

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

KANSAS CORPORATION COMMISSION 1351597
OIL & GAS CONSERVATION DIVISION

Form C-1
March 2010

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

NOTICE OF INTENT TO DRILL

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

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

Expected Spud Date: _____
month day year

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

CONTRACTOR: License# _____
Name: _____

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

If OWWO: old well information as follows:

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

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

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

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

County: _____
Lease Name: _____ Well #: _____

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

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

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

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

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

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

Projected Total Depth: _____
Formation at Total Depth: _____

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

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

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

AFFIDAVIT

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

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

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

Submitted Electronically

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

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

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

E
 W

For KCC Use ONLY

API # 15 - _____

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

Operator: _____

Lease: _____

Well Number: _____

Field: _____

Number of Acres attributable to well: _____

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

Location of Well: County: _____

_____ feet from N / S Line of Section

_____ feet from E / W Line of Section

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

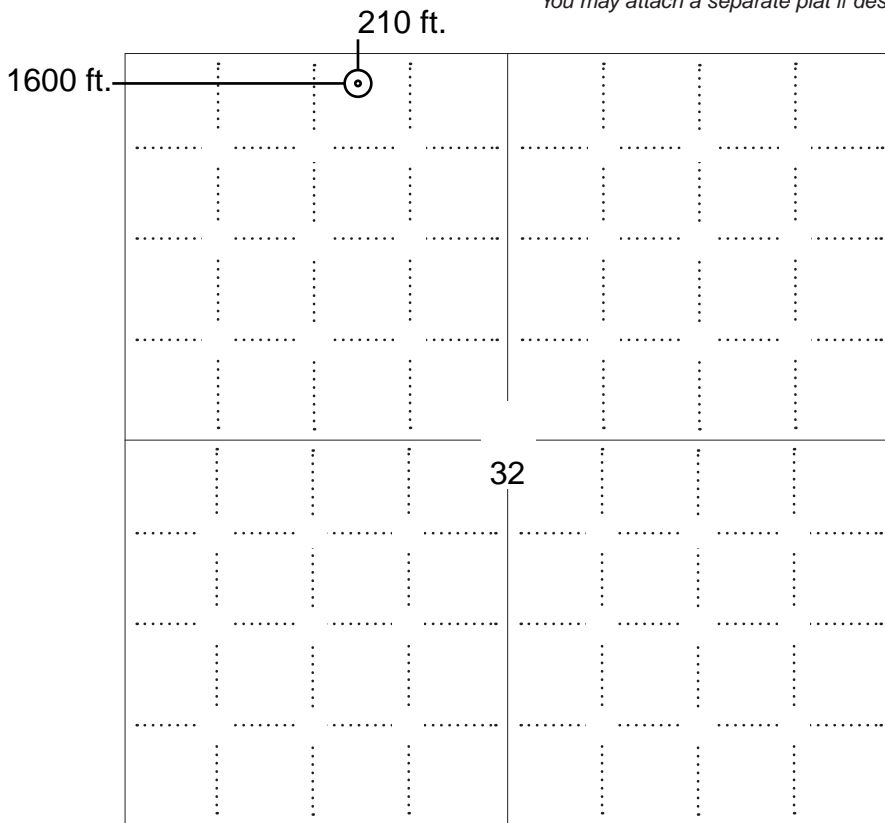
Is Section: Regular or Irregular

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

Section corner used: NE NW SE SW

PLAT

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



LEGEND

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



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

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

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

APPLICATION FOR SURFACE PIT

Submit in Duplicate

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

KCC OFFICE USE ONLY			
<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

State of Kansas
Wallace County } ss Fee \$ 52.00

Filed for Record 6-11-2015 AD

at 9:50 o'clock A. M Book 179 Page 434-439



OIL AND GAS LEASE

Register of Deeds

Agreement, Made and entered into the 22nd day of April, 2015, by and between, **The Bryan F. Pearce Trust, an intervivos trust dated April 17, 2002, Bryan F. Pearce and Lois J. Pearce, Trustees, 1510 Road 26, Wallace, KS 67761**, hereinafter called Lessor (whether one or more), and **Paramount Land Inc., P.O. Box 1278, Cimarron, KS 67835**, hereinafter called Lessee:

Lessor, in consideration of Ten and more Dollars (\$10.00) in hand paid, receipt of which is here by acknowledged and the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of geological and geophysical investigating, exploring, prospecting, drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and 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:

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

and containing _____ 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 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 acre 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 he right to draw and remove casing.

