



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

KANSAS CORPORATION COMMISSION 1321547
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:
Oil, Gas, Seismic, Other
Enh Rec, Storage, Disposal, Infield, Pool Ext, Wildcat, Other
Mud Rotary, Air Rotary, Cable

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
feet from N / S Line of Section
feet from E / W Line of Section
Is SECTION: Regular Irregular
Note: Locate well on the Section Plat on reverse side

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

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq.
It is agreed that the following minimum requirements will be met:

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

Submitted Electronically

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

Remember to:

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

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

E
W

1321547

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

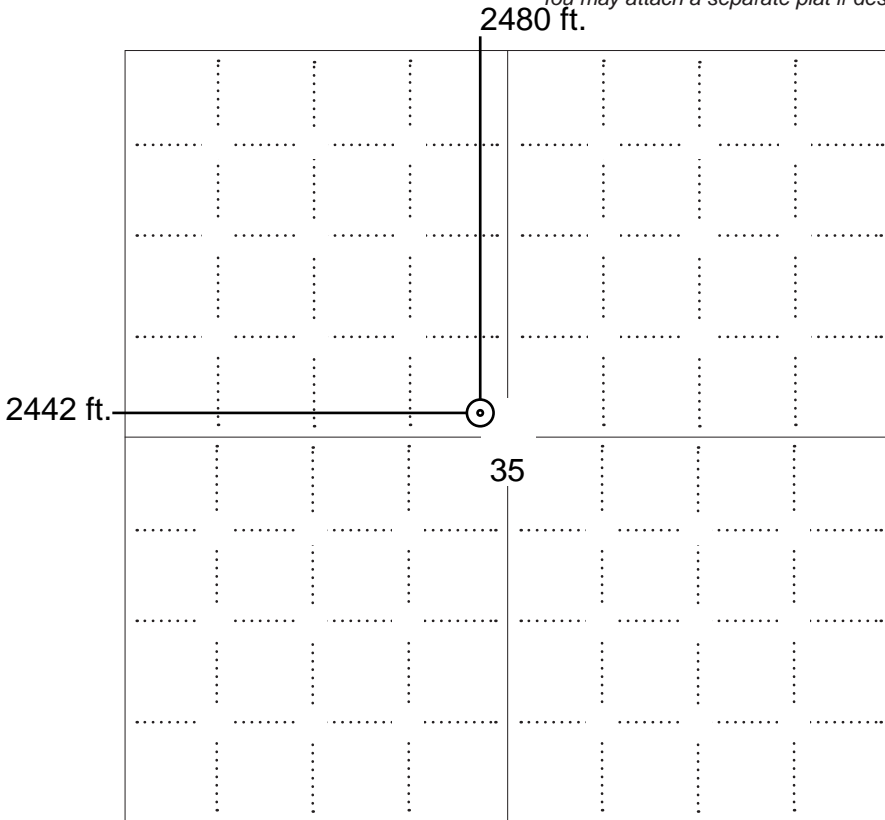
If Section is Irregular, locate well from nearest corner boundary.

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 | | | |
| <input type="checkbox"/> Liner <input type="checkbox"/> Steel Pit <input type="checkbox"/> RFAC <input type="checkbox"/> RFAS | | | |
| Date Received: _____ Permit Number: _____ Permit Date: _____ Lease Inspection: <input type="checkbox"/> Yes <input type="checkbox"/> 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

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: Red Oak Energy, Inc.
 Lease: PWAB
 Well Number: 1-35
 Field: WC
 Number of Acres attributable to well: 40
 QTR/QTR/QTR/QTR of acreage: SE - SE - SE - NW

Location of Well: County: Wallace
 _____ 2480 feet from N / S Line of Section
 _____ 2442 feet from E / W Line of Section
 Sec. 35 Twp. 14 S. R. 41 E W

