

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

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form C-1
March 2010

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

NOTICE OF INTENT TO DRILL

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

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

Expected Spud Date: month day year

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

CONTRACTOR: License#
Name:

Well Drilled For: Well Class: Type Equipment:
Oil Gas Enh Rec Storage Disposal Seismic; # of Holes Other
Infield Pool Ext. Wildcat Other
Mud Rotary Air Rotary 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
feet from N / S Line of Section
feet from E / W Line of Section
Is SECTION: Regular Irregular?

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

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

AFFIDAVIT

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

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

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

Submitted Electronically

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

Remember to:

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

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

E
W

**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

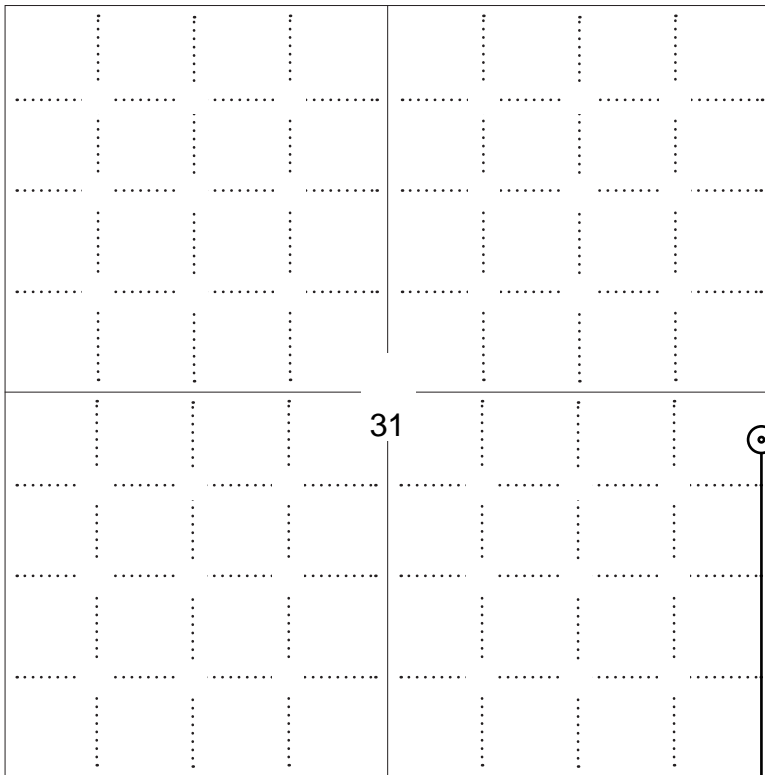
Is Section:  Regular or  Irregular

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

Section corner used:  NE  NW  SE  SW

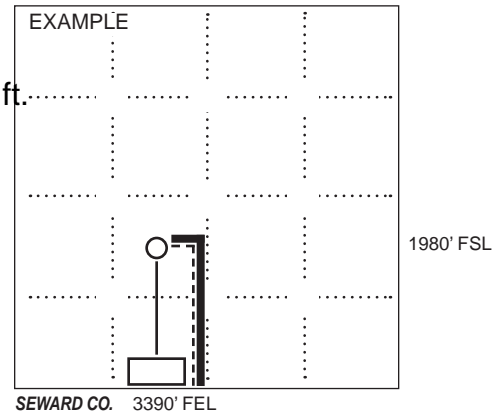
**PLAT**

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.**

2310 ft.

**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.

**KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION  
APPLICATION FOR SURFACE PIT**

Form CDP-1  
May 2010  
Form must be Typed

*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	
<b>Emergency, Settling and Burn Pits ONLY:</b> 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		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> 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.	
<p><b>Submitted Electronically</b></p>			

<b>KCC OFFICE USE ONLY</b>			
Date Received: _____		Permit Number: _____	
Permit Date: _____		Lease Inspection: <input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/> Liner		<input type="checkbox"/> Steel Pit	
<input type="checkbox"/> RFAC		<input type="checkbox"/> RFAS	

