[redacted] 1372183

For KCC Use:
Effective Date: 11/07/2017
District # 4
SGA? ☐ Yes ☒ No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

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.

Form C-1
March 2010
Form must be Typed
Form must be Signed
All blanks must be Filled

Expected Spud Date: 12/11/2017 (month / day / year)

OPERATOR: License# 30742
Name: Palomino Petroleum, Inc.
Address 1: 4924 SE 84TH ST
Address 2:
City: NEWTON State: KS Zip: 67114 + 8827
Contact Person: Klee Robert Watchous
Phone: 316-799-1000

CONTRACTOR: License# 33575
Name: WW Drilling, LLC

Well Drilled For:	*Well Class:*	*Type Equipment:*
☒ Oil	☐ Infield	☒ Mud Rotary
☐ Gas	☐ Pool Ext.	☐ Air Rotary
☐ Enh Rec	☒ Wildcat	☐ Cable
☐ Storage	☐ Other	
☐ Disposal		
☐ Seismic ; ____ # of Holes		
☐ Other:		

☐ 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:
SE - NE - NW - NW (Q/Q/Q/Q) Sec. 17 Twp. 14 S. R. 30 ☐ E ☒ W
564 feet from ☒ N / ☐ S Line of Section
1047 feet from ☐ E / ☒ W Line of Section
Is SECTION: ☒ Regular ☐ Irregular?

*(**Note:** Locate well on the Section Plat on reverse side)*

County: Gove
Lease Name: Swart Trucking, Inc. Well #: 1
Field Name: None (Wildcat)
Is this a Prorated / Spaced Field? ☐ Yes ☒ No
Target Formation(s): Lansing, Marmaton, Johnson
Nearest Lease or unit boundary line (in footage): 330
Ground Surface Elevation: 2824 Surveyed 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: 150
Depth to bottom of usable water: 1300
Surface Pipe by Alternate: ☐ I ☒ II
Length of Surface Pipe Planned to be set: 200
Length of Conductor Pipe (if any): 0
Projected Total Depth: 4700
Formation at Total Depth: Mississippian
Water Source for Drilling Operations:
☐ Well ☒ Farm Pond ☐ Other:
DWR Permit #:
*(**Note:** Apply for Permit with DWR ☐)*
Will Cores be taken? ☐ Yes ☒ No
If Yes, proposed zone:

AFFIDAVIT

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

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

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

Submitted Electronically

For KCC Use ONLY
API # 15 - 15-063-22318-00-00
Conductor pipe required 0 feet
Minimum surface pipe required 200 feet per ALT. ☐ I ☒ II
Approved by: Rick Hestermann 11/02/2017
This authorization expires: 11/02/2018
(This authorization void if drilling not started within 12 months of approval date.)

Spud date: ____ Agent: ____

Remember to:

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

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

17 14 30 ☐ E ☒ W

Side Two

1372183

For KCC Use ONLY
API # 15 - 15-063-22318-00-00

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: Palomino Petroleum, Inc.
Lease: Swart Trucking, Inc.
Well Number: 1
Field: None (Wildcat)

Number of Acres attributable to well: _____
QTR/QTR/QTR/QTR of acreage: SE - NE - NW - NW