Is Section: Regular or Irregular

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

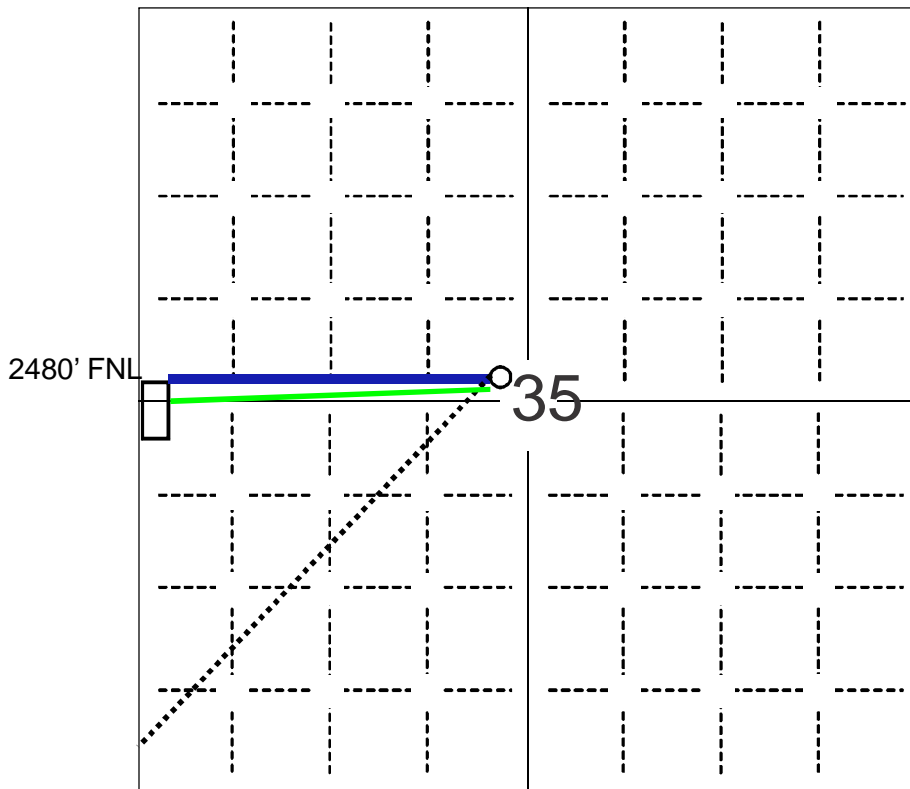
Section corner used: NE NW SE SW

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).

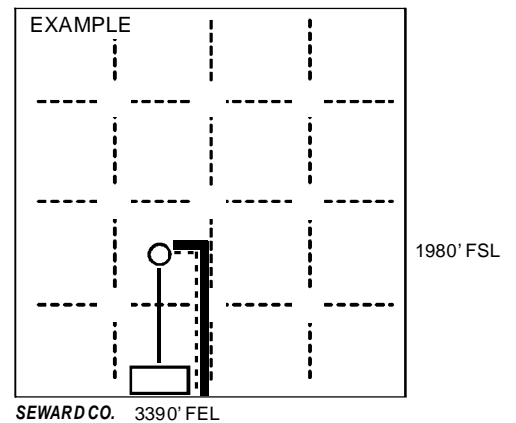
You may attach a separate plat if desired.

Wallace 2442' FWL



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 location.

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.

63U (Rev. 1993)

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 27th day of July, 2016, by and between, A. Bradford Smith and Jennifer J. Smith, husband and wife

whose mailing address is 419 S Gardner ~~695 Kansas 27~~, Sharon Springs, KS 67758, hereinafter called Lessor (whether one or more), and, Red Oak Energy, Inc., 7701 E. Kellogg, Ste. 710, Wichita, KS 67207, 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 Wallace, State of Kansas, described as follows, to-wit:

- Township 14 South, Range 41 West
- Tract 1 Section 34: The Southeast Quarter (SE/4)
- Tract 2 Section 35: The Northeast Quarter (NE/4)
- Tract 3 Section 35: The Southeast Quarter (SE/4)

In Section XXX Township XXX Range XXX, and containing 480 acres, more or less, and all accretions thereto.

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:

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.

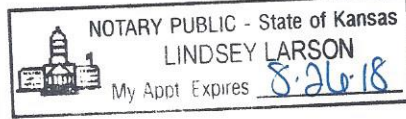
See Addendum attached hereto and made a part hereof.