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

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 lessor, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as 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 80 acres each in the event of an oil well, or into a unit of 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.

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

The Bryan F. Pearce Trust

Bryan F. Pearce
Bryan F. Pearce, Co-Trustee

Lois J. Pearce
Lois J. Pearce, Co-Trustee

ACKNOWLEDGEMENT

STATE OF Kansas, COUNTY OF Wallas, ss:

BE IT REMEMBERED, That on this 24th day of April, 2015, before me, the undersigned, a notary public in and for the County and State aforesaid, came Bryan F. Pearce and Lois J. Pearce, Co-Trustees of the Bryan F. Pearce Trust, an intervivos trust dated April 17, 2002, who are personally known to me to be such trustees, and who are personally known to me to be the same persons who executed, as such trustees, the foregoing document on behalf of said trust, and such persons duly acknowledged the execution of the same to be the act and deed of said trust.

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



Mary Lou Hurlburt
Notary Public

Mary Lou Hurlburt
Type or Print Name

(My Appt. Expires: 12-7-15)

EXHIBIT "A"

ATTACHED HERETO AND MADE A PART HEREOF that certain Oil and Gas Lease dated April 22nd, 2015, by and between The Bryan F. Pearce Trust, an inter vivos trust dated April 17, 2002, as Lessor, and Paramount Land Inc., as Lessee

All of Lessor's undivided interest in the real estate described on the attached Exhibit "B", referred to as "Leased Premises".

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

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

1. Lessee shall pay for all damages caused by its operations on said land. All power lines and pipelines shall be buried below 48 inches in depth. All damages shall be due and payable on or before three (3) months after the same occur. Lessor reserves the right to designate all routes of 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. No seismic work or well shall be drilled nearer than 200 feet from any house, barn, corrals, stock tank, windmill, existing water line or any other structure on the leased premises without the prior written consent of Lessor.
2. Lessee shall fence all slush pits and areas containing equipment, chemicals or other substances that may be harmful to livestock of Lessor or Lessor's tenant. Said fence shall be constructed of materials and in a manner consistent with Lessor or Lessor's present ranching practices.
3. Lessee agrees to construct proper and sufficient braces at any point where fences are to be cut prior to cutting such fence. It is agreed that such braces be constructed so that slack will not develop in the existing fences. Surface Estate Owner and Lessee shall agree on location and type of substantial cattle guard and gate or gates to be installed by Lessee at Lessee's sole expense in each fence to be cut by Lessee. Any such cattle guard and gate or gates shall remain in place and shall become the property of the Surface Estate Owner.
4. Lessee hereby agrees to pay for any and all damages occasioned by its operation hereunder, including crop and grass damage caused by its operations, including pipelines installed on or removed from the premises. Lessee shall pay Lessor a reasonable amount, but no less than \$2,500.00 each drill site location on grass land, and not less than \$3,500.00 each drill site location on crop land situated on the leased premises. As further consideration hereunder, Lessee agrees to pay Lessor a minimum of \$20.00 per rod, plus damages to Lessor's grass or crops, for any pipeline installed or constructed on the above described land, whether or not connecting to a well on the leased premises. The Lessee agrees to remove and save the top soil from all excavations upon the Lessor's land and to replace it on the top of the soil surface being restored. Upon completion of Lessee's operations on each well, Lessee agrees to restore the premises to as nearly as practical to the same condition they were prior to the commencement of operation hereunder, including the reseeded of grass of Lessor's choice. All trash and debris shall be removed before the surface of the premises is restored. No deadmen or other anchors shall be left on the property after drilling whether completed as a producing well or dry hole.
5. 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.
6. Any abstracting expenses on such tract for drilling operations by Lessee under the terms of this lease shall be paid by the Lessee.
7. The Lessee shall not build any houses or buildings upon the leasehold estate.
8. All reference to water in the lease shall be deleted. Lessee shall specifically not have any right to use fresh water from the above described premises for the purpose of water flooding or injection