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

Well Location:  
\_\_\_\_ - \_\_\_\_ - \_\_\_\_ - \_\_\_\_ Sec. \_\_\_\_ Twp. \_\_\_\_ S. R. \_\_\_\_  East  West  
County: \_\_\_\_\_  
Lease Name: \_\_\_\_\_ Well #: \_\_\_\_\_

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

**Surface Owner Information:**

Name: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_\_\_\_\_

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

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

**Select one of the following:**

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

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

I Submitted Electronically

I

699014

Buffalo

# OIL AND GAS LEASE

THIS AGREEMENT, Entered into this the 6<sup>th</sup> day of December, 20 13  
 between John L. Millard Trust, under Trust Agreement dated November 7, 1991;  
Lou Ann Millard, wife of John L. Millard  
73-452 Poinciana Place  
Palm Desert, California 92260 hereinafter called lessor,  
 and F.G. Holl Company, L.L.C., 9431 E. Central, Suite 100, Wichita, Kansas 67206 hereinafter called  
 lessee, does witness:

1. That lessor, for and in consideration of the sum of Ten (10) and more Dollars in hand paid and of the covenants and agreements, hereinafter contained to be performed by the lessee, has this day granted, leased, and let and by these presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land, with any reversionary rights therein, and with the right to unitize this lease or any part thereof with other oil and gas leases as to all or any part of the lands covered thereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work thereon, including core drilling and the drilling, mining, and operating for, producing and saving all of the oil, gas, gas condensate, gas distillate, casinghead gasoline and their respective constituent vapors, and all other gases, found thereon, the exclusive right of injecting water, brine, and other fluids and substances into the subsurface strata, and for constructing roads, laying pipe lines, building tanks, storing oil, building power stations, electrical lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and the injection of water, brine, and other substances into the subsurface strata, said tract of land being situated in the  
 County of Barton State of Kansas, and described as follows:

Township 18 South, Range 13 West  
Section 31: SE/4  
Section 32: SW/4

REGISTER OF DEEDS  
 FPM WORKKEY  
 BARTON COUNTY, KS  
 Book: 618 Page: 2563  
 Receipt #: 125073 Total Fees: \$32.00  
 Pages Recorded: 7  
 Date Recorded: 4/18/2014 9:57:09 AM

containing 320 acres, more or less.

2. This lease shall remain in force for a term of Three (3) years (called "primary term") and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of the products covered by this lease is or can be produced.

3. The lessee shall deliver to lessor as royalty, free of cost, on the lease, or into the pipe line to which lessee may connect its wells the equal one-eighth (1/8th) part of all oil produced and saved from the leased premises, or at the lessee's option may pay to the lessor for such one-eighth (1/8th) royalty the market price at the wellhead for oil of like grade and gravity prevailing on the day such oil is run into the pipe line or into storage tanks.

4. The lessee shall pay to the lessor, as a royalty, one-eighth (1/8th) of the proceeds received by the lessee from the sale of gas, gas condensate, gas distillate, casinghead gas, gas used for the manufacture of gasoline or any other product, and all other gases, including their constituent parts, produced from the land herein leased. If such gas is not sold by the lessee, lessee may pay or tender annually at or before the end of each yearly period during which such gas is not sold, as a shut-in royalty, whether one or more wells, an amount equal to one dollar per net mineral acre, and while said shut in royalty is so paid or tendered, it will be considered under all provisions of this lease that gas is being produced in paying quantities. The first yearly period during which such gas is not sold shall begin on the date the first well is completed for production of gas.

5. This lease is a paid-up lease and may be maintained during the primary term without further payments or drilling operations.

6. In the event 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 to said lessor only in the proportion which his interest bears to the whole and undivided fee; however, in the event the title to any interest in said land should revert to lessor, or his heirs, or his or their grantee, this lease shall cover such reversion.

7. The lessee shall have the right to use free of cost, gas, oil and water found on said land for its operations thereon, except water from existing wells of the lessor. When required by lessor, the lessee shall bury its pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during, or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.

8. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee, and no change of ownership in the land or in the royalties or any sum due under this lease shall be binding on the lessee until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof, or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing the appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to lessor of the full interest claimed, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, or administrator, executor, or heir of lessor.

9. If the leased premises are now or shall hereafter be owned in severalty or in separate tracts, the premises may nonetheless be developed and operated as one lease, and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may now or hereafter be divided by sale, devisee, descent or otherwise, or to furnish separate measuring or receiving tanks.

10. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge in whole or in part any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in the event it exercises such options it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty accruing hereunder.

11. If after the expiration of the primary term, production of oil or gas should cease from any cause, this lease shall not terminate if lessee commences additional drilling or reworking operations within one hundred-twenty (120) days thereafter, or if at the expiration of the primary term, oil or gas is not being produced on said land, but lessee is then engaged in drilling or reworking operations thereon, then in either event, this lease shall remain in force so long as operations are prosecuted either on the same well or any other well thereafter commenced, with no cessation of more than one hundred twenty (120) consecutive days, and if they result in production of oil or gas, this lease shall remain in effect so long thereafter as there is production of oil or gas under any provisions of this lease.

12. Lessee may at any time surrender or cancel this lease in whole or in part by delivering or mailing such release to the lessor, or by placing same of record in the proper county. In case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion canceled shall cease and determine, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes.

13. All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules, or regulations (and interpretations thereof) of all governmental agencies administering the same, and this lease shall not be in any way terminated wholly or partially nor shall the lessee be liable in damages for failure to comply with any of the express or implied provisions hereof if such failure accords with any such laws, orders, rules or regulations (or interpretations thereof). If lessee should be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction thereover, the primary term of this lease shall continue until six months after said order is suspended.



Index \_\_\_\_\_  
 Numerical \_\_\_\_\_  
 Cross \_\_\_\_\_  
 DC Book \_\_\_\_\_  
 Plat Book \_\_\_\_\_  
 Military Book \_\_\_\_\_  
 Art of the Book \_\_\_\_\_  
 Searched \_\_\_\_\_

14. Lessee, at its option, is hereby given the right and power to pool or combine into one or more units the land covered by this lease, or any portion thereof, with other land covered by another lease, or leases 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 such minerals in and under said land, such pooling to be in a unit or units not exceeding 80 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 and/or condensate or distillate well, plus a tolerance of ten percent (10%) to conform to Governmental Survey quarter sections. Lessee shall execute in writing and file for record in the county in which the land is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a unit or units 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 any part of the pooled acreage it shall be treated as if production is had from this lease whether any well is located on the land covered by this lease or not. Any well drilled on any such unit shall be and constitute a well hereunder. In lieu of the royalties elsewhere herein specified lessor shall receive on production from the unit so pooled only such portion of the royalty stipulated herein as the amount of his net royalty interest therein on an acreage basis bears to the total mineral acreage so pooled in the particular unit involved.

15. If at the end of the primary term this lease is not otherwise continued in force under the provisions hereof, this lease shall expire, unless Lessee on or before the end of the primary term shall pay or tender to lessor the sum of Twenty (\$20.00) dollars multiplied by the number of net mineral acres owned by Lessor in the land above described and then subject to this lease; and subject to the other provisions of this lease, this lease shall thereby be modified and the primary term shall be extended for an additional term of Two (2) years from the end of the primary term. Said payment may be made by check or draft of Lessee or any assignee thereof, mailed or delivered direct to Lessor, at the address first provided above, on or before the end of the primary term.

16. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor and lessee.

**\*SEE ADDENDUM ATTACHED HERETO AND MADE A PART HEREOF.**

IN WITNESS WHEREOF, we sign the day and year first above written.