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

Witnesses:

STATE OF Kansas }
COUNTY OF Wallace }

ACKNOWLEDGMENT FOR INDIVIDUAL



The foregoing instrument was acknowledged before me this 28th day of July, 2016,
by A. Bradford Smith and Jennifer J. Smith, husband and wife

My Commission Expires: 8.26.18

Lindsey Larson
Notary Public

STATE OF _____ }
COUNTY OF _____ }

ACKNOWLEDGMENT FOR INDIVIDUAL

The foregoing instrument was acknowledged before me this _____ day of _____,
by _____

My Commission Expires: _____, Notary Public

STATE OF _____ }
COUNTY OF _____ }

ACKNOWLEDGMENT FOR INDIVIDUAL

The foregoing instrument was acknowledged before me this _____ day of _____,
By _____

My Commission Expires: _____, Notary Public

STATE OF _____ }
COUNTY OF _____ }

ACKNOWLEDGMENT FOR INDIVIDUAL

The foregoing instrument was acknowledged before me this _____ day of _____,
by _____

My Commission Expires: _____, Notary Public

No. _____

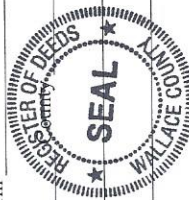
OIL AND GAS LEASE

FROM
A. Bradford Smith & Jennifer J. Smith, H/W

TO
Red Oak Energy, Inc.

- Numerical
- Direct Index
- Indirect Index
- Microfilm
- Date-Computer

Section _____ Twp. _____ Rge. _____
No. of Acres _____ Term _____



STATE OF Kansas
County Wallace

This instrument was filed for record on the 11th day of August, 2016 at 10:10 o'clock A.M., and duly recorded in Book 183 Page 62-65 of

the records of this office.

[Signature]
By _____ Register of Deeds

When recorded, return to:
Red Oak Energy, Inc.
7701 E. Kellogg, Suite 710
Wichita, KS 67207

ADDENDUM

Addendum attached to an Oil and Gas Lease dated July 27, 2016, by and between A. Bradford Smith and Jennifer J. Smith, husband and wife, as Lessor and Red Oak Energy, Inc., as Lessee:

This Addendum is part of that certain Paid-Up oil and gas lease identified above by date and parties covering the real estate described on said lease, which is situated in Wallace County, Kansas.

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 the 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.

1. Lessee shall pay for all damages caused by its operations on said land. All power lines and pipelines shall be buried below 36 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 ingress and egress. Prior to the construction of any roads, pipelines, tank battery installations 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.
2. Lessee hereby agrees to pay for any and all damages occasioned by its operation hereunder, including crop damage caused by its operations, including pipelines installed on, or removed from, the premises. Lessee shall pay Lessor the sum of \$2,500 for each drill site locations on crop land and \$3,500 for each drill site located on irrigated land situated on the leased premises. It is the intention of the parties to cause as little interference with farming operations on said land as possible. 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 completion of Lessee's operations on each well, Lessee agrees to restore the premises to as nearly as practical the same condition they were prior to the commencement of operation hereunder. 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 after drilling whether completed as a producing well or dry hole.
3. 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 indemnify, 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.
4. Any abstracting or title examining expenses on such tract for drilling operations by Lessee under the terms of this lease shall be paid by the Lessee.
5. The Lessee shall not build any buildings upon the leasehold estate.
6. 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 from Lessor.
7. 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

- (3) months after the conclusion of the exploration or drilling, or as soon as weather and conditions allow.
9. Lessee shall have two (2) years herein called "shut-in period", from the date of completion of a gas well in which to make a pipeline connection 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
 10. 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 production 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 purposes.
 11. There shall be no oil road surfaces or hard surfacing of any access roads without the written consent of Lessor.
 12. Each storage tank location 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.
 13. Lessee, and each subsequent assignee of Lessee or Lessee's assigns, shall (upon written request) furnish Lessor with a recorded copy of each assignment instrument wherein all or any portion of this lease is assigned to third party.
 14. This 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.
 15. All reference to royalty shall be deemed to be at the rate of 1/6 rather than 1/8 as stated in the lease.

IN WITNESS WHEREOF, we signed the day and year first above written.
SIGNED FOR IDENTIFICATION.



A. Bradford Smith

BOOK 170 PAGE 253
EXHIBIT "A"

(Page 2 of 2)

Lessor: Prairie Winds Farm, L.L.C.
Lessee: Red Oak Energy, Inc.
Date: July 28, 2011
Book: 167
Page: 422
Legal Description: West Half (W/2) of Section Thirty-Five (35), Township Fourteen (14) South, Range Forty-One (41) West of the 6th P.M., Wallace County, KS.