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

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

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

17. Lessee, without the prior written consent of Lessor first obtained, shall have no right or power to pool or unitize all or any part of the leased lands with any other tract or tracts. In the event Lessee shall, by any rule or regulation of any governmental authority having jurisdiction, be compelled to pool or unitize all or any part of the leased lands, said compulsory pooling or unitization shall not reduce the obligations of Lessee to pay royalties as provided for herein nor shall the royalty payable be reduced by such pooling or unitization.
18. Notwithstanding anything to the contrary in this lease, all portions of this Lease, not included in a unit created by the Corporation Commission and not producing or upon which drilling operations have not commenced, shall be released at the expiration of the primary term of this Lease. Should the unit, as established by the Corporation Commission, be changed after the expiration of the primary term, all portions of this lease not included in the newly prescribed Corporation Commission unit shall be released. In addition, each governmental quarter section comprising a part of the Leased Premises shall constitute and be considered as a separate oil and gas lease for purposes of holding the lease beyond the primary term.
19. Should any provision of the Oil and Gas Lease be in conflict with this Addendum, this Addendum shall control.
20. It is agreed between the Lessor and Lessee that, notwithstanding any language herein to the contrary, all oil, gas or other proceeds accruing to the Lessor under this lease or by state law shall 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, any 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 actual cost of enhancements. However, in no event shall Lessor receive a price that is less than, or more than, the price received by Lessee.
21. Each storage tank on the Leased Premises shall be protected by an earthen embankment of such size, height, and width as to adequately contain all substances which could be placed in such tank and prevent any such substances from escaping to other portions of the Leased Premises.
22. 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.
23. All references in the Lease to 1/8 royalty shall be changed to read 3/16 royalty.
24. This Lease and Addendum, and all of its terms, conditions and stipulations shall extend to and be binding on, all of the heirs, administrators, executors, trustees, successors and assigns of Lessor and Lessee.

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

SIGNED FOR IDENTIFICATION:



 

Exhibit "B"

Township 13 South, Range 38 West

Section 19: Lot 6 (36.66), Lot 7 (36.64), the East Half of the Southwest Quarter (E/2SW/4), and the Southeast Quarter (SE/4), a/d/a S/2

Section 29: ALL

Section 30: The East Half (E/2)

Section 31: The Southeast Quarter (SE/4)

Section 32: ALL

and containing 2,073.30 acres, more or less, and all accretions thereto.

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



Form 88 - (Producers Special Seal) 63U (Rev. 1984) OIL AND GAS LEASE

Ellen S. Swartz
Register of Deeds

Agreement, Made and entered into the 22nd day of April, 2015, by and between, **The Lois J. Pearce Trust, an intervivos trust dated April 17, 2002, Bryan F. Pearce and Lois J. Pearce, Trustees, 1510 Road 26, Wallace, KS 67761**, hereinafter called Lessor (whether one or more), and **Paramount Land Inc., P.O. Box 1278, Cimarron, KS 67835**, hereinafter called Lessee:

Lessor, in consideration of Ten and more Dollars (\$10.00) in hand paid, receipt of which is here by acknowledged and the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of geological and geophysical investigating, exploring, prospecting, drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and 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:

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

and containing _____ 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 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 he right to draw and remove casing.

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

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 lessor, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as 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 80 acres each in the event of an oil well, or into a unit of 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.

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

The Lois J. Pearce Trust

Bryan F. Pearce
Bryan F. Pearce, Co-Trustee

Lois J. Pearce
Lois J. Pearce, Co-Trustee

ACKNOWLEDGEMENT

STATE OF Kansas, COUNTY OF Wallace, ss:

BE IT REMEMBERED, That on this 24th day of April, 2015, before me, the undersigned, a notary public in and for the County and State aforesaid, came Bryan F. Pearce and Lois J. Pearce, Co-Trustees of the Lois J. Pearce Trust, an intervivos trust dated April 17, 2002, who are personally known to me to be such trustees, and who are personally known to me to be the same persons who executed, as such trustees, the foregoing document on behalf of said trust, and such persons duly acknowledged the execution of the same to be the act and deed of said trust.