JOHN L. MILLARD TRUST UNDER TRUST AGREEMENT  
DATED NOVEMBER 7, 1991

By: [Signature]  
John L. Millard, Trustee

[Signature]  
Lou Ann Millard, wife of John L. Millard

STATE OF California )  
COUNTY OF Riverside )

ss. ACKNOWLEDGMENT FOR INDIVIDUAL

This instrument was acknowledged to me on this 1 day of April, 2014,  
by John L. Millard as Trustee of the John L. Millard Trust under Trust Agreement dated November 7, 1991

My commission expires: 8/28/2014

[Signature]  
Notary Public  
Guy Shapter  
Typed/Printed Name

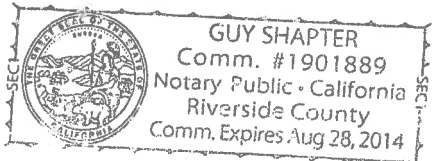
STATE OF California )  
COUNTY OF Riverside )

ss. ACKNOWLEDGMENT FOR INDIVIDUAL

This instrument was acknowledged to me on this 1 day of April, 2014,  
by Lou Ann Millard, wife of John L. Millard

My commission expires: 8/28/2014

[Signature]  
Notary Public  
Guy Shapter  
Typed/Printed Name



ADDENDUM

Attached hereto and made a part hereof that certain Oil and Gas Lease dated December 6, 2013, by and between John L. Millard, Trustee of the John L. Millard Trust undert Trust Agreement dated November 7, 1991 and Lou Ann Millard, his wife, whose address is 73-452 Poinciana Place, Palm Desert, California 92260, as Lessor, and F.G. Holl Company, L.L.C., whose address is 9431 E. Central, Suite 100, Wichita, Kansas 67206, as Lessee.

1. CONSERVATION RESERVE PROGRAM CLAUSE: If any part of the Leased Premises are subject to or enrolled in the Conservation Reserve Program (CRP), Lessee shall, upon restoration of the surface pursuant to Paragraph 10 of this Addendum, reseed to CRP compatible grass all acres thereof affected by Lessee's operations and hold Lessor harmless from penalties, liquidated damages, refunds and any interest thereon assessed under the CRP as a result of Lessee's operation.
2. IRRIGATION CLAUSE: It is agreed between Lessor and Lessee that, in the event one or more oil and/or gas wells are drilled on the land covered hereby, to the extent reasonably possible, Lessee shall locate all tank batteries and other above ground appurtenances in a manner and at a location so as to cause minimal interference with Lessor's circle irrigation system.
3. GROSS PROCEEDS: It is agreed between 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, directly or indirectly, for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and marketing the oil, gas and other products produced to transform the product into marketable form; however, any such costs which result in enhancing the value of the marketable oil, gas or other products to receive a better price may be deducted from Lessor's share of production so long as they are based on Lessee's actual costs of such enhancement. However, in no event will either the Lessor the Lessee receive a better price than the other party.
4. SLUSH/MUD PITS: It is understood and agreed that the Lessee, when constructing or preparing the well site and slush (or mud) pits, shall construct the same in such a manner that the top soil is removed separate from the sub soils, and that the top soil and the sub soils will not be mixed when the well site is restored and/or the slush pit is filled. When restoring the well site or the slush pit to its prior condition Lessee shall use sub soils first, and the top soil last, so that the well site and slush pit will be returned to or as near its original condition as possible. The well site and slush pits will be constructed and filled in compliance with state regulations.
5. ROAD MAINTENANCE: Existing roads may be used and maintained by Lessee. Lessor may use all such roads. Lessee will maintain any roads constructed by Lessee, or any existing roads of Lessor's used by Lessee in its operations, so that the roads are maintained in such condition to adequately provide for Lessee's operations. All roads used by Lessee in its operations will be maintained in such a condition as to allow normal car usage. Further, during the time drilling operations are being conducted or any other times when any of the Lessor's present roads are being used for transporting oil, machinery and/or being traveled by any motor vehicle larger than an automobile or a 3/4 ton pickup truck, the Lessee shall always keep Lessor's road maintained and/or graded so that Lessor's roads are passable for automobile traffic. All roads

constructed on the Leased Premises by Lessee shall be at least twenty feet (20') in width, and be properly maintained by Lessee.