Numerical ✓
Direct Index ✓
Indirect Index ✓
Microfilm ✓
Computer ✓

BOOK 170 PAGE 252

(Page 1 of 2)

AFFIDAVIT OF PRODUCTION

STATE OF KANSAS
COUNTY OF SEDGWICK



State of Kansas } ss Fee \$ 12.00
Wallace County }
Filed for Record 3-8 20 12 AD
at 1:05 o'clock P. M Book 170 Page 252-253
William J. Swartz
Register of Deeds

Kevin C. Davis, of lawful age, being first duly sworn upon oath, deposes and says:

That he is the President of Red Oak Energy, Inc. owner of an interest in certain oil and gas leases described in Exhibit "A";

and this affiant further says that the leases were given for the terms as indicated in Exhibit "A", and as long thereafter as oil or gas, or either of them, is produced from said land by the lessee, or its assigns; and this affiant further says that the actual drilling of a test well for oil or gas was commenced on said land during the primary term, December 12, 2011, and that said well was completed as a well productive of oil in paying quantities on January 4, 2012, and that oil in paying quantities is being produced from the said well on the land above described at the date of the execution of this affidavit; and this affiant further says that this affidavit is made pursuant to the provisions of Section 55-205 K.S.A., and is given for the purpose of imparting public notice that the contingency mentioned in the said lease has happened, and that the term of the said lease will be extended by reason of the continuous production of oil therefrom.

Further affiant saith not.

EXECUTED this 7th day of March, 2012.

Kevin C. Davis

Subscribed and sworn before me, the undersigned, a Notary Public in and for the County of Sedgwick, State of Kansas, this 7th day of March, 2012.

My appointment expires: September 16, 2014.

FORM 88 — (PRODUCER'S SPECIAL) (PAID-UP)

63U (Rev. 1993)

OIL AND GAS LEASE

Reorder No.
09-115
Kansas Blue Print
 700 S. Broadway, PO Box 793
 Wichita, KS 67201-0793
 316-264-9344 • 264-5165 fax
 www.kbp.com • kbp@kbp.com

 AGREEMENT, Made and entered into the 28th day of July, 2011
 by and between PRAIRIEWINDS FARM, LLC

 whose mailing address is 5219 Rocky Ford Road, Smyrna, TN. 37167 hereinafter called Lessor (whether one or more),
 and Red Oak Energy, Inc., 7701 E. Kellogg, Suite 710, Wichita, Kansas 67207

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 County of Wallace State of Kansas described as follows to-wit:

WEST HALF (W 1/2) OF SECTION THIRTY-FIVE (35), TOWNSHIP FOURTEEN (14)
 SOUTH, RANGE FORTY-ONE (41), WEST OF THE 6TH P.M., WALLACE COUNTY,
 KANSAS

 In Section 35, Township 14, Range 41, and containing 320 acres, more or less, and all accretions thereto.

 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:

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 operation 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 mortgages, taxes or other liens on the above described lands, in the event of default of payment by 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.

* Subject to the terms of the Addendum attached hereto and incorporated herein by reference.

ADDENDUM

Attached to and made a part of Oil and Gas Lease dated July 28, 2011, by PrairieWinds Farm, LLC, as Lessor(s), to Red Oak Energy, Inc., Lessee.

Notwithstanding any provisions in the printed portion of this oil and gas lease to the contrary, the following provisions shall apply to said lease.

1. All reference in the lease to housing and otherwise caring for the employees of the Lessee shall be stricken.
2. Lessor reserves all rights to grant, lease, mine and/or produce any minerals from said lands except interests in gas and oil and their constituent products herein leased to Lessee.
3. Lessee shall bury pipelines and utility lines "a minimum of 36" deep". Lessee shall pay Lessor for reasonable damages to all property, real, personal or mixed, caused by its operations on said land, including but specifically not limited to land, growing crops, grass, buildings, livestock, surface, fences and other improvements and personal property. All slush pits shall be filled and leveled within sixty (60) days after well completion or abandonment unless a longer time therefore is granted by Lessor, at its option.

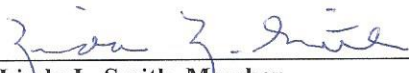
Lessee further agrees to pay to Lessor a reasonable amount, but not less than \$1,500.00, for each drill site location on the leased premises. As further consideration hereunder, Lessee agrees to pay to Lessor a minimum of \$3.00 per rod, plus crop damages, for any pipeline installed or constructed on the above land, whether or not connecting to the well on the leased premises.