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



Mary Lou Hurlburt
Notary Public

Mary Lou Hurlburt
Type or Print Name

(My Appt. Expires: 12-7-15)

EXHIBIT "A"

ATTACHED HERETO AND MADE A PART HEREOF that certain Oil and Gas Lease dated April 22nd, 2015, by and between The Lois J. Pearce Trust, an inter vivos trust dated April 17, 2002, as Lessor, and Paramount Land Inc., as Lessee

All of Lessor's undivided interest in the real estate described on the attached Exhibit "B", referred to as "Leased Premises".

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

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

1. Lessee shall pay for all damages caused by its operations on said land. All power lines and pipelines shall be buried below 48 inches in depth. All damages shall be due and payable on or before three (3) months after the same occur. Lessor reserves the right to designate all routes of 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. No seismic work or well shall be drilled nearer than 200 feet from any house, barn, corrals, stock tank, windmill, existing water line or any other structure on the leased premises without the prior written consent of Lessor.
2. Lessee shall fence all slush pits and areas containing equipment, chemicals or other substances that may be harmful to livestock of Lessor or Lessor's tenant. Said fence shall be constructed of materials and in a manner consistent with Lessor or Lessor's present ranching practices.
3. Lessee agrees to construct proper and sufficient braces at any point where fences are to be cut prior to cutting such fence. It is agreed that such braces be constructed so that slack will not develop in the existing fences. Surface Estate Owner and Lessee shall agree on location and type of substantial cattle guard and gate or gates to be installed by Lessee at Lessee's sole expense in each fence to be cut by Lessee. Any such cattle guard and gate or gates shall remain in place and shall become the property of the Surface Estate Owner.
4. Lessee hereby agrees to pay for any and all damages occasioned by its operation hereunder, including crop and grass damage caused by its operations, including pipelines installed on or removed from the premises. Lessee shall pay Lessor a reasonable amount, but no less than \$2,500.00 each drill site location on grass land, and not less than \$3,500.00 each drill site location on crop land situated on the leased premises. As further consideration hereunder, Lessee agrees to pay Lessor a minimum of \$20.00 per rod, plus damages to Lessor's grass or crops, for any pipeline installed or constructed on the above described land, whether or not connecting to a well on the leased premises. The Lessee agrees to remove and save the top soil from all excavations upon the Lessor's land and to replace it on the top of the soil surface being restored. Upon completion of Lessee's operations on each well, Lessee agrees to restore the premises to as nearly as practical to the same condition they were prior to the commencement of operation hereunder, including the reseeded of grass of Lessor's choice. All trash and debris shall be removed before the surface of the premises is restored. No deadmen or other anchors shall be left on the property after drilling whether completed as a producing well or dry hole.
5. 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.
6. Any abstracting expenses on such tract for drilling operations by Lessee under the terms of this lease shall be paid by the Lessee.
7. The Lessee shall not build any houses or buildings upon the leasehold estate.
8. All reference to water in the lease shall be deleted. Lessee shall specifically not have any right to use fresh water from the above described premises for the purpose of water flooding or injection

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

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 Lessor for the use thereof. Provided, however, the terms and conditions of this paragraph do not apply to the disposal of salt water produced from wells located on the leased premises.

10. In the event there is no production in paying quantities found by any operations undertaken by Lessee during the primary term of the lease and there is an abandonment of said lease, the Lessee shall fill all pits, ponds, remove all structures and reasonably restore the premises to the condition existing at the time the lease is executed within three (3) months after the conclusion of the exploration or drilling, weather permitting.

11. Lessee shall have two (2) years herein called "shut-in-period", from the date of the completion of a gas well in which to make pipeline connections from production or marketing of gas. During the shut-in period, it shall be considered that gas is being produced from the leased premises in paying quantities so long as Lessee is paying Lessor a payment in the amount of \$5.00 per year 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.

