit RFAC RFAS

Date Received: _____ Permit Number: _____ Permit Date: _____ Lease Inspection: Yes No



CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

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

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

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

Well Location:
____ - ____ - ____ - ____ Sec. ____ Twp. ____ S. R. ____ East West
County: _____
Lease Name: _____ Well #: _____

If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:

Surface Owner Information:

Name: _____
Address 1: _____
Address 2: _____
City: _____ State: _____ Zip: _____ + _____

When filing a Form T-1 involving multiple surface owners, attach an additional sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the county, and in the real estate property tax records of the county treasurer.

If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary non-binding estimates. The locations may be entered on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.

Select one of the following:

- I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this form; 2) if the form being filed is a Form C-1 or Form CB-1, the plat(s) required by this form; and 3) my operator name, address, phone number, fax, and email address.
- I have not provided this information to the surface owner(s). I acknowledge that, because I have not provided this information, the KCC will be required to send this information to the surface owner(s). To mitigate the additional cost of the KCC performing this task, I acknowledge that I must provide the name and address of the surface owner by filling out the top section of this form and that I am being charged a \$30.00 handling fee, payable to the KCC, which is enclosed with this form.

If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.

I Submitted Electronically

I

63U (Rev. 1993)

OIL AND GAS LEASE

800-RN

AGREEMENT, Made and entered into the 24th day of April 2014 by and between, the Chuck Kirk Family Limited Partnership, a Kansas limited partnership AND the Gabe Lawrence Jr. Family Limited Partnership, a Kansas limited partnership AND Judy D. Gordon, a single person

whose mailing address is 206 N. Main St. Scott City, KS 67871

and, Val Energy, Inc. 200 W. Douglas Ave., Ste 520 Wichita, KS 67202

hereinafter called Lessor (whether one or more), hereinafter called Lessee:

Lessor, in consideration of Ten and more Dollars (\$ 10.00) in hand paid, receipt of which is here acknowledged and of 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 investigating, exploring by geophysical and other means, 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 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 Scott State of Kansas described as follows, to-wit:

*See 'Exhibit A' attached hereto and made a part hereof:

In Section XXXX Township XXXX Range XXX and containing 1.840 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of one (1) 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:

- 1st. To deliver to the credit of lessor, free-of cost, in the pipe line to 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 proceeds received by lessee from such sales), for the 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) per year per 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 preceding paragraph.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, 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 than 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 wells of lessor.

When requested by lessor, lessee shall bury lessee's pipe lines below plow depth.

No well shall be 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 the 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.

Lessee may at any time execute 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 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.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment, any 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 rights of the holder thereof, and the undersigned lessors, 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 said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

*See 'Addendum' attached hereto and made a part hereof;

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

Witnesses: Gabe Lawrence Jr. Family Limited Partnership, Lessor

Witnesses: Chuck Kirk Family Limited Partnership, Lessor

X: Gabe Lawrence Jr. (Gabriel McGinnis Lawrence Jr. a/k/a Gabe Lawrence Jr.), Trustee of the Revocable Inter Vivos Trust of Gabriel McGinnis Lawrence Jr., dated November 6, 2012, as Managing Member of the Gabe Lawrence LLC, General Partner of the Gabe Lawrence Jr. Family Limited Partnership

X: Henry Charles Kirk II (Henry Charles Kirk II a/k/a Chuck Kirk), Trustee of the Revocable Inter Vivos Trust of Henry Charles Kirk II, dated November 6, 2012, as Managing Member of the Chuck Kirk LLC, General Partner of the Chuck Kirk Family Limited Partnership

X: Judy D. Gordon (Judy D. Gordon)

Attached to and made a part hereof an Oil and Gas Lease dated April 24th, 2014, by and between, the Chuck Kirk Family Limited Partnership, a Kansas limited partnership AND the Gabe Lawrence Jr. Family Limited Partnership, a Kansas limited partnership AND Judy D. Gordon, a single person, as Lessors, and Val Energy, Inc., as Lessee, covering the following described property in Scott County Kansas to wit:

Exhibit 'A'

Township 17 South – Range 33 West

Section 07: SE/4

Section 16: SW/4

Section 17: SW/4

Section 17: SE/4

Section 17: NW/4

Section 18: SE/4

Section 19: N/2NE/4

Section 20: NE/4

Section 20: SE/4

Section 20: NW/4

Section 21: NW/4

Section 21: SW/4

ADDENDUM attached hereto and made a part hereof an Oil and Gas Lease dated April 24th, 2014, by and between, the Chuck Kirk Family Limited Partnership, a Kansas limited partnership AND the Gabe Lawrence Jr. Family Limited Partnership, a Kansas limited partnership AND Judy D. Gordon, a single person hereinafter referred to as Lessor and Val Energy, Inc., as Lessee, hereinafter referred to as Lessee. The above described Oil and Gas Lease and this Addendum are with respect to the aforementioned real estate located in Scott County, Kansas, to wit:

Addendum

THIS ADDENDUM is part of the above described Oil and Gas Lease to the same extent as if the provisions hereof have originally been written in said Lease. In the event of conflict between the Lease provisions and the provisions of this Addendum and Rider, the provisions of this Addendum and Rider shall prevail.

1. The Lessee acknowledges that all or part of the land covered by the Lease and Addendum and Rider is or may later be enrolled in the Conservation Reserve Program (CRP) of the Commodity Credit Corporation (CCC), United States Department of Agriculture. In such event, Lessee shall be responsible for obtaining prior written approval from the local Farm Services Agency (FSA) office before entering the premises for the purpose of any operations allowed under the Oil and Gas Lease, Addendum and Rider. As long as any land is enrolled in the CRP, Lessee shall be obligated, at Lessee's expense to pay Lessors, reseed and establish native grass cover on the well site and the adjoining land used in any operations allowed under the Oil and Gas Lease, Addendum and Rider, and to take all necessary precautions to prevent soil erosion resulting from any operations allowed under the Oil and Gas Lease, Addendum and Rider. Such work shall be performed in a good and workmanlike manner and in such a manner as may be required by the FSA under the terms of the CRP Contract. If any operations allowed under the Oil and Gas Lease, Addendum and Rider causes Lessor to lose any benefits of the CRP contract, including repayment of past CRP payments, or loss of future CRP payments, Lessee shall reimburse Lessor for such damages. Lessee agrees to hold Lessor harmless from penalties or liquidated damages assessed by the CRP as a result of Lessee's operations. The Lessee will be liable and will either pay the FSA or repay Lessor for any refund of cost sharing payments, annual rental payments, other payments or liquidated damages to the FSA, and Lessee will re-establish any disturbed cover as required by the FSA on the affected acres after the Lessee completes operations the extent necessary to enable the Lessor to sign up the land in a subsequent sign up. The determination by the FSA shall be binding on all parties as to amount to be paid or repaid and the restoration of the affected acres.
2. Lessee shall not commence any drilling operations upon the leased premises without first consulting with Lessor as to the location of the proposed drilling site, and if at that time there is a growing crop on the premises and if the crop is ready for harvest, Lessee agrees to delay the commencement of drilling operations until after such crop has been harvested, and if the Lease is within 60 days of expiration at such time then the Lease will be extended by the amount of time equal to the number of days Lessee delayed in commencing drilling operations as a result of harvesting any such crop.
3. In the event a dry hole is drilled in the above described leased premises, Lessee or assigns shall, within 60 days, remove all debris from the drilling site and restore the surface of the ground to its original contour as nearly as is practical. Should any pit be installed under the sprinkler system Lessee agrees that when said pit is not longer necessary that they will pump said pit dry to expedite the restoration of the surface and area to its previous condition.