- 6. **FENCES/GATES:** Lessee shall promptly replace any fences removed by Lessee during its operation on said land and further, upon Lessor's written request, Lessee shall construct gates on all access roads and pipeline routes on said land.
- 7. **SHUT-IN AMENDMENT:** Upon expiration of the primary term, or any extension thereof, where gas and oil from a well is shut-in and is not sold or used, Lessee shall pay Lessor a shut-in gas royalty of Two Dollars (\$2.00) per year per net mineral acre retained by said well for a period not to exceed two (2) continuous years at one time. This is recurring right which may be exercised by the Lessee from time to time, but shall not exceed any consecutive period of two (2) years from the end of the primary term, or any extension thereof.
- 8. **MUTUAL CONSENT CLAUSE:** If Lessor owns the surface of the Leased Premises, Lessor and Lessee shall make reasonable efforts to mutually agree on the location of well sites, access roads, pipelines or any above ground appurtenances that will be located on the Leased Premises, and neither party's consent shall be unreasonably withheld. However, in the event an agreement cannot be reached within ten (10) days of Lessor's receipt of Lessee's notice of its proposed location, the Lessee's proposed location shall prevail.
- 9. **LESSOR'S WATER:** Lessee shall have no right to use water from Lessor's water well or wells, ponds or streams located on the Leased Premises without prior written consent from the Lessor, and said consent shall be unreasonably withheld. If Lessor gives its consent, Lessee's use of water from the lands covered by this lease will be limited to those uses related to Lessee's operations (including without limitation drilling, fracking and completion operations) on the Leased Premises or lands pooled or utilized therewith.
- 10. **PROPERTY RESTORATION:** As soon as reasonably possible following completion of its drilling and other operations, Lessee will restore any portions of the Leased Premises disturbed by its operations, including pits and ponds, as nearly as possible to its original condition and the land contour, other than those portions of the Leased Premises required for Lessee's continuing operations on the Lease. Upon abandonment of its production operations, or if Lessee does not establish production, upon abandonment of the Lease, Lessee shall restore all remaining areas of the Leased Premises as nearly as reasonably possible to its original condition and land contour. All such restoration work must be accomplished no later than six (6) months following the abandonment of the Lease. This obligation shall survive the termination of this Lease.
- 11. **TOPSOIL:** When preparing development locations, the topsoil shall be segregated to be replaced on the surface upon completion of drilling activities. Any terraces driven over or altered for drilling or tank locations shall be restored to original height and contour as nearly as is practicable.
- 12. **DAMAGES:** Lessee shall pay for damages caused by Lessee's operations to crops, including hay, on the Leased Premises and to pay for all other damages caused by Lessee, including but not limited to damages to livestock, pasture, waterways and terraces. Lessee agrees to compensate Lessor at fair market value for the death or injury of any livestock killed or injured as a direct result of Lessee's operations under the terms of this lease. Provided, however, that Lessee will not be responsible to compensate Lessor for said damages or injuries to livestock that were



caused by the negligent or willful act or omissions of Lessor, its heirs, assigns, agents, employees or contractors. Upon the completion of a drill-site location on the Leased Premises of which the Lessor owns the surface, Lessee shall pay Lessor Eight Thousand dollars (\$8,000) per drill pad site.