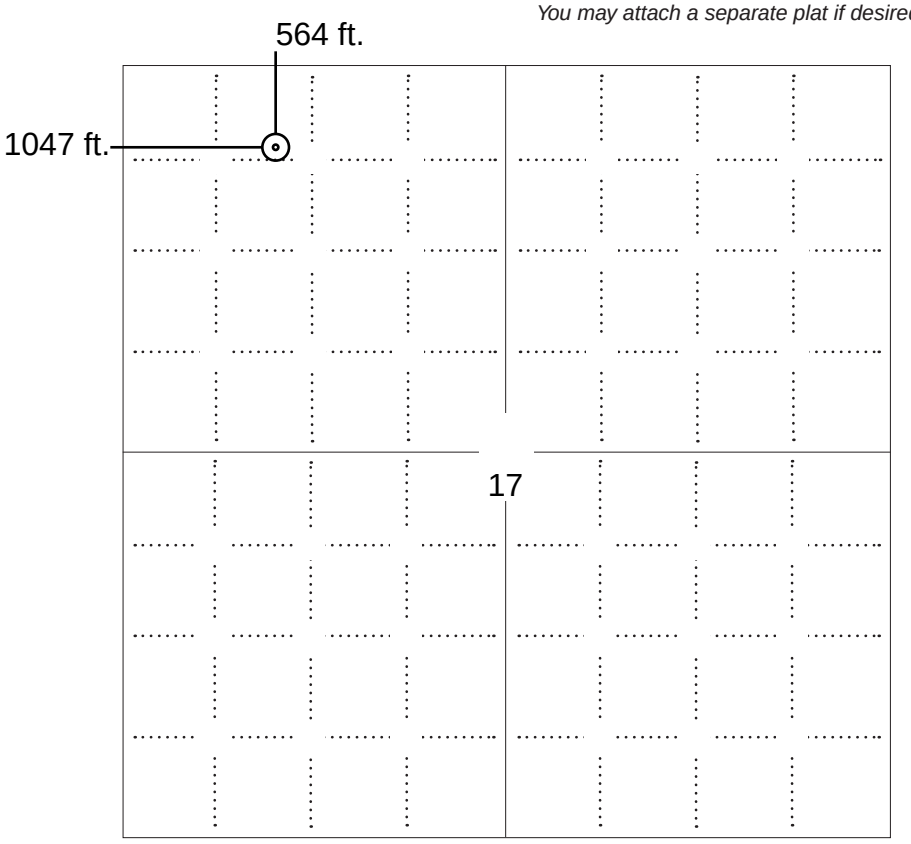
Location of Well: County: Gove
564 feet from ☒ N / ☐ S Line of Section
1047 feet from ☐ E / ☒ W Line of Section
Sec. 17 Twp. 14 S. R. 30 ☐ E ☒ W

Is Section: ☒ Regular or ☐ Irregular

If Section is Irregular, locate well from nearest corner boundary.
Section corner used: ☐ NE ☐ NW ☐ SE ☐ SW

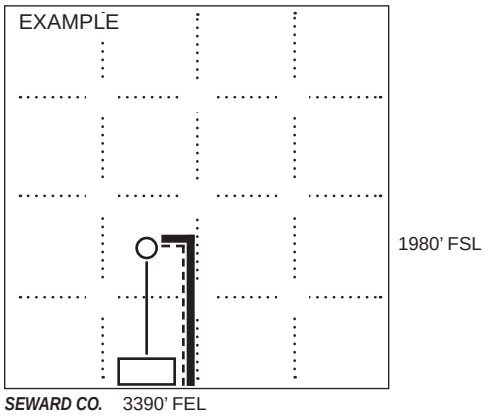
PLAT

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.

[redacted] 1372183

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form CDP-1
May 2010
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: Palomino Petroleum, Inc.

License Number: 30742

Operator Address: 4924 SE 84TH ST NEWTON KS 67114

Contact Person: Klee Robert Watchous

Phone Number: 316-799-1000

Lease Name & Well No.: Swart Trucking, Inc. 1

Type of Pit:
☐ Emergency Pit ☐ Burn Pit
☐ Settling Pit ☒ Drilling Pit
☐ Workover Pit ☐ Haul-Off Pit
(If WP Supply API No. or Year Drilled)

Pit is:
☒ Proposed ☐ Existing
If Existing, date constructed:

Pit capacity: 3420 (bbls)

Pit Location (QQQQ): SE - NE - NW - NW

Sec. 17 Twp. 14 R. 30 ☐ East ☒ West

564 Feet from ☒ North / ☐ South Line of Section

1047 Feet from ☐ East / ☒ West Line of Section

Gove County

Is the pit located in a Sensitive Ground Water Area? ☐ Yes ☒ No

Chloride concentration: _____ mg/l
(For Emergency Pits and Settling Pits only)

Is the bottom below ground level? ☒ Yes ☐ No

Artificial Liner? ☐ Yes ☒ No

How is the pit lined if a plastic liner is not used?
Drilling mud and shale from well bore

Pit dimensions (all but working pits): 80 Length (feet) 80 Width (feet) ☐ N/A: Steel Pits

Depth from ground level to deepest point: 3 (feet) ☐ 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:
NA feet Depth of water well _____ feet

Depth to shallowest fresh water _____ feet.
Source of information:
☐ measured ☐ well owner ☐ electric log ☒ 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? ☐ Yes ☐ No

Drilling, Workover and Haul-Off Pits ONLY:

Type of material utilized in drilling/workover: Fresh

Number of working pits to be utilized: 2

Abandonment procedure: Evaporate and backfill

Drill pits must be closed within 365 days of spud date.