4. Upon abandonment of any well or wells on the above described land, Lessee or his assigns agree to restore said land as nearly as reasonably practical to its original condition within 60 days of said abandonment. Lessee or his assigns shall be responsible for and pay for all existing crops damaged as a result of the Lessee's operation.
5. Lessee or his assigns further agree to confer with Lessor and obtain approval from Lessor in regard to the route of ingress and egress on said premises for the route of all road locations, placement of tank batteries and other gathering and treating equipment including buried pipelines and agrees to comply with all requests of Lessor concerning their location within reason. There shall be no hard surfacing of any access roads and only the use of removable road surfaces, such as sand and, or gravel, shall be used by Lessee as necessary to maintain all-weather, season access to wells.
6. No Seismograph actions shall be carried on during crop growing seasons, unless specific written approval is given by Lessor. Lessee shall be responsible for actual crop damages and other damages due to seismic activities. No seismograph vibration or sound equipment shall be employed or used within 300 feet of any irrigation well, water well, house, barn or structure. Lessee shall provide Lessor all information records and documents written or otherwise produced from or received by Lessee by virtue of said seismograph activities and operations.
7. Meter houses, separators, heater treaters, storage tanks and tank batteries must be constructed adjacent to the road right-of-way
8. No right is granted to Lessee to erect on any part of said premises any plant or facility for gasoline extraction or for the processing of gas or petroleum substances, except the normal and necessary heater treater and separator customarily used without prior consent of Lessor. Lessee has the right to build/erect any meter houses, separators, heater treaters, storage tanks, and/or any other typically necessary equipment for the purpose of producing and saving any oil and gas upon the above described premises. No storage tank facilities shall be built farther than 50 feet from such county road or roadway adjoining such property without Lessors consent.
9. As specified in the Lease, Lessee is required to pay Lessor for crop damages. Lessee agrees to pay Lessor a predetermined sum for each land and crop damages, per well drilled on the premises. A base price shall be agreed upon and set to be paid for crop damages if the proposed well is located within a planted crop. All damage prices shall be agreed upon and set dependent upon land type (i.e. irrigated, dry land, pasture, etc.) for each well location. If proposed drilling site falls within an area of land that contains crops that are ready or near ready for harvest, Lessee and Lessor may agree to delay the commencement of drilling operations until after such crop has been harvested, resulting in damages being paid at the base rate for land damages only. If the Lease is within 60 days of expiration at such time of delay then the lease will be extended by the amount of time equal to the number of days Lessee is delayed in commencing drilling operations as result of harvesting any such crop. Lessee agrees that the payment for land damages covers only those damages usually incurred in the preparation, drilling, completion producing or plugging and abandonment of an oil and gas well. Lessee agrees to compensate Lessor for any extraordinary damages incurred in such activities. If Lessor and Lessee disagree on such damage, Lessee and Lessor agree to appoint an appraiser to review the damages and determine whether they are extraordinary and whether additional compensation is due. If modification to a typical location layout is agreed upon by Lessee and Lessor in