All damages payable under this Paragraph 3 and 4 shall be due and payable on or before three (3) months after such damages occur.

4. In the event Lessee should cause a well to be drilled on this lease during the growing season of whatever crop is planted, and should Lessee's or its agent's equipment prohibit use of any irrigation system on this land during the term the Well is being drilled, Lessee agrees to pay Lessor and their Tenant, the difference in the value of the crop produced on that portion of the land that could not be watered as compared with the field average for the balance of the field. The field average for that portion which was irrigated shall be used as the maximum producing capability of the land, and the price per unit shall be the cash price at the local elevator in the town nearest the leased property as of the first day of the normally accepted harvest month.
5. It is the intention of the parties hereto to cause as little interference with farming operations on said land as possible, including but specifically not limited to the operation of any production equipment which shall be low profile in design or which shall be recessed to such depths as to permit the use by Lessor or their Tenant of a circular irrigation sprinkler system.
6. Prior to the construction of any roads, pipelines, tank battery installations, or installation of other equipment on the leased premises, Lessee shall consult and agree with the surface owner and tenant as to the location and direction of same. There shall be no oil road surfaces or hard surfacing of any access roads without the written consent of Lessor.
7. In the event that oil and/or gas is discovered and produced from this land, Lessee agrees to locate any production facilities associated with the well in such a manner as to cause the least interference to Lessor's farming and irrigation operations.
8. The use of water provided for under this lease is limited to use for drilling operations on the leased premises only. 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, without the consent of the Lessor. Said consent should not be unreasonably withheld.
9. 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 without compensating

11. In the event of production, Lessee shall pay Lessor a minimum guaranteed royalty which will be in a sum not less than \$10.00 per acre per year.
12. It is expressly agreed, notwithstanding anything to the contrary herein, that if the lease be in force and effect three years 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 three (3) year period herein referred to above. If such release is not filed within sixty (60) days following written demand, Lessee shall be liable for damages and attorney's fees, if any, incurred by Lessor in obtaining such release.
13. It is expressly agreed notwithstanding anything to the contrary herein, that if the lease be in force and effect three years beyond the primary term thereupon it shall terminate as to the oil and gas rights in all portions of the leased premises which are not included in a forty (40) acre area for each producing oil well. The Lessee shall file of record in the county courthouse in which the leased premises are located a release of the lease beyond said forty (40) acre area within sixty (60) days following written demand thereof, with said demand being made after the three (3) year period herein referred to above in paragraph 12. If such release is not filed within sixty (60) days following written demand, Lessee shall be liable for damages and attorney's fees, if any, incurred by Lessor in obtaining such release.
14. Whenever necessary in this lease and Addendum and where the context requires, the singular term and the related pronoun shall include the plural, the masculine and the feminine.
15. It is agreed by the Lessor and Lessee that in this lease, where the words "one-eighth (1/8)" appear, it shall read "one-sixth (1/6)" in each case. = 83.333
16. All storage tanks and tank battery operations shall be installed in any of the four corners of the leased premises to avoid interference with any irrigation circular sprinkler systems, unless otherwise negotiated between Lessor and Lessee.
17. Lessee is prohibited from assigning operations of this lease without prior approval from Lessor. Such approval will not be unreasonably withheld by Lessor.
18. Any use of fracking procedures on the subject property requires permission from the land owner.

SIGNED FOR IDENTIFICATION:


Linda L. Smith, Member


Thomas C. Lecture, Member

63U (Rev. 1993)

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 27th day of July, 2016, by and between, A. Bradford Smith and Jennifer J. Smith, husband and wife

whose mailing address is 419 S Gardner ~~695 Kansas 27~~, Sharon Springs, KS 67758, hereinafter called Lessor (whether one or more), and, Red Oak Energy, Inc., 7701 E. Kellogg, Ste. 710, Wichita, KS 67207, 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 Wallace, State of Kansas, described as follows, to-wit:

- Township 14 South, Range 41 West
- Tract 1 Section 34: The Southeast Quarter (SE/4)
- Tract 2 Section 35: The Northeast Quarter (NE/4)
- Tract 3 Section 35: The Southeast Quarter (SE/4)

In Section XXX Township XXX Range XXX, and containing 480 acres, more or less, and all accretions thereto.

