



# TEMPORARY ABANDONMENT WELL APPLICATION

OPERATOR: License# \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Address 1: \_\_\_\_\_  
 Address 2: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_\_\_\_\_  
 Contact Person: \_\_\_\_\_  
 Phone: (\_\_\_\_\_) \_\_\_\_\_  
 Contact Person Email: \_\_\_\_\_  
 Field Contact Person: \_\_\_\_\_  
 Field Contact Person Phone: (\_\_\_\_\_) \_\_\_\_\_

API No. 15- \_\_\_\_\_  
 Spot Description: \_\_\_\_\_  
 \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ Sec. \_\_\_\_\_ Twp. \_\_\_\_\_ S. R. \_\_\_\_\_  E  W  
 \_\_\_\_\_ feet from  N /  S Line of Section  
 \_\_\_\_\_ feet from  E /  W Line of Section  
 GPS Location: Lat: \_\_\_\_\_, Long: \_\_\_\_\_  
(e.g. xx.xxxxx) (e.g. -xxx.xxxxx)  
 Datum:  NAD27  NAD83  WGS84  
 County: \_\_\_\_\_ Elevation: \_\_\_\_\_  GL  KB  
 Lease Name: \_\_\_\_\_ Well #: \_\_\_\_\_  
 Well Type: (check one)  Oil  Gas  OG  WSW  Other: \_\_\_\_\_  
 SWD Permit #: \_\_\_\_\_  ENHR Permit #: \_\_\_\_\_  
 Gas Storage Permit #: \_\_\_\_\_  
 Spud Date: \_\_\_\_\_ Date Shut-In: \_\_\_\_\_

	Conductor	Surface	Production	Intermediate	Liner	Tubing
Size						
Setting Depth						
Amount of Cement						
Top of Cement						
Bottom of Cement						

Casing Fluid Level from Surface: \_\_\_\_\_ How Determined? \_\_\_\_\_ Date: \_\_\_\_\_  
 Casing Squeeze(s): \_\_\_\_\_ to \_\_\_\_\_ w / \_\_\_\_\_ sacks of cement, \_\_\_\_\_ to \_\_\_\_\_ w / \_\_\_\_\_ sacks of cement. Date: \_\_\_\_\_  
(top) (bottom) (top) (bottom)  
 Do you have a valid Oil & Gas Lease?  Yes  No  
 Depth and Type:  Junk in Hole at \_\_\_\_\_  Tools in Hole at \_\_\_\_\_ Casing Leaks:  Yes  No Depth of casing leak(s): \_\_\_\_\_  
(depth) (depth)  
 Type Completion:  ALT. I  ALT. II Depth of:  DV Tool: \_\_\_\_\_ w / \_\_\_\_\_ sacks of cement  Port Collar: \_\_\_\_\_ w / \_\_\_\_\_ sack of cement  
(depth) (depth)  
 Packer Type: \_\_\_\_\_ Size: \_\_\_\_\_ Inch Set at: \_\_\_\_\_ Feet  
 Total Depth: \_\_\_\_\_ Plug Back Depth: \_\_\_\_\_ Plug Back Method: \_\_\_\_\_

**Geological Data:**

Formation Name	Formation Top	Formation Base	Completion Information
1. _____	At: _____	to _____ Feet	Perforation Interval _____ to _____ Feet or Open Hole Interval _____ to _____ Feet
2. _____	At: _____	to _____ Feet	Perforation Interval _____ to _____ Feet or Open Hole Interval _____ to _____ Feet

UNDER PENALTY OF PERJURY I HEREBY ATTEST THAT THE INFORMATION CONTAINED HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE

Submitted Electronically

<b>Do NOT Write in This Space - KCC USE ONLY</b>	Date Tested: _____	Results: _____	Date Plugged: _____	Date Repaired: _____	Date Put Back in Service: _____
	Review Completed by: _____ Comments: _____				
TA Approved: <input type="checkbox"/> Yes <input type="checkbox"/> Denied Date: _____					

**Mail to the Appropriate KCC Conservation Office:**

	KCC District Office #1 - 210 E. Frontview, Suite A, Dodge City, KS 67801	Phone 620.225.8888
	KCC District Office #2 - 3450 N. Rock Road, Building 600, Suite 601, Wichita, KS 67226	Phone 316.337.7400
	KCC District Office #3 - 1500 SW Seventh Steet, Chanute, KS 66720	Phone 620.432.2300
	KCC District Office #4 - 2301 E. 13th Street, Hays, KS 67601-2651	Phone 785.625.0550

### General

Well ID Janet 1-7 FL 1 Casing  
 Well Janet 1-7 FL 1 Casing  
 Company Sandridge  
 Operator TJ Matzke  
 Lease Name Janet 1-7 FL 1 Casing  
 Elevation 0.00 ft  
 Production Method Electrical Submersible Pump

Comment

### Tubulars

Tubing OD 2.875 in  
 Average Joint Length 31.700 ft  
 Sliding Sleeve - \* - ft  
 Casing OD 7.000 in  
 Liner OD - \* - in  
 Top of Liner - \* - ft  
 PBTD - \* - ft  
 Kelly Bushing 16.00 ft

### Pump Assembly

Installation Date - \* -  
 Pump Intake Depth 5073.00 ft  
 PIP Gage - \* - ft

### Gas Separator

Gas Separator Not Used  
 Tubing Discharge Temp - \* - deg F

### Pump Configuration

	Top Pump	Pump 2	Pump 3	Pump 4	Pump 5
Pump Manufacturer	- * -	- * -	- * -	- * -	- * -
Pump Description/Series	- * -	- * -	- * -	- * -	- * -
Serial Number	- * -	- * -	- * -	- * -	- * -
Stage Count	0	0	0	0	0
Pump Housing	- * -	- * -	- * -	- * -	- * -

Total Length of Pump Assembly - \* - ft  
 Shroud is Not Used

### Electric Equipment

Control Panel - \* -  
 Variable Frequency is Not Used  
 Overload Set Point - \* -  
 Underload Set Point - \* -  
 Overvoltage Set Point - \* -  
 Undervoltage Set Point - \* -  
 Frequency - \* -  
 Pump Up Time - \* -

### Cable Data

Round Cable Type - \* -  
 Round Cable Length - \* - ft  
 Flat Cable Type - \* -  
 Flat Cable Length - \* - ft

### Electrical Cost

Cost Per kW-Hour - \* -  
 Cost Per kW - \* -

### Motor Assembly Description

	Top Motor	Motor 2	Motor 3	Motor 4
Manufacturer	- * -	- * -	- * -	- * -
Series	- * -	- * -	- * -	- * -
Type	- * -	- * -	- * -	- * -
HP	- * -	- * -	- * -	- * -
Volts/Amps	- * -	- * -	- * -	- * -
Total Length of Motor Assembly	- * - ft		Installation Date	- * -

### Electrical Parameters

AMPS		VOLTS	
A Input	- * -	BA Input	- * -
B Input	- * -	CB Input	- * -
C Input	- * -	AC Input	- * -
		A-gnd	- * -
		B-gnd	- * -
		C-gnd	- * -
Kilowatt	- * -	Power Factor	- * -
		Date and Time of Measurement	- * -

### Conditions

#### Pressure

Static BHP 1025.0 psi (g)  
 Static BHP Method Acoustic  
 Static BHP Date 01/11/2017  
 Producing BHP 758.6 psi (g)  
 Producing BHP Method Acoustic  
 Producing BHP Date 01/11/2017  
 Formation Depth 5073.00 ft

#### Production

Oil Production - \* - BBL/D  
 Water Production - \* - BBL/D  
 Gas Production - \* - Mscf/D  
 Production Date - \* -

#### Temperatures

Surface Temperature 70 deg F  
 Bottomhole Temperature 150 deg F

#### Surface Producing Pressures

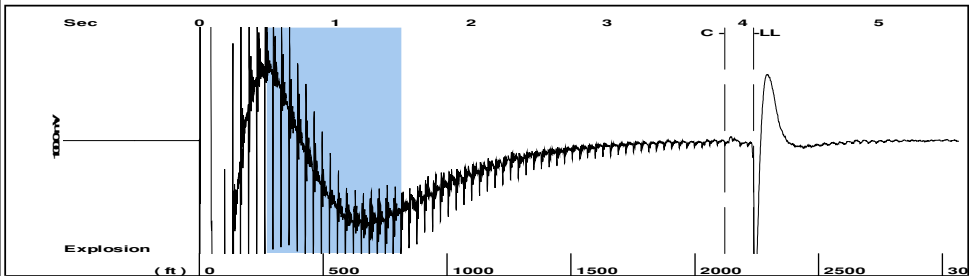
Tubing Pressure - \* - psi (g)  
 Casing Pressure 21.3 psi (g)