- an attempt by Lessee to reduce the amount of and/or duration of crop and/or land damages related to the agreed upon modification shall not be deemed as extraordinary.
- In addition to any damages, Lessee agrees to pay Lessor for any deficiency in growing crops on any irrigated land, if excavation, drilling or grading activities of Lessee, causes delay or inability to properly irrigate said growing crops. Such deficiency in growing crops shall be determined by a comparison to the growing crops on the rest of the premises.
10. In the event there is no production in paying quantities found by any operations undertaken by Lessee and there is an abandonment of said Lease, Lessee shall fill all its pits, remove all structures, and reasonably restore the premises to the condition existing at the time the lease was executed.
11. Lessor and his representatives, at his own risk, shall have access to any and all wells drilled upon the land, and shall at written request, be furnished with information pertaining to the drilling, testing and operation of such wells. In the event gas is encountered in paying quantities, Lessor, upon written request, shall be furnished with the results of periodic G.P.M. tests taken from any gas wells located thereon.
12. It is hereby agreed, by and between Lessor and Lessee; that Lessee or its assigns, shall be permitted to use any wellbore located on the leased premises, as a salt water disposal well, to dispose of water or brines produced from the leased premises or any surrounding lands owned by Lessor. No outside water or brines produced from lands or leases, not owned by Lessor, in the surrounding area, may be disposed of, without the written consent of Lessor and without compensating Lessor for the use thereof.
13. All utility and flow lines shall be buried to a depth of thirty-six inches (36").
14. Lessee agrees that it will use reasonable efforts to obtain the best possible price for production under this lease. In no event shall the price received by Lessor be less than the price paid to the Lessee in the third-party transaction.
15. Subject to all applicable rules and regulations of the appropriate governmental authorities, this lease contemplates the full prospecting and development of oil and gas of the land hereby leased, including the obligation to offset producing wells on the lease, based on sound economic and geological conditions, and commensurate with practices of the oil and gas industry. Lessee agrees to drill as many offset wells as may be necessary to prevent any undue drainage of oil or gas from the land included herein, which drainage might be caused by the drilling of wells producing oil and gas in paying quantities on adjacent lands. Failing to do so, Lessee agrees to release portions of this lease as to those direct offset lands upon written demand by Lessor.
16. Lessee agrees to use and appropriate only so much ground water from the leased premises as is required for drilling operations on the leased premises. Lessee shall not have the right to use ground water from the lease premises for secondary recovery operations
17. If this lease is assigned, any assignment of any interest in said lease then any interest in said lease shall be placed of record, and the Lessee shall notify Lessor in writing of said assignment.
18. Lessee shall fence all slush pits and areas containing equipment, chemicals or other substances which may be harmful to livestock, and in the event of production, to install a wired-gate.
19. Following drilling operations, Lessee agrees to allow the slush pits to dry and to carefully fill them and grade the surface of the land to a contour equivalent to that of the surrounding land.