Submitted Electronically

KCC OFFICE USE ONLY

☐ Liner ☐ Steel Pit ☐ RFAC ☐ RFAS

Date Received: 11/02/2017 Permit Number: 15-063-22318-00-00 Permit Date: 11/02/2017 Lease Inspection: ☐ Yes ☒ No

[redacted] 1372183

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form KSONA-1
January 2014
Form Must Be Typed
Form must be Signed
All blanks must be Filled

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 # 30742
Name: Palomino Petroleum, Inc.
Address 1: 4924 SE 84TH ST
Address 2:
City: NEWTON State: KS Zip: 67114 + 8827
Contact Person: Klee Robert Watchous
Phone: (316) 799-1000 Fax: (316) 799-2728
Email Address: krw@ppiks.com

Well Location:
SE - NE - NW - NW Sec. 17 Twp. 14 S. R. 30 ☐ East ☒ West
County: Gove
Lease Name: Swart Trucking, Inc. Well #: 1

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

Surface Owner Information:
Name: Swart Trucking, Inc.
Address 1: 2633 County Road
Address 2:
City: Grinnell State: KS Zip: 67738 + _ _ _ _

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.

Submitted Electronically

00-14s-30w-b-999
CRD NO.

00-14s-30w
DMT NO.

PRO-STAKE LLC

Construction Site Staking

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

13571
INVOICE NO.



Palomino Petroleum, Inc.
OPERATOR

Gove County, KS
COUNTY

#1 Swart Trucking, Inc.
LEASE NAME

564' FNL – 1047' FWL
LOCATION SPOT

2824.4'
GR ELEVATION

38.843172117
NAD 83 LAT

100.683889282
NAD 83 LONG

17	14s	30w
Sec.	Twp.	Rng.

SCALE: 1" = 1000'
DATE STAKED: October 31st, 2017
MEASURED BY: Pierce R.
DRAWN BY: Pierce R.
AUTHORIZED BY: Nick G.
DATE REVISED:

N

LEGEND

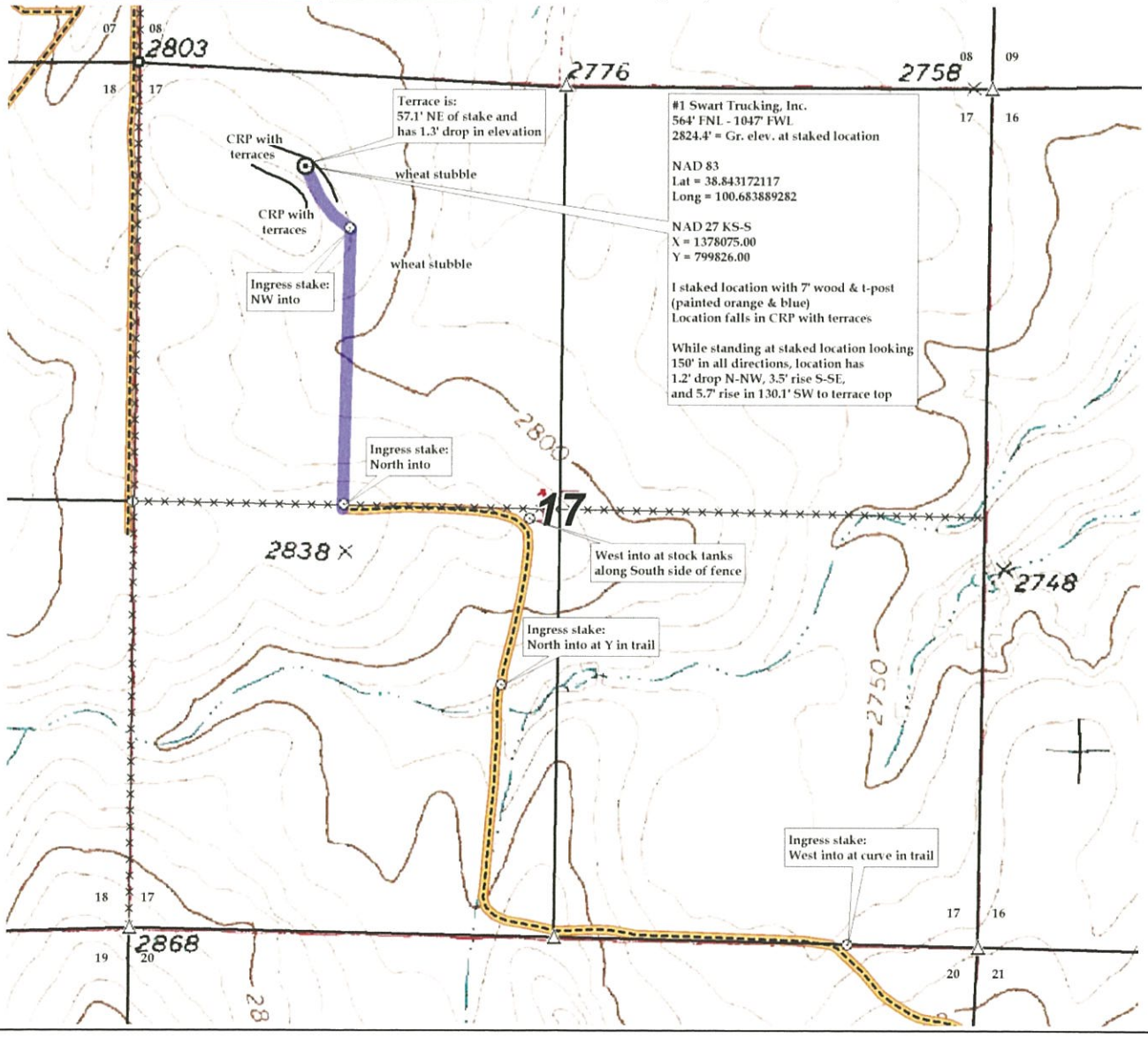
- irr. well
- water hydrant
- tank battery
- staked loc.
- prod. well / aband. well
- house
- building
- gas line
- water line
- transmission powerline
- 3 phase powerline
- single phase powerline
- fence
- gravel / sand rd.
- gravel trail / lease rd.
- dirt rd.
- dirt trail / lease rd.
- Hwy / blacktop rd.