#### Fluid Properties

Oil API 40 deg API  
 Water Specific Gravity 1.05 Sp.Gr.H2O

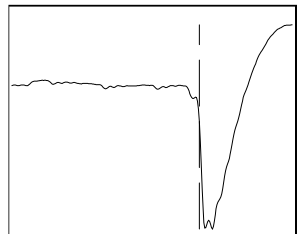
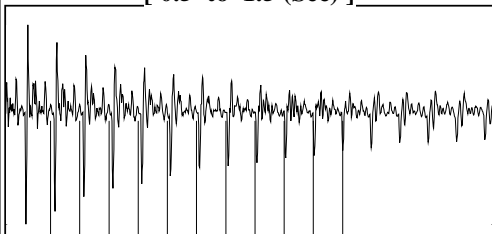
#### Casing Pressure Buildup

Change in Pressure 0.009 psi  
 Over Change in Time 1.50 min

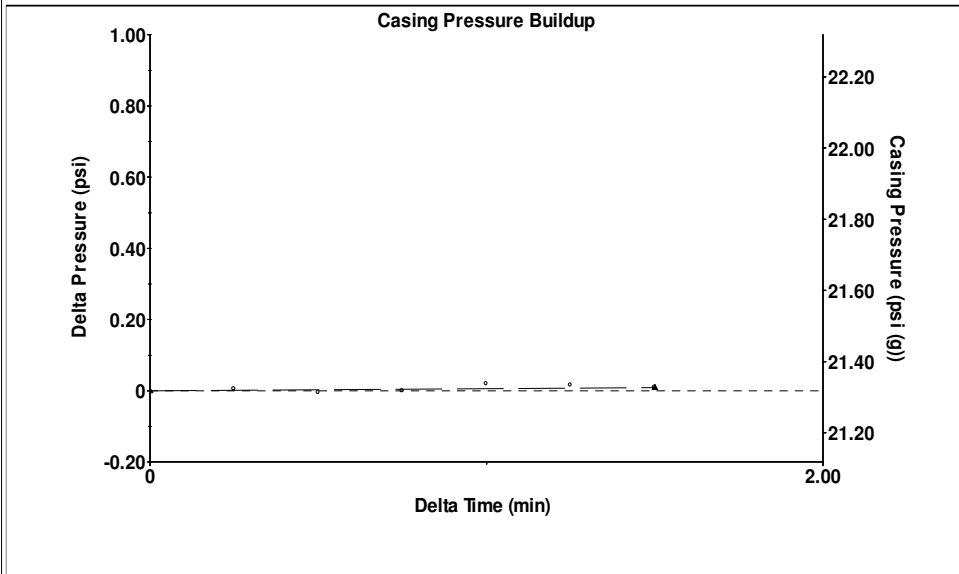


Filter Type High Pass Automatic Collar Count Yes Time 4.08 sec  
 Manual Acoustic Veloc 1056.67 ft/s Manual JTS/sec 16.6667 Joints 70.5804 Jts  
 Depth 2237.40 ft

[ 0.5 to 1.5 (Sec) ]

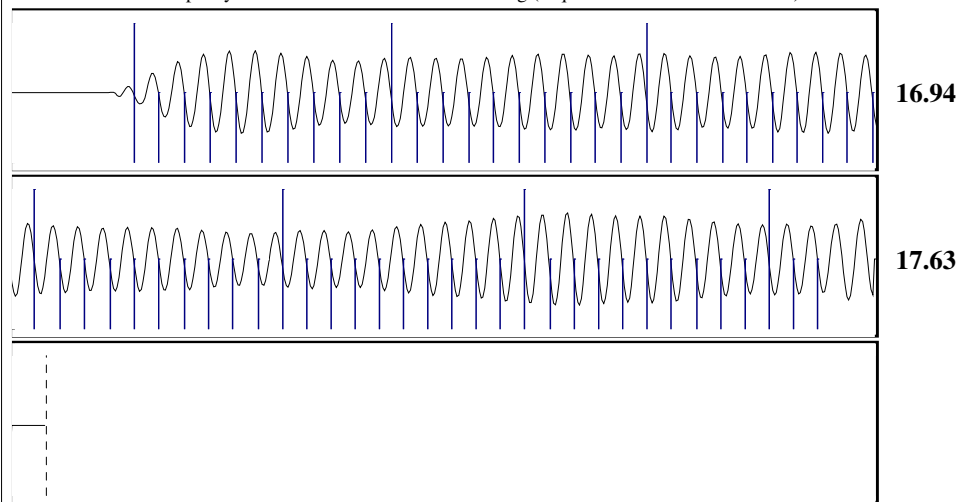


**Analysis Method: Automatic**



Change in Pressure 0.01 psi PT15216  
 Change in Time 1.50 min Range 0 - ? psi

<b>Production</b>	<b>Potential</b>	<b>Casing Pressure</b>		<b>Static</b>
Current		21.3 psi (g)		<b>Oil Column Height</b>
Oil - * -	- * - BBL/D	<b>Casing Pressure Buildup</b>		MD 0 ft
Water - * -	- * - BBL/D	0.009 psi		TVD 0 ft
Gas - * -	- * - Mscf/D	1.50 min		
<b>IPR Method</b>	<b>Vogel</b>	<b>Gas/Liquid Interface Pressure</b>		<b>Water Column Height</b>
PBHP/SBHP	- * -	23.9 psi (g)		MD 2820 ft
Production Efficiency	0.0	<b>Liquid Level Depth</b>		TVD 2202 ft
Oil 40 deg.API		2237.40 ft		
Water 1.05 Sp.Gr.H2O		<b>Main Depth to Liq Level TVD</b>		
Gas 0.88 Sp.Gr.AIR		2237.40 ft		
<b>Acoustic Velocity</b>	1096.76 ft/s	<b>Pump Intake Depth</b>	<b>Static BHP</b>	
		5073.00 ft	1025.0 psi (g)	
		<b>Formation Depth</b>		
		5073.00 ft		
		<b>Formation Depth TVD</b>		
		4455.35 ft		



Acoustic Velocity 1096.76 ft/s Joints counted 62  
 Joints Per Second 17.2991 jts/sec Joints to liquid level 70.5804  
 Depth to liquid level 2237.4 ft Filter Width 14.6667 18.6667  
 Automatic Collar Count Yes Time to 1st Collar 0.284 3.868

**OIL AND GAS LEASE**

(Paid-up)

AGREEMENT, Made and entered in this 6<sup>th</sup> day of December, 2011, by and between Larry Netahla, as Life Tenant, Gabriel C. Curtis, Remainderman, Kayla Tyann Curtis, Remainderman, 1704 Washington St., Harper, KS 67058 party of the first part, hereinafter called Lessor (whether one or more), and SandRidge Exploration and Production, LLC, 123 Robert S. Kerr Avenue, Oklahoma City, OK 73102, party of the second part, hereinafter called Lessee.

WITNESSETH, that the said Lessor, for and in consideration of Ten Dollars, cash in hand paid, and other good and valuable consideration receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto the said Lessee, for the sole and exclusive right to explore by geophysical and other methods, for mining and operating for oil (including but not limited to distillate and condensate), gas (including casinghead gas and helium and all other constituents), and for laying pipelines, and building drill sites, access roads, tanks, power stations and structures thereon, to produce, save and take care of said products, all that certain tract of land, together with any reversionary rights therein, situated in the County of Sumner, State of Kansas, to wit:

NE/4

**SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF**

of Section 7, Township 34S, Range 4W, and containing 160.00 acres, more or less.

1. It is agreed that this lease shall remain in force for a term of **Three (3) Years and Nine (9) months** (herein called primary term) and so long thereafter as oil or gas, or either of them, is produced from said land or lands pooled therewith.