20. Notwithstanding anything contained herein to the contrary, it is agreed that production obtained from a unit or pooled unit containing only a portion of the lands described in this lease shall operate to maintain this lease in force only as to that portion of the lease which is actually included within such unit as declared by Lessee and approved by such regulatory agency as has jurisdiction thereof. At the end of the primary term of this lease, as defined in this lease, the lease shall remain in term of this lease, as defined in this lease, the lease shall remain in force as to the portion of portions of the lease, if any, as are actually within such producing, declared and approved units. However, if at the expiration of the primary term of this lease, oil or gas is not being produced on or from said land or said pooled premises but Lessee is then engaged in drilling or reworking operations thereon, then this lease shall continue in force so long thereafter as drilling or reworking operations are being continually prosecuted on said land or drilling or development or operating unit which includes all or a part of said land; and drilling or reworking operations shall be considered to be continuously prosecuted on said land or drilling or development or operating unit which includes all or a part of said land or drilling or development or operating unit which includes all or a part of said land; and drilling or reworking operations shall be considered to be continuously prosecuted if not more than 90 days shall lapse between the completion and abandonment of one well and the beginning of operations for drilling or reworking of another well. If operations taking place at or after the expiration of the primary term are discontinued for longer than 90 consecutive days, then this lease shall remain in force and effect only as to the leased premises then included within the production unit or units. The foregoing shall not however, preclude Lessee from exercising its rights during the primary term of this lease to continue its rights in force by proportionate rental payments based upon the number of acres of the lease lying outside of any unit or units so created.
21. Lessee or his assigns further agree to pay for any and all litigation expenses incurred by Lessor in the enforcement of this Oil and Gas Lease, Addendum and Rider if Lessee is proven to be in default. Lessee or his assigns further agree to indemnify the Lessor against all liability, loss or damage to any person or property resulting or in any manner connected to the Oil and Gas Lease.
22. For the same consideration recited in the first paragraph herein, the Lessor hereby grants unto the Lessee, its successors and assigns, rights-of-way over, across and through the lands herein described for the purpose of installation, operation, maintenance, repair and replacement of one or more electric lines, and as well as one or more lead lines for the collection, gathering, and/or transmission of oil, gas, brines and other substances, together with rights-of-way for ingress, egress and passage over and across said lands for the purpose of conducting oil and gas exploration, production, operation, and product transmission activities upon said lands, or upon lands adjacent thereto or in the vicinity thereof. The rights-of-way hereby granted are severable from, and independent of, the oil and gas rights herein granted and such rights-of-way shall continue in existence so long as the same are utilized by the Lessee, its successors or assigns, even though the oil and gas lease rights may sooner terminate. The Lessee (or the then holder of the rights-of-way) shall pay for any damages on said lands caused by its utilization of the rights-of-way hereby granted. This right-of-way shall be exclusive to production associated with the leased premises only and does not grant Lessee permission to lease right-of-ways granted to third parties for any reason not associated with the oil and gas production.
23. Lessee shall have two (2) years, herein call "shut-in" period, from the end of the primary term of this Lease to make a pipeline connection for the production and marketing of gas from a well that is capable of producing gas only and Lessee is