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:

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.

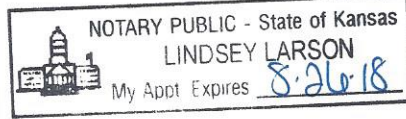
See Addendum attached hereto and made a part hereof.

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

Witnesses:

STATE OF Kansas }
COUNTY OF Wallace }

ACKNOWLEDGMENT FOR INDIVIDUAL



The foregoing instrument was acknowledged before me this 28th day of July, 2016,
by, A. Bradford Smith and Jennifer J. Smith, husband and wife

My Commission Expires: 8.26.18

Lindsey Larson
Notary Public

STATE OF _____ }
COUNTY OF _____ }

ACKNOWLEDGMENT FOR INDIVIDUAL

The foregoing instrument was acknowledged before me this _____ day of _____,
by, _____

My Commission Expires: _____, Notary Public

STATE OF _____ }
COUNTY OF _____ }

ACKNOWLEDGMENT FOR INDIVIDUAL

The foregoing instrument was acknowledged before me this _____ day of _____,
By, _____

My Commission Expires: _____, Notary Public

STATE OF _____ }
COUNTY OF _____ }

ACKNOWLEDGMENT FOR INDIVIDUAL

The foregoing instrument was acknowledged before me this _____ day of _____,
by, _____

My Commission Expires: _____, Notary Public

No. _____

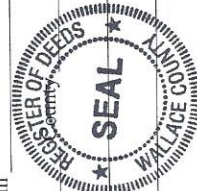
OIL AND GAS LEASE

FROM
A. Bradford Smith & Jennifer J. Smith, H/W

TO
Red Oak Energy, Inc.

- Numerical
- Direct Index
- Indirect Index
- Microfilm
- Date-Computer

Section _____ Twp. _____ Rge. _____
No. of Acres _____ Term _____



STATE OF Kansas
County Wallace

This instrument was filed for record on the 11th day of August, 2016 at 10:10 o'clock A.M., and duly recorded in Book 183 Page 62-65 of

the records of this office.
[Signature]
By _____ Register of Deeds

When recorded, return to:
Red Oak Energy, Inc.
7701 E. Kellogg, Suite 710
Wichita, KS 67207

ADDENDUM

Addendum attached to an Oil and Gas Lease dated July 27, 2016, by and between A. Bradford Smith and Jennifer J. Smith, husband and wife, as Lessor and Red Oak Energy, Inc., as Lessee:

This Addendum is part of that certain Paid-Up oil and gas lease identified above by date and parties covering the real estate described on said lease, which is situated in Wallace County, Kansas.

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 the 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.

1. Lessee shall pay for all damages caused by its operations on said land. All power lines and pipelines shall be buried below 36 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 ingress and egress. Prior to the construction of any roads, pipelines, tank battery installations 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.
2. Lessee hereby agrees to pay for any and all damages occasioned by its operation hereunder, including crop damage caused by its operations, including pipelines installed on, or removed from, the premises. Lessee shall pay Lessor the sum of \$2,500 for each drill site locations on crop land and \$3,500 for each drill site located on irrigated land situated on the leased premises. It is the intention of the parties to cause as little interference with farming operations on said land as possible. 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 completion of Lessee's operations on each well, Lessee agrees to restore the premises to as nearly as practical the same condition they were prior to the commencement of operation hereunder. 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 after drilling whether completed as a producing well or dry hole.
3. 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 indemnify, 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.
4. Any abstracting or title examining expenses on such tract for drilling operations by Lessee under the terms of this lease shall be paid by the Lessee.
5. The Lessee shall not build any buildings upon the leasehold estate.
6. 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 from Lessor.
7. 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

- (3) months after the conclusion of the exploration or drilling, or as soon as weather and conditions allow.
9. Lessee shall have two (2) years herein called "shut-in period", from the date of completion of a gas well in which to make a pipeline connection 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
 10. 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 production 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 purposes.
 11. There shall be no oil road surfaces or hard surfacing of any access roads without the written consent of Lessor.
 12. Each storage tank location 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.
 13. Lessee, and each subsequent assignee of Lessee or Lessee's assigns, shall (upon written request) furnish Lessor with a recorded copy of each assignment instrument wherein all or any portion of this lease is assigned to third party.
 14. This 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.
 15. All reference to royalty shall be deemed to be at the rate of 1/6 rather than 1/8 as stated in the lease.

