



63U (Rev. 1993)

Reorder No. 09-115 Kansas Blue Print 700 S. Brusdway PO Box 703 Webba, KS 57201-0703 315-264-0344-745-195 for

	tered into the day of	April	2014
and betweenGary D. McJu	nkin and Rachel K. McJunkin	, his wife	
705 Spruce			
Burdett, KS 67	7523		
ose mailing address is			hereinafter called Lessor (whether one or more)
Palomino Petroleum, Ir	nc.		
			, hereinafter caller Lessee
investigating, exploring by geophy astituent products, injecting gas, wo d things thereon to produce, save, to oducts manufactured therefrom, an	titles nerein provided and of the agreen ysical and other means, prospecting dr ater, other fluids, and air into subsurfac ake care of, treat, manufacture, process, d housing and otherwise caring for its o	tents of the lessee herein contained, hereby rilling, mining and operating for and produ e strata, laying pipe lines, storing oil, buildi store and transport said oil, liquid hydrocar	ss (\$ One (\$1.00)
rein situated in County of Ness			described as follows to-wit-
	Lownsh	ip <u>20 South, Range 22 V</u> 15: S/2 NE/4; E/2 SE/4	Vest
	Section	15: 5/2 NE/4; E/2 SE/4	NVV/4
			100
41 41 4-		ge and containing	acres, more or less, and al
Subject to the provisions her oil, liquid hydrocarbons, gas or of In consideration of the premi	ises the said lessee covenants and agree	es:	s from this date (called "primary term"), and as long thereafte land with which said land is pooled.  and, the equal one-eighth (%) part of all oil produced and save
m the leased premises.	of whatsnever nature or kind produced	and sold or used off the premises or used	in the manufacture of any products therefrom, one-eighth (%
the market price at the well, (but, mises, or in the manufacture of p royalty One Dollar (\$1.00) per waining of the preceding paragraph	as to gas sold by lessee, in no event reproducts therefrom, said payments to be say per net mineral acre retained heret.	nore than one-eighth (%) of the proceeds re e made monthly. Where gas from a well pr under, and if such payment or tender is mu	ceived by lessee from such sates), for the gas soid, used off it orducing gas only is not sold or used, lessee may pay or tende ade it will be considered that gas is being produced within the first fit is the lessee shall commence to drill a well within the terr
this lease or any extension thereond in paying quantities, this lease If said lessor owns a less in	of, the lessee shall have the right to dri e shall continue and be in force with lik aterest in the above described land tha	ill such well to completion with reasonable se effect as if such well had been completed	diligence and dispatch, and it oil or gas, or either of them, be within the term of years first mentioned.
eaid legent only in the proportion			te therein, then the royalties herein provided for shall be pai
	which lessor's interest bears to the wh	iole and undivided fee.	ate therein, then the royalties herein provided for shall be pai hereon, except water from the wells of lessor.
Lessee shall have the right t When requested by lessor, le	n which lessor's interest bears to the whom we will be so use, free of cost, gas, oil and water prosses shall bury lessee's pipe lines below	oduced on said land for lessee's operation to plow depth.	hereon, except water from the wells of lessor.
Lessee shall have the right t When requested by lessor, le No well shall be drilled near	n which lessor's interest bears to the wi o use, free of cost, gas, oil and water pr ssee shall bury lessee's pipe lines below er than 200 feet to the house or barn no	ole and undivided fee. oduced on said land for lessee's operation to plow depth. ow on said premises without written consen	hereon, except water from the wells of lessor.
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Notary Public

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## Schedule A

Attached hereto and by reference made a part of that certain Oil and Gas Lease by and between Gary D. McJunkin and Rachel K. McJunkin, his wife, as Lessor and Palomino Petroleum, Inc., as Lessee, under date of April 23, 2014, covering S/2 NE/4; E/2 SE/4 NW/4 15-T205-R22W in Ness County, Kansas.

- Lessee agrees to return the land as nearly as possible to its present condition after any drilling operations.
- Before building any roads, Lessee and Lessor shall mutually agree as to the site for the roads. No road ditches shall be constructed and roads shall not obstruct the natural or established flow of water.
- Lessee shall not drill any salt water disposal well upon the above described real estate without the express written consent of the Lessor being first obtained.
- 4. The operation of the lease by Lessee shall be done in a manner which will cause as little interference with farming operations on said land as possible, including, but not specifically limited to, the operation of a pivotal irrigation sprinkler system. Any equipment required for production of oil or gas will be placed on the land with the height of such equipment at a level which will permit the circular sprinkler system to operate on said land without interference and without the use of earthen or metal ramps; all tank batteries shall be located in a corner of the land outside the path of the irrigation system; Lessee agrees to utilize low profile pumping units on all wells on the land which will not interfere with the overhead passage of the irrigation system.
- The Lessee agrees that no geo-physical seismic testing shall be conducted on the described real estate, except by separate written agreement and for such consideration as shall be agreed to by Lessor.
- 6. Before commencing any drilling operations upon portions of the above described real estate, the Lessee shall pay the sum of \$1,500.00 to the Lessor as a deposit to be applied against damages to land and crops caused by the operations of the Lessee. If the described real estate is damaged (physical and/or loss to crop production capability or loss to grazing rights) to an amount greater than the amount paid prior to drilling operations, then Lessee shall promptly pay Lessor such additional damages.