12. It is expressly agreed, notwithstanding anything to the contrary herein, that if the lease be in force and effect beyond the primary term, thereupon it shall terminate as to the oil and gas rights in all zones and formations of the leased premises or land unitized therewith which are 100' or more below the deepest zone penetrated by Lessee or its horizontal equivalent. Lessee shall be obligated to file of record in the county courthouse in which the leased premises are located a release of the lease below such zones or formations within sixty (60) days following written demand thereof, with said demand being made after the primary term or extension period herein referred to above. It is further agreed that at the same time, Lessee shall be obligated to also file of record in the county courthouse in which the leased premises are located a release of all of that portion of the leased surface acreage not included in any 40 acre unit immediately surrounding any producing oil well or in any 640 acre unit for any producing gas well and if such release is not filed within sixty (60) days following written demand thereof by Lessor, Lessee shall be liable for damages and attorney's fees, if any, incurred, by Lessor in obtaining such release. Notwithstanding any provision heretofore, if Lessee drills a horizontal well, with a lateral length of 500 feet or greater, then Lessee shall have the right to unitize the leased premises with other lands in a unit that shall not exceed 640 acres, plus a tolerance of ten percent thereof, for the production of oil and/or gas. In addition, each governmental quarter section comprising a part of the Leased Premises shall constitute a separate oil and gas lease for purpose of holding the lease beyond the primary term.

13. Lessee agrees to maintain any well site, storage tank location, or any other area used in its lease operations reasonably free of weeds, but without the use of salt or chemical substances in such weed control.

14. Upon written request by Lessor, Lessee shall make available to Lessor a copy of all logs and results of all tests run and made by Lessee in connection with its drilling operations on the leased premises at the Lessee's place of business. Lessor, or Lessor's agent shall have egress and access to all wells during drilling operations, however, shall not be permitted to be on any drilling rig. Lessor agrees to keep confidential all information provided to Lessor by Lessee.

15. No right is granted to the Lessee to erect on any part of the leased premises any plant or facility for gasoline extraction or for the processing of gas or petroliferous substances, except the normal and necessary heater treater and separator customarily used. Lessee specifically agrees to build any meter houses, separators, heater treaters, and storage tanks, used for the purpose of producing and saving any oil and gas upon the above described lands adjacent to any county, state road or highway adjoining the above described premises which shall not interfere with Lessor's use of the surface for farming and ranching purposes.

16. Lessors reserve the right to designate all routes of ingress and egress. Prior to the construction of any roads, pipelines, tank battery installations, or installation of other equipment on the leased premises. Lessor shall consult and agree with the Lessors as to the location and direction of the

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

17. Lessee, without the prior written consent of Lessor first obtained, shall have no right or power to pool or unitize all or any part of the leased lands with any other tract or tracts. In the event Lessee shall, by any rule or regulation of any governmental authority having jurisdiction, be compelled to pool or unitize all or any part of the leased lands, said compulsory pooling or unitization shall not reduce the obligations of Lessee to pay royalties as provided for herein nor shall the royalty payable be reduced by such pooling or unitization.
18. Notwithstanding anything to the contrary in this lease, all portions of this Lease, not included in a unit created by the Corporation Commission and not producing or upon which drilling operations have not commenced, shall be released at the expiration of the primary term of this Lease. Should the unit, as established by the Corporation Commission, be changed after the expiration of the primary term, all portions of this lease not included in the newly prescribed Corporation Commission unit shall be released. In addition, each governmental quarter section comprising a part of the Leased Premises shall constitute and be considered as a separate oil and gas lease for purposes of holding the lease beyond the primary term.
19. Should any provision of the Oil and Gas Lease be in conflict with this Addendum, this Addendum shall control.
20. It is agreed between the Lessor and Lessee that, notwithstanding any language herein to the contrary, all oil, gas or other proceeds accruing to the Lessor under this lease or by state law shall 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, any 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 actual cost of enhancements. However, in no event shall Lessor receive a price that is less than, or more than, the price received by Lessee.
21. Each storage tank on the Leased Premises shall be protected by an earthen embankment of such size, height, and width as to adequately contain all substances which could be placed in such tank and prevent any such substances from escaping to other portions of the Leased Premises.
22. 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.
23. All references in the Lease to 1/8 royalty shall be changed to read 3/16 royalty.
24. This Lease and Addendum, and all of its terms, conditions and stipulations shall extend to and be binding on, all of the heirs, administrators, executors, trustees, successors and assigns of Lessor and Lessee.

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

SIGNED FOR IDENTIFICATION:

Exhibit "B"

Township 13 South, Range 38 West

Section 19: Lot 6 (36.66), Lot 7 (36.64), the East Half of the Southwest Quarter (E/2SW/4), and the Southeast Quarter (SE/4), a/d/a S/2

Section 29: ALL

Section 30: The East Half (E/2)

Section 31: The Southeast Quarter (SE/4)

Section 32: ALL

and containing 2,073.30 acres, more or less, and all accretions thereto.