2. In consideration of the premises the said Lessee covenants and agrees:

A. To deliver to the credit of Lessor free of cost, in the pipeline to which it may connect its wells, a **three sixteenth (3/16)** part of all oil (including but not limited to condensate and distillate) produced and saved from the leased premises.

B. To pay Lessor for gas (including casinghead gas) and all other substances covered hereby, a royalty of **three sixteenth (3/16)** of the proceeds realized by Lessee from the sale thereof, less a proportionate part of the production, severance and other excise taxes and the cost incurred by Lessee in processing, gathering, treating, compressing, dehydrating, transporting, and marketing, or otherwise making such gas or other substances ready for sale or use, said payments to be made monthly. During any period after expiration of the primary term hereof when gas is not being so sold or used and the well or wells are shut in and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, Lessee shall pay or tender a royalty of One Dollar (\$1.00) per year per net royalty acre retained hereunder, such payment or tender to be made, on or before the later of ninety (90) days following the date of shut in or the anniversary date of this lease during the period such well is shut in, to the Lessor. When such payment or tender is made it will be considered that gas is being produced within the meaning of the entire lease.

3. If, at the expiration of the primary term, there is no production in paying quantities on the leased land or on lands pooled therewith but Lessee is conducting operations for drilling, completing or reworking a well, this lease nevertheless shall continue as long as such operations are prosecuted or additional operations are commenced and prosecuted (whether on the same or successive wells) with no cessation of more than ninety (90) days, and if production is discovered, this lease shall continue as long thereafter as oil or gas are produced. In addition, if at any time or times after the primary term, there is a total cessation of all production, for any cause (other than an event of force majeure), this lease shall not terminate if Lessee commences or resumes any drilling or reworking operations or production within ninety (90) days after such cessation. Drilling operations or mining operations shall be deemed to be commenced when the first material is placed on the leased premises or when the first work other than surveying or staking the location is done thereon which is necessary for such operations. Any off lease operation intended to result in production from an interval under the leased premises or lands pooled therewith shall be considered for all purposes hereunder as if such operations were commenced and conducted on the lease premises.

4. Lessee is hereby granted the right at any time and from time to time to pool or unitize the leased premises or any portion or portions thereof, as to all strata or any stratum or strata, with any other lands as to all strata or any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate. The creation of a unit by such pooling shall be based on the following criteria (hereinafter called "pooling criteria"): A unit for an oil well (other than a horizontal completion) shall not exceed 160 acres plus a maximum acreage tolerance of 10%, and a unit for a gas well or a unit for a horizontal completion shall not exceed 1280 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. Lessee shall file written unit

KS008035-000

designations in the county in which the leased premises are located unless the pooling or unitization results from governmental order or rule, in which case no such written designation shall be required. Operations upon and production from the unit shall be treated as if such operations were upon or such production were from the leased premises whether or not the well or wells are located thereon. The entire acreage within a unit shall be treated for all purposes as if it were covered by and included in this lease except that the royalty on production from the unit shall be as below provided, and except that in calculating the amount of any shut in gas royalties, only the part of the acreage originally leased and then actually embraced by this lease shall be counted. In respect to production from the unit, Lessee shall pay Lessor, in lieu of other royalties thereon, only such proportion of the royalties 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 in the unit.

5. 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 shall be paid to the Lessor only in the proportion which his interest bears to the whole and undivided fee.

6. Lessee shall have the right to use, free of cost, gas, oil, and water produced on said land for its operations thereon, except water from wells of Lessor.

7. 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.

8. If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns. However, no change or division in ownership of the land or royalties shall enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land 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.

~~9. If at any time within the primary term of this lease or any continuation thereof, Lessor receives any bona fide offer, acceptable to Lessor, to grant an additional lease (top lease) covering all or part of the aforescribed lands, Lessee shall have the continuing option by meeting any such offer to acquire such top lease. Any offer must be in writing and must set forth the proposed Lessee's name, bonus consideration and royalty consideration to be paid for such lease, and include a copy of the lease form to be utilized reflecting all pertinent and relevant terms and conditions of the top lease. Lessee shall have fifteen (15) days after receipt from Lessor of a complete copy of any such offer to advise Lessor in writing of its election to enter into an oil and gas lease with Lessor on equivalent terms and conditions. If Lessee fails to notify Lessor within the aforesaid fifteen (15) day period of its election to meet any such bona fide offer, Lessor shall have the right to accept said offer. Any top lease granted by Lessor in violation of this provision shall be null and void.~~

10. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules and 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 such failure is the result of any such Law, Order, Rule or Regulation, or operation of force majeure.

11. This lease shall be effective as to each Lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the Lessors above named may not join in the execution hereof. The word "Lessor" as used in this lease means the party or parties who execute this lease as Lessor, although not named above.

12. Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to Lessor, or by placing a release of record in the proper County.

13. Lessor hereby warrants and agrees to defend the title to the lands herein described and to indemnify Lessee of all adverse claims thereto, and all expenses incurred by Lessee in defending such claims, including reasonable attorney fees, 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.

~~14. For the same consideration stated above, Lessor further grants, sells, conveys and warrants to Lessee a subsurface right of way and easement in, through and under the leased premises for the purpose of drilling oil and/or gas wells to, and producing through said wells oil, gas or other minerals from, lands other than the leased premises, together with the right of ingress and egress to said wells.~~

15. Notwithstanding anything to the contrary contained in this lease, no litigation shall be initiated by Lessor for damages, forfeiture, termination or cancellation with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default within such period. In the event the matter is litigated and there is final judicial determination that a breach or default has occurred, this lease shall not be cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so or such judicial determination shall specify that the lease shall be forfeited or cancelled.

16. Notwithstanding anything to the contrary contained in this Lease, for the same consideration, Lessor does hereby grant to Lessee, its successors and/or assigns, the option, but not the obligation to extend the primary term of this Lease and all rights hereunder for an additional Two (2) Years. Lessee shall exercise this option by tendering to Lessor, an additional bonus payment equal to the sum of \$800.00 per net mineral acre covered by this Lease. This additional bonus payment shall be considered tendered by Lessee when deposited with the U.S. Postal Service for delivery to the Lessor by certified mail at the address above on or prior to the expiration date of the initial primary term of this Lease. Upon tender the primary term of this lease will be amended from 3 years and 3 months to 5 years and 3 months.

See Exhibit "A" attached hereto and made a part hereof.

IN TESTIMONY WHEREOF, we sign this the 12 day of December, 2011



Larry Netahla  
Larry Netahla, as Life Tenant

Gabriel C. Curtis  
Gabriel C. Curtis, Remainderman

Kayla Tyann Curtis  
Kayla Tyann Curtis, Remainderman

STATE OF Kansas }  
County of Harper } § (Individual Acknowledgment)

Before me, the undersigned, a Notary Public, in and for said County and State, on this 12 day of December, 2011, personally appeared **Larry Netahla, as Life Tenant**, to me known to be the identical Person who executed the within and foregoing instrument, and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I hereunto set my official signature and affixed my notarial seal the day and year last above written.

My commission expires: 08/30/2015  
Notary Public State of Kansas  
Sherry L Struble  
My Appt Exp 08/30/2015

Sherry L Struble  
Notary Public

STATE OF Missouri }  
County of Clay } § (Individual Acknowledgment)

Before me, the undersigned, a Notary Public, in and for said County and State, on this 22 day of December, 2011, personally appeared **Gabriel C. Curtis, Remainderman**, to me known to be the identical Person who executed the within and foregoing instrument, and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I hereunto set my official signature and affixed my notarial seal the day and year last above written.

My commission expires: 10/3/15

MANUELA B. BIFFORD  
Notary Public-Notary Seal  
STATE OF MISSOURI  
Clay County  
My Commission Expires Oct. 3, 2015  
Commission # 11249428

STATE OF Kansas }  
County of Sedgwick } § (Individual Acknowledgment)

Before me, the undersigned, a Notary Public, in and for said County and State, on this 14<sup>th</sup> day of December, 2011, personally appeared **Kayla Tyann Curtis, Remainderman**, to me known to be the identical Person who executed the within and foregoing instrument, and acknowledged to me that she executed the same as her free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I hereunto set my official signature and affixed my notarial seal the day and year last above written.