IN WITNESS WHEREOF, we signed the day and year first above written.
SIGNED FOR IDENTIFICATION.



A. Bradford Smith

BOOK 170 PAGE 253
EXHIBIT "A"

(Page 2 of 2)

Lessor: Prairie Winds Farm, L.L.C.
Lessee: Red Oak Energy, Inc.
Date: July 28, 2011
Book: 167
Page: 422
Legal Description: West Half (W/2) of Section Thirty-Five (35), Township Fourteen (14) South, Range Forty-One (41) West of the 6th P.M., Wallace County, KS.

Numerical ✓
Direct Index ✓
Indirect Index ✓
Microfilm ✓
Computer ✓

BOOK 170 PAGE 252

(Page 1 of 2)

AFFIDAVIT OF PRODUCTION

STATE OF KANSAS
COUNTY OF SEDGWICK



State of Kansas } ss Fee \$ 12.00
Wallace County }
Filed for Record 3-8 20 12 AD
at 1:05 o'clock P. M Book 170 Page 252-253
William J. Swartz
Register of Deeds

Kevin C. Davis, of lawful age, being first duly sworn upon oath, deposes and says:

That he is the President of Red Oak Energy, Inc. owner of an interest in certain oil and gas leases described in Exhibit "A";

and this affiant further says that the leases were given for the terms as indicated in Exhibit "A", and as long thereafter as oil or gas, or either of them, is produced from said land by the lessee, or its assigns; and this affiant further says that the actual drilling of a test well for oil or gas was commenced on said land during the primary term, December 12, 2011, and that said well was completed as a well productive of oil in paying quantities on January 4, 2012, and that oil in paying quantities is being produced from the said well on the land above described at the date of the execution of this affidavit; and this affiant further says that this affidavit is made pursuant to the provisions of Section 55-205 K.S.A., and is given for the purpose of imparting public notice that the contingency mentioned in the said lease has happened, and that the term of the said lease will be extended by reason of the continuous production of oil therefrom.

Further affiant saith not.

EXECUTED this 7th day of March, 2012.

Kevin C. Davis

Subscribed and sworn before me, the undersigned, a Notary Public in and for the County of Sedgwick, State of Kansas, this 7th day of March, 2012.

My appointment expires: September 16, 2014.



FORM 88 — (PRODUCER'S SPECIAL) (PAID-UP)

63U (Rev. 1993)

OIL AND GAS LEASE

Reorder No.
09-115
Kansas Blue Print
 700 S. Broadway, PO Box 793
 Wichita, KS 67201-0793
 316-264-9344 • 264-5165 fax
 www.kbp.com • kbp@kbp.com

 AGREEMENT, Made and entered into the 28th day of July, 2011
 by and between PRAIRIEWINDS FARM, LLC

 whose mailing address is 5219 Rocky Ford Road, Smyrna, TN. 37167 hereinafter called Lessor (whether one or more),
 and Red Oak Energy, Inc., 7701 E. Kellogg, Suite 710, Wichita, Kansas 67207

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 County of Wallace State of Kansas described as follows to-wit:

WEST HALF (W 1/2) OF SECTION THIRTY-FIVE (35), TOWNSHIP FOURTEEN (14)
 SOUTH, RANGE FORTY-ONE (41), WEST OF THE 6TH P.M., WALLACE COUNTY,
 KANSAS

 In Section 35, Township 14, Range 41, and containing 320 acres, more or less, and all accretions thereto.

 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:

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 operation 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 mortgages, taxes or other liens on the above described lands, in the event of default of payment by 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.

* Subject to the terms of the Addendum attached hereto and incorporated herein by reference.

ADDENDUM

Attached to and made a part of Oil and Gas Lease dated July 28, 2011, by PrairieWinds Farm, LLC, as Lessor(s), to Red Oak Energy, Inc., Lessee.

Notwithstanding any provisions in the printed portion of this oil and gas lease to the contrary, the following provisions shall apply to said lease.