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

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: Pearce Trust
 Well Number: #1-32
 Field: WC
 Number of Acres attributable to well: 40
 QTR/QTR/QTR/QTR of acreage: NW- NW - NE - NW

Location of Well: County: Wallace
 _____ 200 feet from N / S Line of Section
 _____ 1600 feet from E / W Line of Section
 Sec. 32 Twp. 13 S. R. 38 E W

Is Section: Regular or Irregular

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

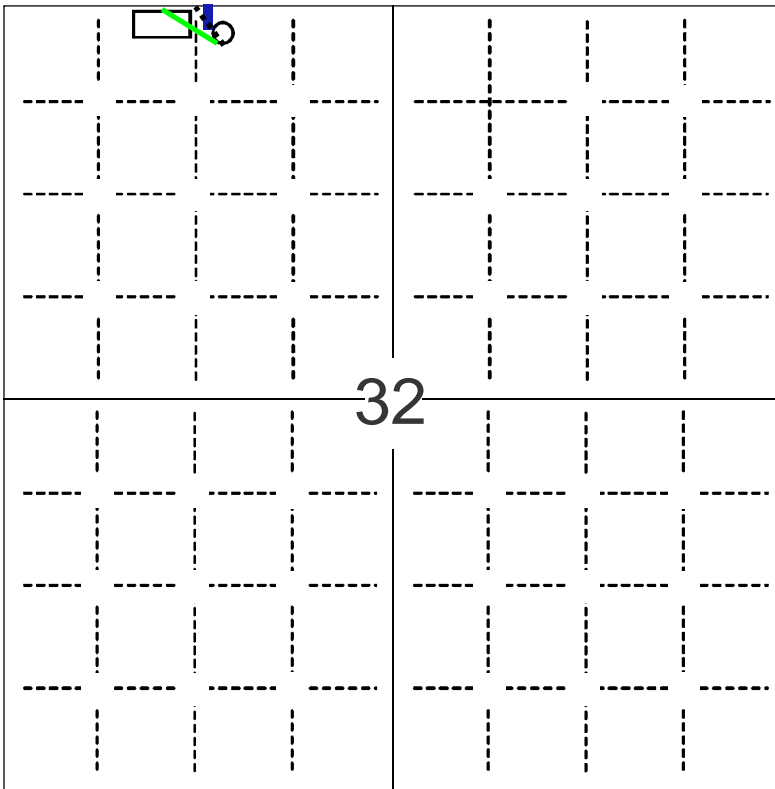
Section corner used: NE NW SE SW

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).

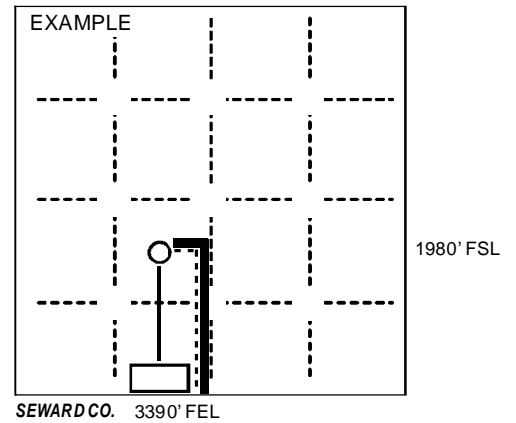
You may attach a separate plat if desired.

Wallace Co. 1600' 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.

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



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

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

Sam Brownback, Governor

April 13, 2017

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

Re: Drilling Pit Application
Pearce Trust 1-32
NW/4 Sec.32-13S-38W
Wallace County, Kansas

Dear Ryan Davis:

District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and the free fluids must be removed. The fluids are to be removed from the reserve pit within 72 hours of completion of drilling operations.

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

The fluids should be taken to an authorized disposal well. Please call the District Office at (785) 261-6250 when the fluids have been removed. Please file form CDP-5 (August 2008), Exploration and Production Waste Transfer, through KOLAR within 30 days of fluid removal.

A copy of this letter should be posted in the doghouse along with the approved Intent to Drill. If you have any questions or concerns please feel free to contact the District Office at (785) 261-6250.