My commission expires: 09/02/2014

Juan E. Hernandez  
Notary Public

NOTARY PUBLIC - State of Kansas  
JUAN E. HERNANDEZ  
My Appt. Expires 09/02/2014

## EXHIBIT "A"

Attached to and made a part of that certain Oil and Gas Lease dated **December 6, 2011**, between **Larry Netahla, as Life Tenant, Gabriel C. Curtis, Remainderman, Kayla Tyann Curtis, Remainderman**, as Lessor, and **SandRidge Exploration and Production, LLC**, as Lessee, covering lands located in **Section 7, Township 34S, Range 4W, in Sumner County, Kansas**.

### TOP LEASE PROVISION WITH DEFERRED BONUS

This lease is granted on Lessor's reversionary interest in the leased premises and is hereby vested in interest subject to an existing oil and gas lease dated **August 14, 2008**, recorded in Book **771**, Page **680** of the County Records of **Sumner** County, State of **Kansas** (hereinafter referred to as the "Prior Lease"). Lessee shall have no right of possession for the purpose of exercising Lessee's rights hereunder to the extent such exercise would interfere with the Prior Lease. Lessor represents and warrants that Lessor has not entered into any renewal, agreement to renew or amendment of the Prior Lease so as to extend the primary term set forth therein and Lessor covenants and agrees not to extend, amend or modify the Prior Lease. In the event possession of this lease has not vested in Lessee herein by or on **September 5, 2015**, then, in that event, this lease shall terminate and be null and void.

Upon Lessor's execution of this lease, Lessee will pay to Lessor a portion of the bonus equal to Ten percent (**10%**) of the total bonus consideration agreed upon for the acreage described herein. If this lease vests in possession to Lessee as set forth above, Lessee will pay to Lessor the remaining portion of the bonus consideration agreed upon within **Ten (10)** days of the date possession vests in Lessee; provided, however, that the bonus consideration agreed upon shall be proportionately reduced to reflect the actual number of acres leased in the event that less than the total acreage described hereinabove vests in possession under this lease.

### USE OF SURFACE:

- a) Lessee shall pay Lessor for all loss of crops, grasses, damages to the land and all other damages of whatever kind or nature caused by its operations. Lessee agrees to use its best efforts to reasonably restore the surface to its original contour as nearly as practicable. Should any wells be drilled, roadways be established, structures be erected, or any other use of the leased premises cause damage to lands enrolled in the Conservation Reserve Program (CRP), any repayments of cost-shares, annual payments, interest, and liquidated damages, will be promptly reimbursed to the Lessor by the Lessee, under the direction of the governing Farm Service Agency. Lessee agrees to pay \$5,000.00 as minimum damages for any new vertical drillsite location and \$8,000.00 as minimum damages for any new horizontal well location prior to the commencement of drilling operations. An additional payment of \$2,000.00 per acre will be made if more than two acres is used for a well site. All other payments, if any, shall be due and payable within 90 days of damage, should additional damage occur. Lessee shall pay \$50.00 per rod for any pipeline or electrical crossing damages. In the event Lessee uses existing roads of surface owner, Lessee shall maintain such roads. Upon Lessor's request, Lessee shall fence the well site to turn livestock.
- b) All pipelines shall be buried and maintained below three feet of depth.
- c) In the event of production, Lessee shall restrict the production site to as small a dimension as is reasonably practicable for its operations.
- d) Lessee agrees to consult with the surface owner as to the placement of any tanks, location and route of any pipeline or road taking into account surface owner's existing use of the property, and, to the extent reasonably practicable, will select locations and routes that will cause the least interference with such existing use and still serve the needs of Lessee's operations.
- e) Cattle guard(s) a minimum of 20 feet wide and of adequate strength with steel gate(s) will be constructed as necessary at all places where lease roads enter the lease premises or go through existing fences. Said cattle guard(s) and gate(s) shall remain on the property of surface owner upon the termination of the lease unless otherwise directed by Lessor. Existing fences shall be H-Braced before cutting to install gates, utilizing posts with minimum 8 inch tops.
- f) Lessee shall maintain production site in a clean and uncluttered condition.
- g) Lessee shall not use wells on the leased premises for disposal of salt water produced off of the leased premises or lands pooled therewith without the written consent (not to be unreasonably

withheld or delayed) of Lessor and without paying reasonable compensation to Lessor.

- h) No earthen reserve pits shall be utilized in the re-entry, drilling, completion or operation of any well that may be drilled on the lease premises or any of Lessor's property in said section. This does not include a 20 mill liner haul off pit.
- i) By signing the Lease and this Exhibit, Lessor is not granting Lessee the right to conduct seismic exploration on the Premises. Any seismic exploration must be covered by a separate written agreement, which must provide for paying additional compensation to Lessor for such seismic exploration, and which must be signed by Lessor prior to any seismic exploration of the Premises. Lessee shall remain responsible to restore the premises and pay any additional actual damages caused by the seismic activity. Lessee shall not use any heavy equipment on the property when the soil is wet or soft. If rutting or soil compaction occurs due to Lessee's activities, Lessee shall alleviate these conditions by filling ruts and/or ripping compacted areas. Lessee will not remain responsible for seismic damages unless seismic operation is operated and/or conducted by Lessee

**BEST PRICE AVAILABLE:** In selling any gas produced from the lease premises, or any lands with which the lease premises may be pooled or unitized, the Lessee shall exercise good faith and use due diligence and prudence to market such gas at the best price and upon the most favorable terms then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar quality and quantity that may be obtainable by Lessee at the time or times such gas is contracted for sale, but in no event less than the price obtained by Lessee, through arms length negotiations.

**CESSATION, DRILLING AND REWORKING:** In the event production in paying quantities of oil or gas on the lease premises or upon lands pooled or unitized therewith, after once obtained, shall cease for any cause within ninety (90) days before the expiration of the primary term of this lease or at any time or times thereafter, this lease shall not terminate if the Lessee commences additional drilling or reworking operations within ninety (90) days after such cessation, and this lease shall remain in full force and effect so long as such operations continue in a good faith and workmanlike manner without interruptions totaling more than ninety (90) days during any one such operation; and if such drilling or reworking operations result in the production of oil or gas in paying quantities, this lease shall remain in full force and effect so long as oil or gas is produced in paying quantities or in any manner provided in the lease.

**SHUT-IN ROYALTY:** Notwithstanding anything to the contrary herein, it is understood and agreed that this lease may not be maintained in force for any one continuous period of time longer than two (2) consecutive years after the expiration of the primary term hereof solely by the provisions of the shut-in royalty clause. The shut in royalty payment shall be \$10.00 per acre, per year.

**INDEMNIFICATION:** Lessee shall indemnify Lessor against and hold Lessor harmless from any claims, damages, attorney fees, actions or causes of action arising from or in any way related to Lessee's operations on the Premises or under the Lease or to any acts or omissions of Lessee or Lessee's agents, invitees, licensees, employees, contractors, subcontractors, independent contractors, officers or representatives.

**PUGH CLAUSE:** Two (2) years following the expiration of the primary term of this lease or the expiration of any extension or renewal of the primary term, whichever occurs last, in the event a portion or portions of the lease premises is pooled with other land so as to form a pooled unit or units, operations on such unit or units will not maintain this lease in force as to the land not included in such unit or units. This lease may not be maintained in force as to any land covered hereby and not included in such unit or units in any manner provided for herein. Upon the occurrence of any partial termination of this lease, Lessee shall have and expressly reserves, an easement, on, over, through and under all released tracts as shall be reasonably necessary for rights of ingress and egress, in order to enable the exploration and/or production of oil, gas and/or other minerals in and from any depths and lands retained by Lessee under this lease and Lessee shall not be required to relocate any pipelines or equipment used in connection with production of oil and gas from the leased premises.

**DEPTH CLAUSE:** It is understood and agreed that two (2) years following the expiration of the primary term of this lease or upon the expiration of any extension or renewal of the primary term, whichever occurs last, this lease shall automatically terminate as to all rights lying below one hundred (100) feet below either (1) the deepest depth drilled in any well drilled on the leased premises or on lands pooled therewith; or (2) the stratigraphic equivalent of the base of the deepest formation producing or capable of



producing in any well drilled on the leased premises or on lands pooled therewith, whichever is the deepest; provided, however, if Lessee is then engaged in operations on the leased premises or on lands pooled therewith, this lease shall remain in full force and effect as to all depths so long as no more than ninety (90) days elapse between said operations.