DIRECTIONS: From the Center of Gove City, KS at the intersection of 4th St. & Hwy. 23 – Now go 10.1 miles South on Hwy. 23 – Now go 9 miles West on Go. I to ingress stake N into at the SE corner of section 20-14s-30w - Now go approx. 1 mile North along existing lease road to ingress stake W into at curve in trail – Now go approx. 0.7 miles West then North along existing lease road to ingress N into at Y in trail – Now go approx. 0.2 mile North on trail to stock tanks – Now go approx. 0.2 mile West along South side of fence to ingress stake N into – Now go approx. 0.3 mile North along crop change to ingress stake NW into – Now go approx. 0.1 mile NW through CRP with terraces into staked location

Final ingress must be verified with landowner or operator.

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

LANDOWNER/CONTACT: Terry Swart: 785-824-8033 (cell) 785-824-3312 (home)



00-14s-30w-b-999
CRD NO.

00-14s-30w
DMT NO.

PRO-STAKE LLC

Construction Site Staking

13571
INVOICE NO.

P.O. Box 2324 Garden City, Kansas 67846
Office/Fax: (620) 276-6159 – Cell: (620) 272-1499
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Palomino Petroleum, Inc.
OPERATOR

Gove County, KS
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LEGEND

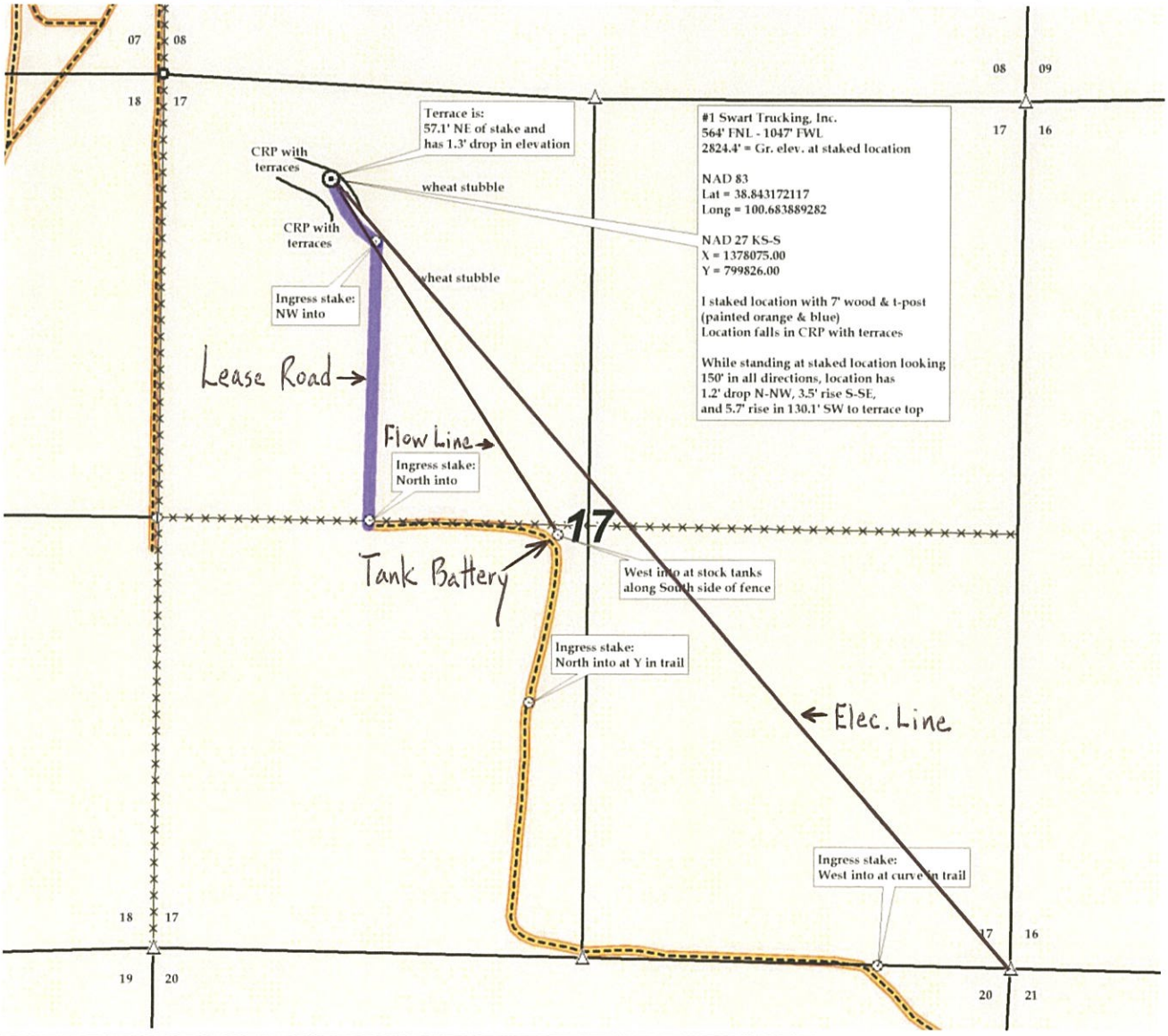
- irr. well
- water hydrant
- tank battery
- staked loc.
- prod. well / aband. well
- house
- building
- gas line
- water line
- transmission powerline
- 3 phase powerline
- single phase powerline
- fence
- gravel / sand rd.
- gravel trail / lease rd.
- dirt rd.
- dirt trail / lease rd.
- Hwy / blacktop rd.

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Final ingress must be verified with landowner or operator.

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