13. **LINE BURIAL:** Lessee shall bury all pipelines and electric lines at least below plow depth, but not less than thirty-six (36") inches below the surface of Leased Premises, and upon reasonable written request by Lessor, Lessee shall bury such lines deep enough to allow terracing, waterway construction, or other improvement to the surface by Lessor for agricultural purposes. When Lessee's lines are buried below Lessor's buried irrigation lines and/or related electric lines, Lessee shall repair and restore the same at Lessee's expense. Lessee acknowledges it may be necessary to place Lessee's lines below Lessor's buried irrigation lines and/or related electric lines.
14. **WORKMANLIKE OPERATIONS:** Lessee shall operate the lease in a workmanlike manner, and seek to (i) close and secure all gates located on the Leased Premises, (ii) not cut any fences, (iii) repair any fences damages by Lessee, and (iv) repair terraces or waterways, if damaged.
15. **LEASE APPEARANCE CLAUSE:** No open salt-water pits or ditches shall ever be maintained on land located outside the drilling pad site. Lessee shall make a reasonable effort to locate all storage tanks, separators and compressors in a group like manner on the above described drilling and operation sites located on the Leased Premises and all oil or gas wells shall be neatly, attractively and adequately fenced and enclosed by Lessee so as to reasonably protect Lessor's livestock from injury. Lessee shall make a reasonable and good faith effort to conduct and keep all of its operations including said equipment neat in appearance, in proper condition consistent with the standards of the oil and gas industry in and around the county in which the Leased Premises are located. It is acceptable to place natural gas compressors on Leased Premises if doing so increases production or value of lease to Lessor and Lessee.
16. **WELL PLUGGING CLAUSE:** Prior to conducting operations on the Leased Premises, Lessee or its assignee/operator shall comply with the provisions of K.A.R. regarding operations financial responsibility.
17. **DELETERIOUS SUBSTANCES CLAUSE:** Without the prior written consent of the Lessor, Lessee agrees that it shall not have the right to transport salt-water or other deleterious substances onto the Leased Premises and the Lessee has no right to dispose of deleterious substances except (i) those produced upon the property subject to this lease and lands pooled therewith, and/or (ii) those used on the Leased Premises or lands pooled therewith in the normal and usual course of operations for the drilling, producing, completion and/or fracking of oil and gas wells.
18. **PUGH CLAUSE:** Two (2) years following the expiration of the primary term of this lease or the expiration of any extension or renewal of the primary term (including without limitation those contained in any continuous development provisions of the Lease), whichever occurs last, in the event a portion or portions of the Leased Premises is pooled with other land so as to form a pooled unit or units, operations on such unit or units will not maintain this lease in force as to the land not included in such unit or units. This lease may be maintained in force as to any land covered hereby and included in such unit or units in any manner provided for herein. Upon the occurrence of any partial termination of this Lease, Lessee shall have and expressly reserves, an

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easement, on, over, through and under all released tracts as shall be reasonably necessary for rights of ingress and egress, in order to enable the exploration and/or production of oil, gas and/or other minerals in and from any depths and lands retained by Lessee under this lease and Lessee shall not be required to relocate any pipelines or equipment used in connection with production of oil and/or gas from the Leased Premises.

19. **DEPTH CLAUSE:** It is understood and agreed that two (2) years following the expiration of the primary term of this lease or upon expiration of any extension or renewal of the primary term (including without limitation those contained in any continuous development provisions of the Lease), whichever occurs last, this lease shall automatically terminate as to all rights lying below one hundred (100) feet below the stratigraphic equivalent of the base of the deepest formation producing or capable of producing in any well drilled on the Leased Premises, or on the lands pooled therewith, whichever is the deepest; provided, however, if the Lessee is engaged in operations on the Leased Premises or on land pooled therewith, this lease shall remain in full force and effect as to all depths so long as no more than ninety (90) days lapse between said operations.
20. **CONTINUOUS DEVELOPMENT:** Notwithstanding anything contained herein to the contrary, if at the end of the primary term (including any extensions or renewals), oil and/or gas is being produced, or if this lease is being maintained in force and effect under other provisions hereof, this lease will remain in force and effect as to all lands and all depths so long as Lessee commences operations to drill an oil and/or gas well, and drills same with due diligence, every six (6) months after the end of the primary term, and upon failure to do so, this lease shall terminate as set-forth in paragraphs 18 and 19 above.
21. **NOTICE:** The Lessee agrees to provide the Lessor advance written notice of anticipated drilling or reworking activity to coordinate the same with Lessor as to cause the lease interference with hunting activities, harvesting of crops and the pasturing of livestock.
22. **SEISMIC OPERATIONS:** Lessee, its subsidiaries, affiliates, partners, and/or contractors, shall have the full right to conduct any and all seismic operations on the Leased Premises. In the event Lessee conducts such seismic operations, Lessee shall pay Lessor Fifteen (\$15.00) dollars per net acre covered by this lease at the time said operations are conducted.
23. **OTHER PROVISIONS:**
  - (i) In the event of conflict or ambiguity, the terms of this Addendum shall take precedence over the conflicting portions of the printed lease form.
  - (ii) Whenever necessary in this lease and addendum and where the context requires, the singular term and the related pronoun shall include the plural, the masculine and feminine. Whenever the term "Lessor" or the term "Lessee" is used in this lease and addendum, such terms refer to the successors and assigns of said parties as well.
24. **INDEMNIFICATION:** Lessee agrees to indemnify and hold Lessor harmless from liability, loss, damage and expenses arising out of claims by persons or entities other than Lessor and its invitees for injury to person or property directly caused by the operations conducted by Lessee hereunder.