**COST-FREE ROYALTY:** It is agreed between Lessor and Lessee that, notwithstanding any language herein to the contrary, Lessor's royalty shall be calculated without deduction for the costs and expenses for exploration, drilling, development and production including dehydration, storage, compression, separation by mechanical means and product stabilization incurred prior to transforming the oil, gas or other production into a marketable form. Additionally, Lessor's royalty shall bear its proportionate share of ad valorem taxes and production, severance, or other excise taxes.

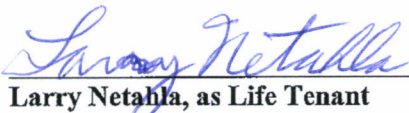
**OFFSET WELL REQUIREMENTS:** In the event a well or wells producing oil or gas in paying quantities should be completed on adjacent land and draining the lease premises, Lessee may drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances. Notwithstanding anything to contrary contained herein, Lessee may at any time file in the appropriate public records and deliver to Lessor a release of that portion of the leased premises which is presumably being drained by said offset well(s), and Lessee shall thereupon be relieved of all liability in connection therewith. The amount of the leased premises so released, as determined by Lessee, shall be of a size sufficient to allow for a full allowable as prescribed by the appropriate regulatory or governmental agency of competent jurisdiction and shall be limited to the zone or zones of such offset well. The recording of such release shall relieve Lessee from any and all further obligations to drill any such offset well or wells under the terms of this Lease. In no event, however, shall Lessee be required to offset production from adjacent wells existing as of the effective date of this Lease.

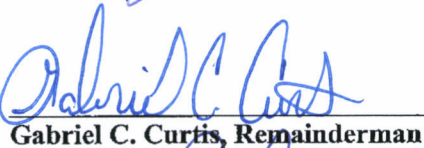
**SPECIAL WARRANTY CLAUSE:** Lessor warrants the title to the leased premises against persons who lawfully claim title to the leased premises or any part thereof, by, through or under Lessor, but not otherwise, and Lessor assigns the Lessee the warranties of title which were made to Lessor and Lessor's predecessors.

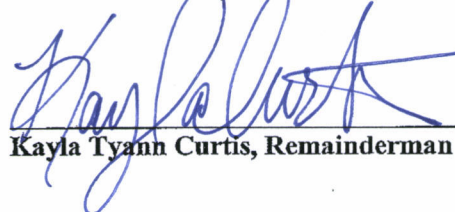
**OIL & GAS ONLY/EXCLUDED MINERALS:** Notwithstanding anything herein to the contrary, this lease covers only oil and gas of whatsoever nature or kind, including coalbed methane gas and other liquid and gaseous hydrocarbons, and sulfur, as well as such other minerals or substances as may be produced incidental to and as a part of or mixed with oil, gas and other liquid or gaseous hydrocarbons, but this lease does not cover gravel, uranium, fissionable material, coal, lignite or any hard minerals or substances of any type which shall be produced from the leased premises separate and apart from, or independently of, oil, gas, sulphur, coalbed methane gas or other liquid and gaseous hydrocarbons.

**WATER:** Lessee shall not use water from any pond, stream, well or rural or city water service on the Premises, without prior written consent of Lessor and without compensating lessor for the use thereof.

**SIGNED FOR IDENTIFICATION**

  
Larry Netahla, as Life Tenant

  
Gabriel C. Curtis, Remainderman

  
Kayla Tyann Curtis, Remainderman

**KS-PAID UP  
OIL AND GAS LEASE**

(Paid-up)

AGREEMENT, made and entered into this 27<sup>th</sup> day of March, 20 14, by and between: Nulik Farms, a partnership, Managing Partner: Duane E. Nulik  
1658 S. Argonia Road, Caldwell, Kansas 67022

party of the first part, hereinafter called Lessor (whether one or more), and **SandRidge Exploration and Production, LLC**, 123 Robert S. Kerr Avenue, Oklahoma City, Oklahoma 73102, party of the second part, hereinafter called Lessee.

WITNESSETH, that the said Lessor, for and in consideration of Ten Dollars, cash in hand paid, and other good and valuable consideration receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto the said Lessee, for the sole and exclusive right to explore by geophysical and other methods, for mining and operating for oil (including but not limited to distillate and condensate), gas (including casinghead gas and helium and all other constituents), and for laying pipelines, and building drill sites, access roads, tanks, power stations and structures thereon, to produce, save and take care of said products, all that certain tract of land, together with any reversionary rights therein, situated in the County of Sumner, State of Kansas, described as follows, to wit:

NW/4 Section 08-34S-04W

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

Containing 160.00 acres, more or less.

1. It is agreed that this lease shall remain in force for a term of Three (3) years (herein called primary term) and so long thereafter as oil or gas, or either of them, is produced from said land or lands pooled therewith.

2. In consideration of the premises the said Lessee covenants and agrees:

A. To deliver to the credit of Lessor free of cost, in the pipeline to which it may connect its wells, a 3/16ths part of all oil (including but not limited to condensate and distillate) produced and saved from the leased premises.

B. To pay Lessor for gas (including casinghead gas) and all other substances covered hereby, a royalty of 3/16ths of the proceeds realized by Lessee from the sale thereof, less a proportionate part of the production, severance and other excise taxes and the cost incurred by Lessee in processing, gathering, treating, compressing, dehydrating, transporting, and marketing, or otherwise making such gas or other substances ready for sale or use, said payments to be made monthly. During any period after expiration of the primary term hereof when gas is not being so sold or used and the well or wells are shut in and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, Lessee shall pay or tender a royalty of One Dollar (\$1.00) per year per net royalty acre retained hereunder, such payment or tender to be made, on or before the later of ninety (90) days following the date of shut in or the anniversary date of this lease during the period such well is shut in, to the Lessor. When such payment or tender is made it will be considered that gas is being produced within the meaning of the entire lease.

3. If, at the expiration of the primary term, there is no production in paying quantities on the leased land or on lands pooled therewith but Lessee is conducting operations for drilling, completing or reworking a well, this lease nevertheless shall continue as long as such operations are prosecuted or additional operations are commenced and prosecuted (whether on the same or successive wells) with no cessation of more than ninety (90) days, and if production is discovered, this lease shall continue as long thereafter as oil or gas are produced. In addition, if at any time or times after the primary term, there is a total cessation of all production, for any cause (other than an event of force majeure), this lease shall not terminate if Lessee commences or resumes any drilling or reworking operations or production within ninety (90) days after such cessation. Drilling operations or mining operations shall be deemed to be commenced when the first material is placed on the leased premises or when the first work other than surveying or staking the location is done thereon which is necessary for such operations. Any off lease operation intended to result in production from an interval under the leased premises or lands pooled therewith shall be considered for all purposes hereunder as if such operations were commenced and conducted on the lease premises.

4. Lessee is hereby granted the right at any time and from time to time to pool or unitize the leased premises or any portion or portions thereof, as to all strata or any stratum or strata, with any other lands as to all strata or any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate. The creation of a unit by such pooling shall be based on the following criteria (hereinafter called "pooling criteria"): A unit for an oil well (other than a horizontal completion) shall not exceed 160 acres plus a maximum acreage tolerance of 10%, and a unit for a gas well or a unit for a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. Lessee shall file written unit designations in the county in which the leased premises are located unless the pooling or unitization results from governmental order or rule, in which case no such written designation shall be required. Operations upon and production from the unit shall be treated as if such operations were upon or such

production were from the leased premises whether or not the well or wells are located thereon. The entire acreage within a unit shall be treated for all purposes as if it were covered by and included in this lease except that the royalty on production from the unit shall be as below provided, and except that in calculating the amount of any shut in gas royalties, only the part of the acreage originally leased and then actually embraced by this lease shall be counted. In respect to production from the unit, Lessee shall pay Lessor, in lieu of other royalties thereon, only such proportion of the royalties 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 in the unit.

5. 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 shall be paid to the Lessor only in the proportion which his interest bears to the whole and undivided fee.