LANDOWNER/CONTACT: Terry Swart: 785-824-8033 (cell) 785-824-3312 (home)



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

63U (Rev. 1993)

Reorder No. 09-115

Kansas Blue Print
700 S. Broadway, PO Box 703
Wichita, KS 67201-0703
316-264-9344 • 264-5165 fax
www.kbp.com • kbp@kbp.com

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 10th day of December 2013

by and between Swart Trucking, Inc. by Terry L. Swart a/k/a T.L. Swart, President

whose mailing address is 2633 County Road Grinnell, KS 67738 hereinafter called Lessor (whether one or more),

and Palomino Petroleum, Inc.

, hereinafter called Lessee:

Lessor, in consideration of One and More Dollars ($ One ($1.00)) in hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring by geophysical and other means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest, therein situated in County of Gove State of Kansas described as follows to-wit:

Township 14 South, Range 30 West
Section 4: W/2
Section 17: W/2 NW/4

In Section , Township , Range , and containing 400 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of 3 (three) years from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or land with which said land is pooled.

In consideration of the premises the said lessee covenants and agrees:

1st. To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect wells on said land, the equal one-eighth (⅛) 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 (⅛), at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (⅛) of the proceeds received by lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. Where gas from a well producing gas only is not sold or used, lessee may pay or tender as royalty One Dollar ($1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for lessee's operation thereon, except water from the wells of lessor.