- unable to produce and market gas for lack of a pipeline connection. During the shut-in period Lessee shall pay Lessor shut-in royalty at the rate of \$5.00 per net mineral acre per year, which royalty shall be due and payable on the anniversary date of this Lease. During the shut-in period, it shall be considered that gas is being produced in paying quantities so long as Lessee is paying shut-in royalty as herein provided. The shutting-in of a well for any reason under this Oil and Gas Lease shall likewise be limited to any one continuous period of two (2) years.
24. In the event Lessors own a surface interest in a tract covered under this lease and such surface tract is the actual surface location for a well Lessee drills under the terms of this lease, Lessee shall pay Lessor a one-time sum of \$2,500.00 on all cultivated lands prior to drilling, proportionately reduced to the amount of surface interest Lessor actually owns, for any and all damages to roads, fences, improvements, growing crops and ground caused by Lessee's drilling operations hereunder for a three (3) acre drill-site location for damages. If additional acreage is needed for a drill-site location, an additional sum of Eight Hundred Dollars \$800.00 per cultivated surface acre will be paid in advance. Lessee shall pay Lessor a one-time sum of \$1,500.00 on all dry, pasture lands prior to drilling, proportionately reduced to the amount of surface interest Lessor actually owns, for any and all damages to roads, fences, improvements, growing crops and ground caused by Lessee's drilling operations hereunder for a three (3) acre drill-site location for damages. If additional acreage is needed for a drill-site location, an additional sum of Five Hundred Dollars \$500.00 per dry, pasture surface acre will be paid in advance. It is further understood that if the Lessors feel the damages paid are not sufficient to cover actual damages then Lessee will negotiate with Lessors for additional damages provided such damage can be substantiated. This requirement applies whether said drilling results in production or not.
25. It is expressly agreed, notwithstanding anything to the contrary herein, that if the lease be in force and effect for two (2) years after the expiration of the primary term, the lease shall terminate as to the oil and gas rights in all zones and formations 100' below the deepest depth drilled by Lessee on the leased premises. Lessee shall execute a proper release and record the same in the county records.
26. Lessee agrees to maintain any well sites or other facilities reasonable free of weeds, but without the use of salt or chemical substances in such weed control.
27. Lessee agrees that at the time any excavation, drilling, or grading is made, Lessee shall cause the top soil to be placed separately from the subsoil and replaced to its original position relative to the subsoil, so that the ground will be restored to its original condition as reasonably as possible upon completion of any drilling or exploration activities.
28. Any pipeline ditch across the premises shall be backfilled, and so leveled as to restore to its original condition and topography.
29. No well shall be drilled nearer than 1,000 feet to any house, barn or structure on the premises without consent of Lessor.
30. Should Lessee desire to commence drilling operations on the leased premises, the Lessee herein, or his assigns, shall consult with Lessor and obtain approval from Lessor in regard to said drilling operations and shall conduct its operations in such a manner as will least disturb or interfere with Lessor's irrigation system or the surface contours of the leased premises. No drilling operation shall be commenced within the sprinkler pivot area during its cycle which is between: April 1 to October 31 of each year; provided, however, that this restriction shall not prohibit Lessee's drilling operations if Lessor is not actively irrigation within the sprinkler area.
31. Should any alterations to the surface contours be caused by its operations, Lessee, or its assigns, shall restore and surface contours to their former condition as nearly as practical.
32. Lessee or his assigns agrees that said operations shall in no way interfere with the operation and safe passage of an overhead self-propelled sprinkler irrigation system or floor irrigation system. In the event Lessee's operations results in the completion of an Oil and/or gas well, Lessee or his assigns agree to consult with and obtain approval from Lessor for the installation of the wellhead surface equipment, pumping unit, and related equipment.
33. In the event of production and continued use of the surface, Lessee or his assigns, will restore or prepare the surface and situate and install all equipment needed in connection therewith, so that Lessee's use thereof will not interfere with the irrigation system. Any pump installed within the sprinkler area shall be of the low-profile type as not to interfere with the normal operation of the sprinkler system.
34. It is hereby understood and agreed that a progressive drilling program hereby referred to as a Drill-to-Earn program will obligate Lessor and Lessee to the following terms: Lessee must initiate a drilling program of two wells drilled every three hundred sixty five days (365) days before the expiration of the primary term of this Lease, defined as a drilling rig on location and commencement of operations. In order to maintain this Lease in effect thereafter, Lessee will be required to maintain drilling operations of at least two wells drilled every three hundred sixty five days (365) days. Failure of Lessee to maintain this progressive drilling strategy under the terms described herein will result in the expiration of any acreage not held by production. Lessee shall file a release of lease on non-producing ground with-in 30 days with written request from Lessors. It is also understood that the above-mentioned schedule is subject to a sixty (60) day grace period due to unfavorable weather conditions and/or farming operations.
35. It is understood and agreed that any completed commercial well will hold 160 mineral acres. Said 160 acre tract leases will be determined after completion of the following stages of exploration: Well Completion and Establishment of Production. All designated Tract Leases will be established by the recording of an Affidavit of Production, filed of record in the Scott County, Kansas Register of Deeds Office.
36. All references in this lease to 1/8th, relating to a royalty or payment to Lessors shall be deleted and replaced with Fifteen Percent (15%).
37. It is understood and agreed by Lessors and Lessee that the Lessors are negotiating a lease for wind energy operations. The terms and conditions of this oil and gas lease shall not be construed to prohibit Lessors from leasing the premises or otherwise making arrangements for the production of power from wind generation equipment and facilities. Provided, however, that any such lease shall be subordinate and inferior to Lessee's rights pursuant to the terms and conditions of this oil and gas lease.