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25. WIND ENERGY: If Lessor has executed and recorded a lease for wind energy, the wind energy lease is an exception to any warranties of title in this lease and this lease is subject to the terms and conditions of the wind energy lease.

Lessor shall have the right to lease the premises for wind energy in the future. The rights of a future wind lessee shall be subordinate and subject to the terms of this oil and gas lease. Lessee shall not unreasonably object or withhold consent to the terms or use of the premises by a wind lessee if such use does not impair or impede Lessee's operation under this oil and gas lease.

CONFLICT: If there is a conflict between the provisions of the Oil and Gas Lease and this Addendum, the provisions of the Addendum shall control the rights and obligations of the parties.

SIGNED FOR IDENTIFICATION:



2-20-2014

John L. Millard, Trustee



4/1/14

Lou Ann Millard

APPROVED BY:

\_\_\_\_\_  
Energy Company

--END OF ADDENDUM--

**IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW**

*Plat of acreage attributable to a well in a prorated or spaced field*

**If the intended well is in a prorated or spaced field, please fully complete this side of the form.** If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please show all the wells and within 1 mile of the boundaries of the proposed acreage attribution unit for gas wells and within 1/2 mile of the boundaries of the proposed acreage attribution unit for oil wells.

API No. 15 - \_\_\_\_\_  
 Operator: F.G. Holl Company, L.L.C.  
 Lease: MILLARD TRUDT  
 Well Number: 2-31  
 Field: Wildcat  
 Number of Acres attributable to well: \_\_\_\_\_  
 QTR / QTR / QTR of acreage: NE - NE - SE

Location of Well: County: Barton  
 2310 \_\_\_\_\_ feet from  N /  S Line of Section  
 75 \_\_\_\_\_ feet from  E /  W Line of Section  
 Sec. 31 Twp. 18 S. R. 13  East  West