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

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

Lessee shall pay for damages caused by lessee's operations to growing crops on said land.

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

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

Lessee may at any time execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and the undersigned lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

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

This lease is subject to a Letter Agreement between Lessor and Lessee both dated 12-10-13.

This lease is comprised of three (3) separate leases described as the following tracts:

Township 14 South, Range 30 West
Tract 1) Section 4: NW/4
Tract 2) Section 4: SW/4
Tract 3) Section 17: W/2 NW/4

This lease shall be considered for all purposes a separate lease on each tract.

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

Witnesses:

Terry L. Swart a/k/a T.L. Swart, President

Swart Trucking, Inc.

STATE OF KANSAS, GOVE COUNTY SS
REGISTER OF DEEDS
Book: 187 Page: 763-765
Receipt #: 18343
Pages Recorded: 3
Recording Fee: $16.00

Date Recorded: 12/30/2013 12:53:21 PM

STATE OF KANSAS
COUNTY OF Ellis

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

The foregoing instrument was acknowledged before me this 19 day of _____
by TERRY L. SWART, AKA T.L. SWART Pres. of and SWART TRUCKING, INC.

My commission expires _____

Sandra S. Ireland
Notary Public

11-1-2016

STATE OF _____
COUNTY OF _____

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

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

My commission expires _____

Notary Public

STATE OF _____
COUNTY OF _____

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

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

My commission expires _____

Notary Public

STATE OF _____
COUNTY OF _____

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

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

My commission expires _____

Notary Public

No. _____

OIL AND GAS LEASE

FROM _____

TO _____

Date _____, _____.
Section _____ Twp. _____ Rge. _____
No. of Acres _____ Term _____
County _____

STATE OF _____
County _____

This instrument was filed for record on the _____
day of _____, _____, _____.
at _____ o'clock _____M., and duly recorded
in Book _____ Page _____ of
the records of this office.

_____ Register of Deeds.
By _____
When recorded, return to _____

STATE OF Kansas
COUNTY OF Ellis

ACKNOWLEDGMENT FOR CORPORATION (KsOkCoNe)

The foregoing instrument was acknowledged before me this 19 day of December 2013
by Terry L. Swart a/k/a T.L. Swart, President
of Swart Trucking, Inc. a Kansas
corporation, on behalf of the corporation.
My commission expires _____

Sandra S. Ireland
Notary Public

Book: 187 Page: 763
Page #: 764

11-1-2016

Attached to and made a part hereof of Oil and Gas Lease dated December 10th, 2013 by and between Swart Trucking, Inc., Terry L. Swart a/k/a T.L. Swart, President as Lessor and Palomino Petroleum, Inc. as Lessee, covering the following described property in Gove County, Kansas to wit:

Township 14 South, Range 30 West
Section 4: W/2
Section 17: W/2 NW/4

Rider

1. Lessee or assigns agree that in the event of drilling operations conducted on the lands herein described it will restore the surface of the land to its original contour and condition as nearly as is reasonably practicable and pay for damages caused by their operations. All top soil shall be piled separately and returned to the surface when the pits are filled. Lessee or assigns shall consult with Lessor or Lessor's agent as to routes of ingress and egress and location of equipment on the leased premises.

2. Any spillage of salt water or petroleum products shall be cleaned up to comply with all applicable federal, state and local regulations. Where the clean up requires removal of top soil' the removed contaminated soil shall be replaced with quality top soil that is compatible with Lessor's land use.

3. In the event of drilling operations, the pits shall not be filled until they are sufficiently dry. All trash, debris and contaminated materials shall be removed from the pits before they are filled. Lessor shall be notified prior to filling the pits so that he and/or his farm tenant can inspect the area for compliance with this requirement. All pipelines shall be buried to a depth of 36 inches where the subsurface is free from rocks to allow the trenching and 24 inches if otherwise practicable.

4. If the premises is subject to pasturing livestock, Lessee or assigns agree to properly fence all pits and ponds and protect the livestock from their drilling operations and afterwards fence the equipment in the event of continuing production operations and install steel gates where needed at locations of ingress and egress.

5. Lessee shall give Lessor notice of its intent to do 3-D seismic exploration on the captioned land and shall perform such activities so as to not unduly damage the premises or crops thereon. Compensation will be paid to Lessor for any seismic activities on the captioned property.

6. Notwithstanding the pooling provision in the last paragraph of this oil and gas lease, the pooling of tracts contiguous to one another and to be into a unit or units shall not exceed 40 acres each in the event of an oil well.