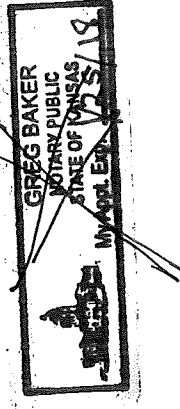
THIS LEASE constitutes the entire agreement between the parties and there are no representations, warranties, conditions or agreements, other than those expressly set forth. The terms of this Lease shall supersede and replace the terms and conditions of any previous agreements entered into between the parties. The terms of this lease shall extend to and become binding upon the heirs, executors, administrators and assigns of the respective parties hereto.

IN WITNESS WHEREOF, the parties hereto have set their hands on the day and year first above written.

LESSORS:

Gabe Lawrence Family Limited Partnership,
A Kansas Limited Partnership, Lessor

X: Gabe Lawrence Jr.
(Gabriel McGinnis Lawrence Jr. a/k/a
Gabe Lawrence Jr.), Trustee of the
Revocable Inter Vivos Trust of Gabriel
McGinnis Lawrence Jr., dated November 6,
2012, as Managing Member of the Gabe
Lawrence LLC, General Partner of the Gabe
Lawrence Jr. Family Limited Partnership



Chuck Kirk Family Limited Partnership,
A Kansas Limited Partnership, Lessor

X: Henry Charles Kirk II
(Henry Charles Kirk II a/k/a Chuck Kirk),
Trustee of the Revocable Inter Vivos
Trust of Henry Charles Kirk II, dated
November 6, 2012, as Managing Member
of the Chuck Kirk LLC, General Partner
of the Chuck Kirk Family Limited Partnership

X: Judy D. Gordon
Judy D. Gordon, Lessor

LESEES:

VAL Energy, Inc.
X: K. Todd Allam
(K. Todd Allam), President

STATE OF KANSAS)
COUNTY OF SCOTT)

SS:

This foregoing instrument was acknowledged before me on this 30 day of April, 2014, by: (Henry Charles Kirk II a/k/a Chuck Kirk), Trustee of the Revocable Inter Vivos Trust of Henry Charles Kirk II, dated November 6, 2012, as Managing Member of the Chuck Kirk LLC, General Partner of the Chuck Kirk Family Limited Partnership.

My Commission Expires: April 15, 2015
Karla L. Stockman
Notary Public - State of Kansas
My Appt. Expires 8/18/2016

Karla L. Stockman
Notary Public

STATE OF KANSAS)
COUNTY OF SCOTT)

SS:

This foregoing instrument was acknowledged before me on this 30 day of April, 2014, by: (Gabriel McGinnis Lawrence Jr. a/k/a Gabe Lawrence Jr.), Trustee of the Revocable Inter Vivos Trust of Gabriel McGinnis Lawrence Jr., dated November 6, 2012, as Managing Member of the Gabe Lawrence LLC, General Partner of the Gabe Lawrence Jr. Family Limited Partnership.

My Commission Expires: April 15, 2015
Karla L. Stockman
Notary Public - State of Kansas
My Appt. Expires 8/18/2016

Karla L. Stockman
Notary Public

STATE OF TEXAS)
COUNTY OF DENTON)

SS:

This foregoing instrument was acknowledged before me on this 1st day of May, 2014, by: Judy D. Gordon, a single person.

My Commission Expires: 03-02-2018

Minerva Cisneros
Notary Public



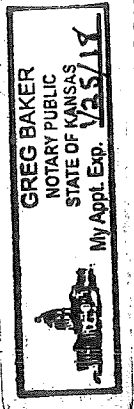
STATE OF KANSAS)
COUNTY OF SEDGWICK)

SS:

This foregoing instrument was acknowledged before me on this _____ day of May, 2014, by (K. Todd Allam), President of VAL Energy, Inc., a Kansas Corporation.

My Commission Expires: 1/25/18

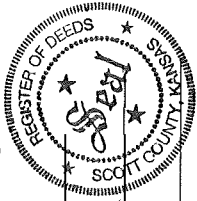
Corey Baker
Notary Public



STATE OF KANSAS, SCOTT COUNTY, SS
This instrument was filed for record on the
18 day of July, A.D. 2016
10 o'clock A.M., and duly recorded in book
284 page 53
Debra Murphy
Register of Deeds

OIL AND GAS LEASE

COMPUTER L.A.
NUMERICAL L.A.