6. Lessee shall have the right to use, free of cost, gas, oil, and water produced on said land for its operations thereon, except water from wells of Lessor.

7. 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.

8. If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns. However, no change or division in ownership of the land or royalties shall enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land 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.

9. If at any time within the primary term of this lease or any continuation thereof, Lessor receives any bona fide offer, acceptable to Lessor, to grant an additional lease (top lease) covering all or part of the aforescribed lands, Lessee shall have the continuing option by meeting any such offer to acquire such top lease. Any offer must be in writing and must set forth the proposed Lessee's name, bonus consideration and royalty consideration to be paid for such lease, and include a copy of the lease form to be utilized reflecting all pertinent and relevant terms and conditions of the top lease. Lessee shall have fifteen (15) days after receipt from Lessor of a complete copy of any such offer to advise Lessor in writing of its election to enter into an oil and gas lease with Lessor on equivalent terms and conditions. If Lessee fails to notify Lessor within the aforesaid fifteen (15) day period of its election to meet any such bona fide offer, Lessor shall have the right to accept said offer. Any top lease granted by Lessor in violation of this provision shall be null and void.

10. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules and 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 such failure is the result of any such Law, Order, Rule or Regulation, or operation of force majeure.

11. This lease shall be effective as to each Lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the Lessors above named may not join in the execution hereof. The word "Lessor" as used in this lease means the party or parties who execute this lease as Lessor, although not named above.

12. Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to Lessor, or by placing a release of record in the proper County.

13. Lessor hereby warrants and agrees to defend the title to the lands herein described and to indemnify Lessee of all adverse claims thereto, and all expenses incurred by Lessee in defending such claims, including reasonable attorney fees, 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.

14. For the same consideration stated above, Lessor further grants, sells, conveys and warrants to Lessee a subsurface right-of-way and easement in, through and under the leased premises for the purpose of drilling oil and/or gas wells to, and producing through said wells oil, gas or other minerals from, lands other than the leased premises, together with the right of ingress and egress to said wells.

15. Notwithstanding anything to the contrary contained in this lease, no litigation shall be initiated by Lessor for damages, forfeiture, termination or cancellation with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default within such period. In the event the matter is litigated and there is final judicial determination that a breach or default has occurred, this lease shall not be cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so or such judicial determination shall specify that the lease shall be forfeited or cancelled.

16. Notwithstanding anything to the contrary contained in this Lease, for the same consideration, Lessor does hereby grant to Lessee, its successors and/or assigns, the option, but not the obligation to extend the primary term of this Lease and all rights hereunder for an additional 2 YEARS. Lessee shall exercise this option by tendering to Lessor, an additional bonus payment equal to the sum of \$125 BONUS per net mineral acre covered by this Lease. This additional bonus payment shall be considered tendered by Lessee when deposited with the U.S. Postal Service for delivery to the Lessor by certified mail at the address above on or prior to the expiration date of the initial primary term of this Lease. Upon tender the primary term of this lease will be amended from 3 years to 5 years.

IN TESTIMONY WHEREOF, we sign this the 31<sup>ST</sup> day of March, 20 14.

Duane E. Nulik

Managing Partner: Duane E. Nulik

Tax ID/SS#:

Lessor

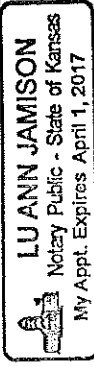
STATE OF Kansas } (PARTNERSHIP ACKNOWLEDGMENT)  
COUNTY OF Sumner }

Before me, the undersigned, a Notary Public, in and for said County and State, on this 31st day of March, 2014, personally appeared Duane E. Nulik to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its Managing Partner and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I hereunto set my official signature and affixed my notary seal the day and year last above written.

My Commission expires:

Commission Number: \_\_\_\_\_ LuAnn Jamison \_\_\_\_\_  
Notary Public





## EXHIBIT "A"

This Exhibit "A" is attached to and made a part thereof that certain Oil and Gas Lease dated the 27<sup>th</sup> day of March, 2014, between Nulik Farms, a partnership, Managing Partner: Duane E. Nulik, Lessor (whether one or more), and **SandRidge Exploration and Production, LLC**.

- a) Lessee shall pay for all actual permanent damages caused by Lessee in its operations hereunder to any buildings, fences, roads, culverts, merchantable timber, growing crops, or any other improvements, or to livestock on the leased premises. If Lessor is the surface owner, then Lessee agrees to pay to Lessor a minimum of \$10,000 per well location, prior to spudding the well, as full and final consideration for any and all damages caused or created by reason of the reasonable and customary ingress, egress, drilling, completion, production and maintenance operations associated with the well and facilities, and a minimum of \$75 per rod for any pipeline or electrical crossing damages. In the event Lessee uses existing roads of surface owner, Lessee shall maintain such roads.
- b) Lessee shall be required to keep the top-soil separate from the sub-soil and return the same as top-soil when the pits are leveled. Lessee further agrees that after drilling operations have been completed, Lessee will fill and level the pits within a reasonable time after such pits have dried and cured. Prior to filling pits containing a plastic liner, the liner will be removed or destroyed to such an extent that it will not interfere with the cultivation or free penetration of water.
- c) All pipelines, lateral and electrical lines shall be buried and maintained below three feet of depth.
- d) Lessee will keep weeds and noxious weeds free and clear around production equipment and keep weeds free and clear from pumping units and tank batteries.
- e) If Lessee crosses any terrace, Lessee shall restore such terrace to its original condition and during the continuation of the lease will repair any break in the terrace where it was crossed.
- f) Lessee agrees to fence all pumps, tank batteries, and installations to prevent injury to grazing livestock in such manner as to facilitate cattle grazing of the leased premises. Upon request by Lessor, Lessee shall install cattle guard crossings or remove cattle guard crossings and replace them with hinge-swinging gates. Lessee shall maintain in good repair all fences, cattle guard crossings, and gates installed by it. Existing fences shall be H-Braced before cutting to install gates, utilizing posts with minimum 8 inch tops.
- g) Lessee agrees to conduct its operations in strict compliance with all federal, state and local environmental, health, and safety laws and will protect, indemnify, hold harmless, and defend Lessor against any claim, demand, cost, liability, loss, or damage suffered by Lessor, including reasonable attorney fees and litigation costs, arising out of activities conducted by Lessee (or those having a contractual relationship with Lessee) on or impacting the leased land. Lessee's indemnity also includes any environmental problem associated with oil and gas exploration, drilling, development, production, treating, storage, transportation, marketing, processing, abandonment, and related activities at any site existing on the leased land. Lessee shall not be responsible or liable for any environmental hazard or toxins located on the property prior to the effective date of this lease including Lessor's farming operations.
- h) Upon written notice from Lessor within six (6) months after abandonment (at Lessee's discretion), Lessee shall have one hundred and twenty (120) days from Lessee's receipt of Lessor's written notice to proceed with the plugging of such well drilled by Lessee on the leased premises and shall return the well site and road site to its original condition as nearly as is reasonably practicable, including the removal of concrete pads and large rocks.
- i) In the event of production, Lessee shall restrict the production site to as small a dimension as is reasonably practicable for its operations. In the event a well is drilled on leased premises and abandoned, Lessee shall restore the premises back to its original state as is reasonably practicable.