7. All lease roads, well sites, tank batteries and all areas surrounding Lessee's operation shall be maintained by Lessee in a clean condition.

8. In the event Lessee acquires an Oil and Gas Lease(s) from a third party(ies) covering an undivided mineral interest in any portion of the lands described herein and said lease(s) provides for a royalty interest greater than one-eight (1/8th), then Lessee hereby agrees to amend this lease to provide for a royalty interest equal to the largest royalty agreed to by Lessee in any such lease acquired by Lessee from a third party(ies). Any amendment to this lease to increase the royalty interest shall only pertain to that portion of the lands described herein that are also described in a lease acquired by Lessee from a third party(ies) that provides for a royalty interest greater than one-eighth (1/8th).

9. It is understood and agreed that the above-described Tracts shall constitute separate and individual Leases according to the terms herein established. Production on any single Tract above shall not hold any other Tract Lease by said production.

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

63U (Rev. 1993)

Reorder No. 09-115

Kansas Blue Print
700 S. Broadway PO Box 703
Wichita, KS 67201-0703
316-264-9344 264-5165 fax
www.kbp.com • kbp@kbp.com

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 24th day of October 2016

by and between T.L. Swart, Trustee of the T.L. Swart Trust dated 1-27-2013

Karol Swart, Trustee of the Karol Swart Trust dated 1-27-2013

whose mailing address is 2633 County Road Grinnell, KS 67738 hereinafter called Lessor (whether one or more),

and Palomino Petroleum, Inc.

, hereinafter called Lessee:

Lessor, in consideration of One and More Dollars ($ One ($1.00)) in hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring by geophysical and other means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest, therein situated in County of Gove State of Kansas described as follows to-wit:

See attached Exhibit "A" attached hereto and made a part hereof for lands description

In Section , Township , Range , and containing 2,800 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of expiring on December 10th, 2016 (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or land with which said land is pooled.

In consideration of the premises the said lessee covenants and agrees:

1st. To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect wells on said land, the equal one-eighth (⅛) 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 (⅛), at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (⅛) of the proceeds received by lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. Where gas from a well producing gas only is not sold or used, lessee may pay or tender as royalty One Dollar ($1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for lessee's operation thereon, except water from the wells of lessor.

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

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

Lessee shall pay for damages caused by lessee's operations to growing crops on said land.

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

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

Lessee may at any time execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and the undersigned lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

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

This lease is subject to a Letter Agreement between Lessor and Lessee dated 12-10-13.

REGISTER OF DEEDS SEAL GOVE COUNTY, KANSAS

STATE OF KANSAS, GOVE COUNTY SS
REGISTER OF DEEDS
Book: 199 Page: 162-165
Receipt #: 24797
Pages Recorded: 4
Recording Fee: $48.00
Cindy L. Tuttle
Date Recorded: 10/31/2016 1:51:54 PM

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

Witnesses:

T.L. Swart, Trustee

T.L. Swart Trust dated 1-27-2013

Karol Swart, Trustee

Karol Swart Trust dated 1-27-2013

STATE OF Kansas

COUNTY OF Gove

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

The foregoing instrument was acknowledged before me this 25th day of October, 2016,

by T.L. Swart, Trustee of the T.L. Swart Trust dated 1-27-2013 and Karol Swart, Trustee of the Karol Swart Trust dated 1-27-2013

My commission expires _____

ROBERT R. TITUS
NOTARY PUBLIC
STATE OF KANSAS
My Appt. Exp. 8-18-19

Notary Public

STATE OF _____

COUNTY OF _____

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

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

by _____ and _____

My commission expires _____

Notary Public

STATE OF _____

COUNTY OF _____

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

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

by _____ and _____

My commission expires _____

Notary Public

STATE OF _____

COUNTY OF _____

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

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

by _____ and _____

My commission expires _____

Notary Public

No. _____

OIL AND GAS LEASE

FROM _____

TO _____

Date _____, _____

Section _____ Twp. _____ Rge. _____

No. of Acres _____ Term _____

County _____

STATE OF _____

County _____

This instrument was filed for record on the _____ day of _____, _____, at _____ o'clock ____M., and duly recorded in Book _____ Page _____ of the records of this office.

_____ Register of Deeds.

By _____

When recorded, return to _____

STATE OF _____

COUNTY OF _____

ACKNOWLEDGMENT FOR CORPORATION (KsOkCoNe)

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

by _____

of _____ a _____

corporation, on behalf of the corporation.