AGREEMENT, Made and entered into the 1st day of July 20 16

by and between Nathan J. Herron and Barbara A. Herron, his wife

whose mailing address is 206 S. Washington Street Scott City, Kansas 67871 hereinafter called Lessor (whether one or more),

and VAL ENERGY INC., 125 N. Market, Suite 1710 Wichita, Kansas 67202

hereinafter called Lessee:

Lessor, in consideration of Ten and More Dollars (\$ 10.00 & More) in hand paid, receipt of which is here acknowledged and of 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 investigating, exploring by geophysical and other means, 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 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 County of Scott State of Kansas described as follows to-wit:

The Northeast Quarter (NE/4) and North Half of Southeast Quarter (N/2 SE/4)

of Section 21 Township 17 Range 33 West and containing 240 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of Two (2) year 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:

- 1st. To deliver to the credit of lessor, free of cost, in the pipe line to 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 proceeds received by lessee from such sales), for the 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) per year per 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 preceding paragraph.
- This lease may be maintained during the primary term hereof without further payment or drilling operations. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, 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 than 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 produced on said land for lessee's operation thereon, except water from the wells of lessor.

Lessee shall bury lessee's pipe lines below plow depth.

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

Lessee shall pay for all damages caused by lessee's operations on said land

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

If the estate of either 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

Addendum

1. Notwithstanding any provision of said Oil and Gas Lease, it is understood and agreed that Lessee or its assigns shall not let any salt water or any other deleterious substance run on or over Lessor's land, or let same run into Lessor's stock tanks or any natural creek, stream, river or other body of water; nor shall Lessee use any wells on lands covered by this lease for salt water disposal purposes without Lessor's prior written consent.
2. A sufficient dike shall be placed around tank batteries. Also tank batteries and pumping equipment units shall be fenced to restrain cattle in pastures or on ground that Lessor grazes cattle on milo stalks or wheat. Lessee or assigns agrees to comply with all applicable Federal, State and Local laws and regulations.
3. If any part of the leased premises are subject to or enrolled in the Conservation Reserve Program, Lessee shall reseed to grass all areas thereof affected by Lessee's operations and hold Lessor harmless from any penalties or liquidated damages assessed by the Department of Agriculture, the Soil Conservation Service or the Agricultural Stabilization and Conservation Services under the Conservation Reserve Program, as a result of Lessee's operations.
4. It is the intention of the parties hereto to cause as little interference with farming operations on said land as possible. Lessee's operations shall be conducted in such a manner as will least disturb or interfere with Lessor's use of said land or the surface contours of the leased premises. Should any alterations to the surface contours be caused by its operations, Lessee, or his assign, shall restore said surface contours to their former condition as nearly as is practicable.
5. It is understood and agreed that on any drilling location, the topsoil shall be segregated and placed separately away from pit to be replaced back on the top surface upon restoration of drilling site.
6. Lessee shall consult with Lessor and obtain consent as to routes of ingress/egress as well as road and equipment placement on said premises for the purpose of drilling and production. Consent will not be unreasonably withheld.
7. After any well is completed, the drilling site will be restored to its original topography and surface condition as nearly as practicable within (6) six months after completion date or as soon as pit dries sufficiently to fill and restore properly. This requirement applies whether said drilling results in production or not. Lessee agrees to pay a minimum of \$1500.00 per location for damages.
8. It is understood and agreed that the pooling clause of this lease is applicable in the event of production resulting from vertical drilling operations. In the event of production from vertical drilling operations, as provided by the terms of this lease, a unit cannot exceed 40 acres of contiguous ground in the event of oil production, and that a unit cannot exceed more than 640 acres in the event of gas production. This lease shall terminate at the expiration of its primary term as to all lands not included in a producing unit.

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



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

Jay Scott Emler, Chairman
Shari Feist Albrecht, Commissioner
Pat Apple, Commissioner

Sam Brownback, Governor

August 29, 2016

DUSTIN WYER
Val Energy, Inc.
125 N MARKET ST STE 1110
WICHITA, KS 67202-1728

Re: Drilling Pit Application
HERRON KIRK UNIT 1-21
NE/4 Sec.21-17S-33W
Scott County, Kansas

Dear DUSTIN WYER:

District staff has inspected the above referenced location and has determined that the reserve pit shall be 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 within 96 hours of completion of drilling operations.

Keep pits on north side of stake.

If production casing is set all completion fluids shall be removed from the working pits daily. NO 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 (620) 225-8888 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 (620) 225-8888.