1. All reference in the lease to housing and otherwise caring for the employees of the Lessee shall be stricken.
2. Lessor reserves all rights to grant, lease, mine and/or produce any minerals from said lands except interests in gas and oil and their constituent products herein leased to Lessee.
3. Lessee shall bury pipelines and utility lines "a minimum of 36" deep". Lessee shall pay Lessor for reasonable damages to all property, real, personal or mixed, caused by its operations on said land, including but specifically not limited to land, growing crops, grass, buildings, livestock, surface, fences and other improvements and personal property. All slush pits shall be filled and leveled within sixty (60) days after well completion or abandonment unless a longer time therefore is granted by Lessor, at its option.

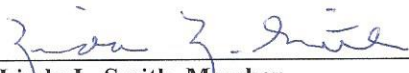
Lessee further agrees to pay to Lessor a reasonable amount, but not less than \$1,500.00, for each drill site location on the leased premises. As further consideration hereunder, Lessee agrees to pay to Lessor a minimum of \$3.00 per rod, plus crop damages, for any pipeline installed or constructed on the above land, whether or not connecting to the well on the leased premises.

All damages payable under this Paragraph 3 and 4 shall be due and payable on or before three (3) months after such damages occur.

4. In the event Lessee should cause a well to be drilled on this lease during the growing season of whatever crop is planted, and should Lessee's or its agent's equipment prohibit use of any irrigation system on this land during the term the Well is being drilled, Lessee agrees to pay Lessor and their Tenant, the difference in the value of the crop produced on that portion of the land that could not be watered as compared with the field average for the balance of the field. The field average for that portion which was irrigated shall be used as the maximum producing capability of the land, and the price per unit shall be the cash price at the local elevator in the town nearest the leased property as of the first day of the normally accepted harvest month.
5. It is the intention of the parties hereto to cause as little interference with farming operations on said land as possible, including but specifically not limited to the operation of any production equipment which shall be low profile in design or which shall be recessed to such depths as to permit the use by Lessor or their Tenant of a circular irrigation sprinkler system.
6. Prior to the construction of any roads, pipelines, tank battery installations, or installation of other equipment on the leased premises, Lessee shall consult and agree with the surface owner and tenant as to the location and direction of same. There shall be no oil road surfaces or hard surfacing of any access roads without the written consent of Lessor.
7. In the event that oil and/or gas is discovered and produced from this land, Lessee agrees to locate any production facilities associated with the well in such a manner as to cause the least interference to Lessor's farming and irrigation operations.
8. The use of water provided for under this lease is limited to use for drilling operations on the leased premises only. 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, without the consent of the Lessor. Said consent should not be unreasonably withheld.
9. 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 without compensating

11. In the event of production, Lessee shall pay Lessor a minimum guaranteed royalty which will be in a sum not less than \$10.00 per acre per year.
12. It is expressly agreed, notwithstanding anything to the contrary herein, that if the lease be in force and effect three years 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 three (3) year period herein referred to above. If such release is not filed within sixty (60) days following written demand, Lessee shall be liable for damages and attorney's fees, if any, incurred by Lessor in obtaining such release.
13. It is expressly agreed notwithstanding anything to the contrary herein, that if the lease be in force and effect three years beyond the primary term thereupon it shall terminate as to the oil and gas rights in all portions of the leased premises which are not included in a forty (40) acre area for each producing oil well. The Lessee shall file of record in the county courthouse in which the leased premises are located a release of the lease beyond said forty (40) acre area within sixty (60) days following written demand thereof, with said demand being made after the three (3) year period herein referred to above in paragraph 12. If such release is not filed within sixty (60) days following written demand, Lessee shall be liable for damages and attorney's fees, if any, incurred by Lessor in obtaining such release.
14. Whenever necessary in this lease and Addendum and where the context requires, the singular term and the related pronoun shall include the plural, the masculine and the feminine.
15. It is agreed by the Lessor and Lessee that in this lease, where the words "one-eighth (1/8)" appear, it shall read "one-sixth (1/6)" in each case. = 83.333
16. All storage tanks and tank battery operations shall be installed in any of the four corners of the leased premises to avoid interference with any irrigation circular sprinkler systems, unless otherwise negotiated between Lessor and Lessee.
17. Lessee is prohibited from assigning operations of this lease without prior approval from Lessor. Such approval will not be unreasonably withheld by Lessor.
18. Any use of fracking procedures on the subject property requires permission from the land owner.

SIGNED FOR IDENTIFICATION:


Linda L. Smith, Member


Thomas C. Lecture, Member