My commission expires _____

Notary Public

Book: 199 Page: 162
Page #: 163

Attached to and made a part hereof of Oil and Gas Lease dated October 24, 2016 by and between T.L. Swart, Trustee of the T.L. Swart Trust dated 1-27-2013 and Karol Swart, Trustee of the Karol Swart Trust dated 1-27-2013 as Lessors and Palomino Petroleum, Inc. as Lessee, covering the following described property in Gove County, Kansas to wit:

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

Rider

1. Lessee or assigns agree that in the event of drilling operations conducted on the lands herein described it will restore the surface of the land to its original contour and condition as nearly as is reasonably practicable and pay for damages caused by their operations. All top soil shall be piled separately and returned to the surface when the pits are filled. Lessee or assigns shall consult with Lessor or Lessor's agent as to routes of ingress and egress and location of equipment on the leased premises.

2. Any spillage of salt water or petroleum products shall be cleaned up to comply with all applicable federal, state and local regulations. Where the clean up requires removal of top soil' the removed contaminated soil shall be replaced with quality top soil that is compatible with Lessor's land use.

3. In the event of drilling operations, the pits shall not be filled until they are sufficiently dry. All trash, debris and contaminated materials shall be removed from the pits before they are filled. Lessor shall be notified prior to filling the pits so that he and/or his farm tenant can inspect the area for compliance with this requirement. All pipelines shall be buried to a depth of 36 inches where the subsurface is free from rocks to allow the trenching and 24 inches if otherwise practicable.

4. If the premises is subject to pasturing livestock, Lessee or assigns agree to properly fence all pits and ponds and protect the livestock from their drilling operations and afterwards fence the equipment in the event of continuing production operations and install steel gates where needed at locations of ingress and egress.

5. Lessee shall give Lessor notice of its intent to do 3-D seismic exploration on the captioned land and shall perform such activities so as to not unduly damage the premises or crops thereon. Compensation will be paid to Lessor for any seismic activities on the captioned property.

6. Notwithstanding the pooling provision in the last paragraph of this oil and gas lease, the pooling of tracts contiguous to one another and to be into a unit or units shall not exceed 40 acres each in the event of an oil well.

7. All lease roads, well sites, tank batteries and all areas surrounding Lessee's operation shall be maintained by Lessee in a clean condition.

8. In the event Lessee acquires an Oil and Gas Lease(s) from a third party(ies) covering an undivided mineral interest in any portion of the lands described herein and said lease(s) provides for a royalty interest greater than one-eight (1/8th), then Lessee hereby agrees to amend this lease to provide for a royalty interest equal to the largest royalty agreed to by Lessee in any such lease acquired by Lessee from a third party(ies). Any amendment to this lease to increase the royalty interest shall only pertain to that portion of the lands described herein that are also described in a lease acquired by Lessee from a third party(ies) that provides for a royalty interest greater than one-eighth (1/8th).

9. It is understood and agreed that the above-described Tracts shall constitute separate and individual Leases according to the terms herein established. Production on any single Tract above shall not hold any other Tract Lease by said production.

EXHIBIT "A"

Attached to and made part of that certain Oil and Gas Lease dated October 24, 2016, by and between T.L. Swart, Trustee of the T.L. Swart Trust dated 1-27-2013 and Karol Swart, Trustee of the Karol Swart Trust dated 1-27-2013, as Lessors and Palomino Petroleum, Inc. as Lessee covering the following described land:

Township 14 South, Range 30 West, Gove County, KS

Tract 1)	Section 4: NE/4
Tract 2)	Section 4: SE/4
Tract 3)	Section 5: NE/4
Tract 4)	Section 5: SE/4
Tract 5)	Section 8: NE/4
Tract 6)	Section 8: SW/4
Tract 7)	Section 9: NW/4
Tract 8)	Section 9: NE/4
Tract 9)	Section 9: SW/4
Tract 10)	Section 9: SE/4
Tract 11)	Section 16: NW/4
Tract 12)	Section 16: SW/4
Tract 13)	Section 17: E/2 NW/4
Tract 14)	Section 17: NE/4
Tract 15)	Section 17: SW/4
Tract 16)	Section 17: SE/4
Tract 17)	Section 20: NW/4
Tract 18)	Section 21: SW/4

This lease shall be considered for all purposes a separate lease on each tract listed above.