Is Section:  Regular or  Irregular

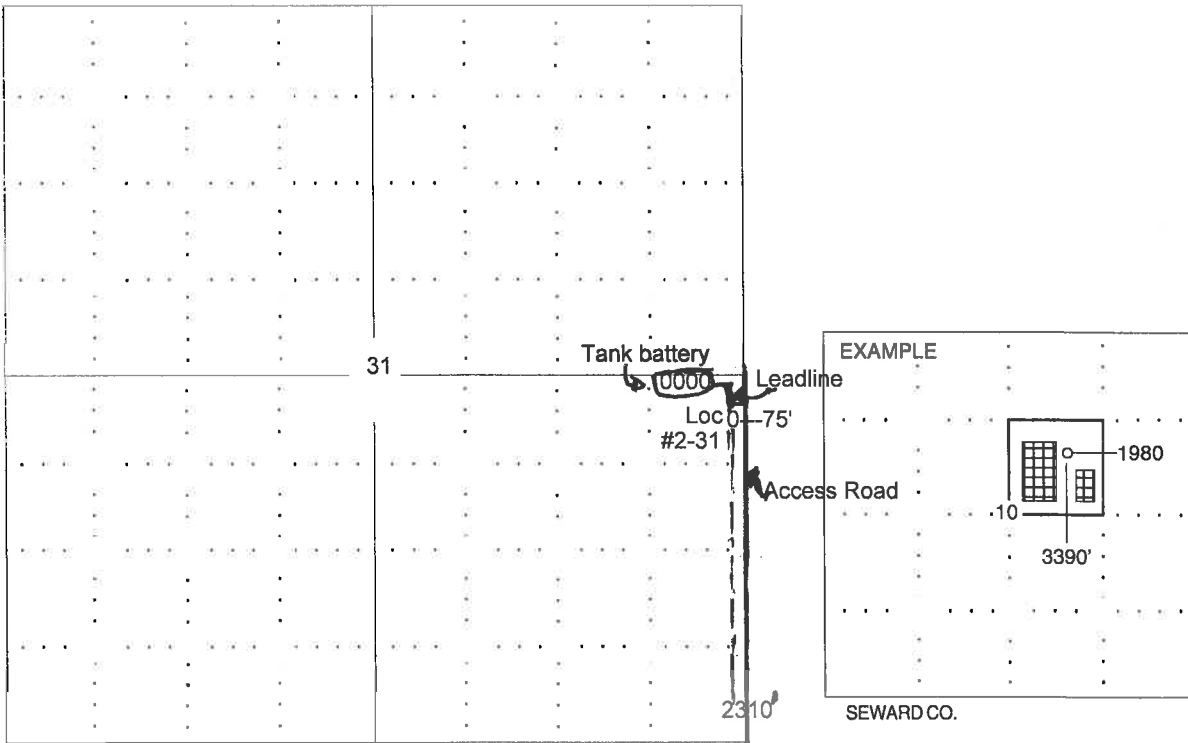
**If Section is Irregular, locate well from nearest corner boundary.**

Section corner used:  NE  NW  SE  SW

**PLAT**

*(Show location of the well and shade attributable acreage for prorated or spaced wells.)*

*(Show footage to the nearest lease or unit boundary line.)*



**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 section's south / north and east / west.
3. The distance to the nearest lease or unit boundary line.
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).

F.G. HOLL COMPANY, LLC  
MILLARD LEASE  
SE. 1/4, SECTION 31, T18S, R13W  
BARTON COUNTY, KANSAS

GRAVEL (NW. 60 RD.) ROAD

Notes:

1. Set (2) wood stakes at location site.
2. All flagging Red & Yellow.
3. Overhead power available at E. & W. lines and E. 1/2 of N. line, Sec. 31.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION: Various pipelines in Sec. 31.
6. Contact landowner for best access.
7. Location fell approximately 48' west of a N-S overhead electric line, set alternate 75' west per instructions.

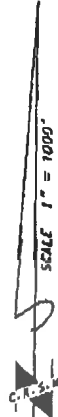
Drillsite Location  
Millard Trust #2-31  
255'E. NE NE SE  
2310'FSL 75'FEL  
Ground Elevation = 1881

Y = 646084 X = 1916018  
State Plane-NAD 27-Kansas South  
Latitude 38.440673  
Longitude -98.793583  
NAD 84-NAD 83

\*Alternate Location  
(75' west of Loc.)  
2310'FSL 150'FEL  
Ground Elevation = 1881

Y = 646084 X = 1915943  
Latitude 38.440680  
Longitude -98.793849

PAVED (NW. 50 RD.) ROAD



0'ND. ELECTRIC LINE APPROXIMATELY 48' E. OF LOCATION

\*Ingress and egress to location as shown on this plot is per usage only and may not be legally opened for public use. Contact landowner, tenant and county road department for access.

4 Controlling data is based upon the best maps and encroachments available to us and upon a regular section of land containing 640 acres.

5 Approximate section lines were determined using the normal standard of care of oilfield surveyors practicing in the state of Kansas. The section corners, which establish the precise section lines, were not necessarily located, and the exact location of the drillsite location in the section is not guaranteed. Therefore, the operator, by using this service and accepting this plot and all other parties relying thereon agree to hold Central Kansas Oilfield Services, Inc., its officers and employees harmless from all losses, costs and expenses and so-called entities released from any liability from incidental or consequential damages.

6 Elevations derived from National Geodetic Vertical Datum.

Date July 20, 2018