- j) Lessee agrees to consult with the surface owner as to the placement of any tanks, location and route of any pipeline or road taking into account surface owner's existing use of the property, and, to the extent reasonably practicable, will select locations and routes that will cause the least interference with such existing use and still serve the needs of Lessee's operations.
- k) Lessee shall not use wells on the leased premises for disposal of salt water produced off of the leased premises or lands pooled therewith without the written consent (not to be unreasonably withheld or delayed) of Lessor.
- l) No well shall be located closer than 200 feet to existing dwellings, barns, and outbuildings on the leased premises.
- m) Lessee may not use surface or fresh water from water wells existing on the leased premises without the prior written consent of the surface owner.
- n) After the expiration of the primary term, extension thereof or Continuous Drilling Program, whichever occurs last, and in the event no other well is producing on the leased or on lands unitized therewith, Lessee shall pay as shut-in royalty payment within the time provided, a sum equal to \$5.00 per year per net mineral acre owned by Lessor in the subject unit, commencing one hundred eighty (180) days after any well is shut-in and such payment due Lessor may be made direct. Shut-in royalty payments hereunder shall not extend beyond a period of 720 cumulative days. Thereafter, said well or wells shall be deemed abandoned and surrendered to Lessor. This limitation shall not reduce or increase the primary term of this lease.
- o) It is agreed between Lessor and Lessee that all oil, gas or other proceeds accruing to Lessor under this lease or by state law shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and marketing the oil, gas and other products produced hereunder to transform the product into marketable form; however, Lessor's share of any such costs which result in enhancing the value of the marketable oil, gas or other products to receive a better price may be deducted from Lessor's share of production so long as they are based on Lessee's actual cost of such enhancements. However, in no event shall Lessor receive a price that is less than, or more than, the price received by Lessee.
- p) Following the expiration of the primary term of this lease or the expiration of any extension or renewal of the primary term, whichever occurs last, in the event a portion or portions of the leased premises is pooled with other lands so as to form a pooled unit or units, operations on such unit or units will not maintain this lease in force as to the lands not included in such unit or units. This lease may be maintained in force as to any lands covered hereby and not included in such unit or units in any manner provided for herein. Upon the occurrence of any partial termination of this lease, Lessee shall have and expressly reserves, an easement, on, over, through and under all released tracts as shall be reasonably necessary for rights of ingress and egress, in order to enable the exploration and/or production of oil, gas and/or other minerals in and from any depths and lands retained by Lessee under this lease and Lessee shall not be required to relocate any pipelines or equipment used in connection with production of oil and gas from the leased premises.
- q) Following the expiration of the primary term of this lease or upon the expiration of any extension or renewal of the primary term, whichever occurs last, this lease shall automatically terminate as to all rights lying below one hundred (100) feet below the stratigraphic equivalent of the base of the deepest formation penetrated by any well drilled on the leased premises or on lands pooled therewith, provided, however, if Lessee is then engaged in operations on the leased premises or on lands pooled therewith, this lease shall remain in full force and effect as to all depths so long as no more than ninety (90) days elapse between said operations.

- r) Commencement of a well according to the terms of this lease will require that a drilling rig capable of drilling to the total depth be on location on or before expiration of the primary term, and that the drilling of the well be continued with due diligence until completion. Construction of a well location without actually drilling as detailed above will not be deemed commencement of a well.
- s) The following provisions shall apply with respect to unitization or pooling of this lease:
  - (A) In case of a vertical well, 160 acres for oil and 640 for gas plus a maximum tolerance of 10%. (B) In case of a horizontal well, any unit which includes this lease shall be limited to 640 acres plus a maximum tolerance of 10%.

THIS LEASE AND ADDENDUM and all of its terms, conditions and covenants shall extend to and be binding upon the parties, their heirs, successors, administrators, executors, trustees, legal and personal representatives and assigns.

Signed for identification:



Duane E. Nulik, Managing Partner of  
Nulik Farms, a partnership

**KS-PAID UP  
OIL AND GAS LEASE**

(Paid-up)

AGREEMENT, made and entered into this 29th day of April, 2014, by and between:  
Harvest Land & Minerals Pronco, LLC, George Peyton, Principal  
301 Congress Ave, Suite 315, Austin, Texas 78701

party of the first part, hereinafter called Lessor (whether one or more), and **SandRidge Exploration and Production, LLC**, 123 Robert S. Kerr Avenue, Oklahoma City, Oklahoma 73102, party of the second part, hereinafter called Lessee.

WITNESSETH, that the said Lessor, for and in consideration of Ten Dollars, cash in hand paid, and other good and valuable consideration receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto the said Lessee, for the sole and exclusive right to explore by geophysical and other methods, for mining and operating for oil (including but not limited to distillate and condensate), gas (including casinghead gas and helium and all other constituents), and for laying pipelines, and building drill sites, access roads, tanks, power stations and structures thereon, to produce, save and take care of said products, all that certain tract of land, together with any reversionary rights therein, situated in the County of Sumner, State of Kansas, described as follows, to wit:

SW/4 Section 08-34S-04W

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

Containing 160.00 acres, more or less.

1. It is agreed that this lease shall remain in force for a term of Three (3) years (herein called primary term) and so long thereafter as oil or gas, or either of them, is produced from said land or lands pooled therewith.

2. In consideration of the premises the said Lessee covenants and agrees:

A. To deliver to the credit of Lessor free of cost, in the pipeline to which it may connect its wells, a 3/16ths part of all oil (including but not limited to condensate and distillate) produced and saved from the leased premises.

B. To pay Lessor for gas (including casinghead gas) and all other substances covered hereby, a royalty of 3/16ths of the proceeds realized by Lessee from the sale thereof, less a proportionate part of the production, severance and other excise taxes and the cost incurred by Lessee in processing, gathering, treating, compressing, dehydrating, transporting, and marketing, or otherwise making such gas or other substances ready for sale or use, said payments to be made monthly. During any period after expiration of the primary term hereof when gas is not being so sold or used and the well or wells are shut in and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, Lessee shall pay or tender a royalty of One Dollar (\$1.00) per year per net royalty acre retained hereunder, such payment or tender to be made, on or before the later of ninety (90) days following the date of shut in or the anniversary date of this lease during the period such well is shut in, to the Lessor. When such payment or tender is made it will be considered that gas is being produced within the meaning of the entire lease.

3. If, at the expiration of the primary term, there is no production in paying quantities on the leased land or on lands pooled therewith but Lessee is conducting operations for drilling, completing or reworking a well, this lease nevertheless shall continue as long as such operations are prosecuted or additional operations are commenced and prosecuted (whether on the same or successive wells) with no cessation of more than ninety (90) days, and if production is discovered, this lease shall continue as long thereafter as oil or gas are produced. In addition, if at any time or times after the primary term, there is a total cessation of all production, for any cause (other than an event of force majeure), this lease shall not terminate if Lessee commences or resumes any drilling or reworking operations or production within ninety (90) days after such cessation. Drilling operations or mining operations shall be deemed to be commenced when the first material is placed on the leased premises or when the first work other than surveying or staking the location is done thereon which is necessary for such operations. Any off lease operation intended to result in production from an interval under the leased premises or lands pooled therewith shall be considered for all purposes hereunder as if such operations were commenced and conducted on the lease premises.

4. Lessee is hereby granted the right at any time and from time to time to pool or unitize the leased premises or any portion or portions thereof, as to all strata or any stratum or strata, with any other lands as to all strata or any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate. The creation of a unit by such pooling shall be based on the following criteria (hereinafter called "pooling criteria"): A unit for an oil well (other than a horizontal completion) shall not exceed 160 acres plus a maximum acreage tolerance of 10%, and a unit for a gas well or a unit for a horizontal completion shall not exceed 1280 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. Lessee shall file written unit designations in the county in which the leased premises are located unless the pooling or unitization results from governmental order or rule, in which case no such written designation shall be required. Operations upon and production from the unit shall be treated as if such operations were upon or such

production were from the leased premises whether or not the well or wells are located thereon. The entire acreage within a unit shall be treated for all purposes as if it were covered by and included in this lease except that the royalty on production from the unit shall be as below provided, and except that in calculating the amount of any shut in gas royalties, only the part of the acreage originally leased and then actually embraced by this lease shall be counted. In respect to production from the unit, Lessee shall pay Lessor, in lieu of other royalties thereon, only such proportion of the royalties 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 in the unit.

5. 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 shall be paid to the Lessor only in the proportion which his interest bears to the whole and undivided fee.

6. Lessee shall have the right to use, free of cost, gas, oil, and water produced on said land for its operations thereon, except water from wells of Lessor.

7. 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.

8. If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns. However, no change or division in ownership of the land or royalties shall enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land 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.

9. ~~If at any time within the primary term of this lease or any continuation thereof, Lessor receives any bona fide offer, acceptable to Lessor, to grant an additional lease (top lease) covering all or part of the aforesaid lands, Lessee shall have the continuing option by meeting any such offer to acquire such top lease. Any offer must be in writing and must set forth the proposed Lessee's name, bonus consideration and royalty consideration to be paid for such lease, and include a copy of the lease form to be utilized reflecting all pertinent and relevant terms and conditions of the top lease. Lessee shall have fifteen (15) days after receipt from Lessor of a complete copy of any such offer to advise Lessor in writing of its election to enter into an oil and gas lease with Lessor on equivalent terms and conditions. If Lessee fails to notify Lessor within the aforesaid fifteen (15) day period of its election to meet any such bona fide offer, Lessor shall have the right to accept said offer. Any top lease granted by Lessor in violation of this provision shall be null and void.~~

10. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules and 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 such failure is the result of any such Law, Order, Rule or Regulation, or operation of force majeure.

11. This lease shall be effective as to each Lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the Lessors above named may not join in the execution hereof. The word "Lessor" as used in this lease means the party or parties who execute this lease as Lessor, although not named above.

12. Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to Lessor, or by placing a release of record in the proper County.

13. ~~Lessor hereby warrants and agrees to defend the title to the lands herein described and to indemnify Lessee of all adverse claims thereto, and all expenses incurred by Lessee in defending such claims, including reasonable attorney fees, 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.~~

14. For the same consideration stated above, Lessor further grants, sells, conveys and warrants to Lessee a subsurface right-of-way and easement in, through and under the leased premises for the purpose of drilling oil and/or gas wells to, and producing through said wells oil, gas or other minerals from, lands other than the leased premises, together with the right of ingress and egress to said wells.

15. Notwithstanding anything to the contrary contained in this lease, no litigation shall be initiated by Lessor for damages, forfeiture, termination or cancellation with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default within such period. In the event the matter is litigated and there is final judicial determination that a breach or default has occurred, this lease shall not be cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so or such judicial determination shall specify that the lease shall be forfeited or cancelled.

16. ~~Notwithstanding anything to the contrary contained in this Lease, for the same consideration, Lessor does hereby grant to Lessee, its successors and/or assigns, the option, but not the obligation to extend the primary term of this Lease and all rights hereunder for an additional 2 YEARS. Lessee shall exercise this option by tendering to Lessor, an additional bonus payment equal to the sum of \$150 BONUS per net mineral acre covered by this Lease. This additional bonus payment shall be considered tendered by Lessee when deposited with the U.S. Postal Service for delivery to the Lessor by certified mail at the address above on or prior to the expiration date of the initial primary term of this Lease. Upon tender the primary term of this lease will be amended from 3 years to 5 years.~~

IN TESTIMONY WHEREOF, we sign this the 5<sup>th</sup> day of May, 20 14.

  
George Peyton, Principal

Tax ID/SS#:

Lessor

STATE OF Texas } (CORPORATE ACKNOWLEDGMENT)  
COUNTY OF TRAVIS }

Before me, the undersigned, a Notary Public, in and for said County and State, on this 5<sup>th</sup> day of May, 2014, personally appeared George Peyton to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its Principal and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I hereunto set my official signature and affixed my notary seal the day and year last above written.

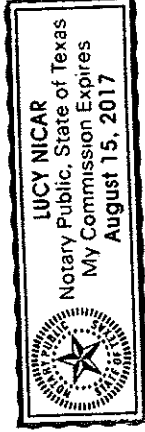
My Commission expires:

August 15, 2017

Commission Number:

12952547-8

Lucy Nicar  
Notary Public





## EXHIBIT "A"

This Exhibit "A" is attached to and made a part thereof that certain Oil and Gas Lease dated this 29<sup>th</sup> day of April, 2014, between Harvest Land & Minerals Propco, LLC, George Peyton, Principal, Lessor (whether one or more), and SandRidge Exploration and Production, LLC, 123 Robert S. Kerr Avenue, Oklahoma City, Oklahoma 73102, party of the second part, hereinafter called Lessee.

**DEPTH CLAUSE:** It is understood and agreed that two (2) years following the expiration of the primary term of this lease or upon the expiration of any extension or renewal of the primary term, whichever occurs last, this lease shall automatically terminate as to all rights lying below one hundred (100) feet below either (1) the deepest depth drilled in any well drilled on the leased premises or on lands pooled therewith; or (2) the stratigraphic equivalent of the base of the deepest formation producing or capable of producing in any well drilled on the leased premises or on lands pooled therewith, whichever is the deepest; provided, however, if Lessee is then engaged in operations on the leased premises or on lands pooled therewith, this lease shall remain in full force and effect as to all depths so long as no more than ninety (90) days elapse between said operations.

**PUGH CLAUSE:** Two (2) years following the expiration of the primary term of this lease or the expiration of any extension or renewal of the primary term, whichever occurs last, in the event a portion or portions of the lease premises is pooled with other land so as to form a pooled unit or units, operations on such unit or units will not maintain this lease in force as to the land not included in such unit or units. This lease may be maintained in force as to any land covered hereby and not included in such unit or units in any manner provided for herein. Upon the occurrence of any partial termination of this lease, Lessee shall have and expressly reserves, an easement, on, over, through and under all released tracts as shall be reasonably necessary for rights of ingress and egress, in order to enable the exploration and/or production of oil, gas and/or other minerals in and from any depths and lands retained by Lessee under this lease and Lessee shall not be required to relocate any pipelines or equipment used in connection with production of oil and gas from the leased premises.

**COST-FREE ROYALTY:** It is agreed between Lessor and Lessee that, notwithstanding any language herein to the contrary, Lessor's royalty shall be calculated without deduction for the costs and expenses for exploration, drilling, development and production including dehydration, storage, compression, separation by mechanical means and product stabilization incurred prior to transforming the oil, gas or other production into a marketable form. Provided, however, once such production is in marketable form, Lessor's royalty shall bear its proportionate share of the actual costs incurred by Lessee to market, transport, compress, process, stabilize, gather, treat, or process the production. Additionally, Lessor's royalty shall bear its proportionate share of ad valorem taxes and production, severance, or other excise taxes.

**BEST PRICE AVAILABLE:** In selling any gas produced from the lease premises, or any lands with which the lease premises may be pooled or unitized, the Lessee shall exercise good faith and use due diligence and prudence to market such gas at the best price and upon the most favorable terms then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar quality and quantity that may be obtainable by Lessee at the time or times such gas is contracted for sale, but in no event less than the price obtained by Lessee, through arm's length negotiations.

SHUT-IN-CLAUSE: After the expiration of the primary term, extension thereof, whichever occurs last, and in the event no other well is producing on the lease or on lands unitized therewith, Lessee shall pay as shut-in royalty payment within the time provided, a sum equal to \$10.00 per year per net mineral acre owned by Lessor in the subject unit, commencing one hundred eighty (180) days after any well is shut-in and such payment due Lessor may be made direct. Shut-in royalty payments hereunder shall not extend beyond a period of 2 years. Thereafter, said well or wells shall be deemed abandoned and surrendered to Lessor. This limitation shall not reduce or increase the primary term of this lease.

INDEMNIFICATION CLAUSE: Lessee agrees to indemnify and hold Lessor harmless from liability, loss, damage, and expenses arising out of claims by persons or entities other than Lessor and its invitees for injury to person or property directly caused by the operations conducted by Lessee hereunder.

Signed for identification:



Harvest Land & Minerals Propco, LLC.  
George Peyton, Principal

Conservation Division  
District Office No. 2  
3450 N. Rock Road  
Building 600, Suite 601  
Wichita, KS 67226



Phone: 316-337-7400  
Fax: 316-630-4005  
<http://kcc.ks.gov/>

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

Sam Brownback, Governor

February 07, 2017

Laci Bevans  
SandRidge Exploration and Production LLC  
123 ROBERT S. KERR AVE  
OKLAHOMA CITY, OK 73102-6406

Re: Temporary Abandonment  
API 15-191-22748-01-00  
JANET 3404 1-7H  
NE/4 Sec.18-34S-04W  
Sumner County, Kansas

Dear Laci Bevans:

"Your temporary abandonment (TA) application for the well listed above has been approved. In accordance with K.A.R. 82-3-111 the TA status of this well will expire 02/07/2018.

- \* If you return this well to service or plug it, please notify the District Office.
- \* If you sell this well you are required to file a Transfer of Operator form, T-1.
- \* If the well will remain temporarily abandoned, you must submit a new TA application, CP-111, before 02/07/2018.

You may contact me at the number above if you have questions.

Very truly yours,

Steve VanGieson"