

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

If OWWO: old well information as follows:

Operator: _____

Well Name: _____

Original Completion Date: _____ Original Total Depth: _____

Directional, Deviated or Horizontal wellbore? Yes No

If Yes, true vertical depth: _____

Bottom Hole Location: _____

KCC DKT #: _____

Spot Description: _____

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

_____ feet from E / W Line of Section

Is SECTION: Regular Irregular?

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

County: _____

Lease Name: _____ Well #: _____

Field Name: _____

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): _____

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

Ground Surface Elevation: _____ feet MSL

Water well within one-quarter mile: Yes No

Public water supply well within one mile: Yes No

Depth to bottom of fresh water: _____

Depth to bottom of usable water: _____

Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set: _____

Length of Conductor Pipe (if any): _____

Projected Total Depth: _____

Formation at Total Depth: _____

Water Source for Drilling Operations:

Well Farm Pond Other: _____

DWR Permit #: _____

(Note: Apply for Permit with DWR)

Will Cores be taken? Yes No

If Yes, proposed zone: _____

AFFIDAVIT

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

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

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

Submitted Electronically

For KCC Use ONLY
API # 15 - _____
Conductor pipe required _____ feet
Minimum surface pipe required _____ feet per ALT. <input type="checkbox"/> I <input type="checkbox"/> 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

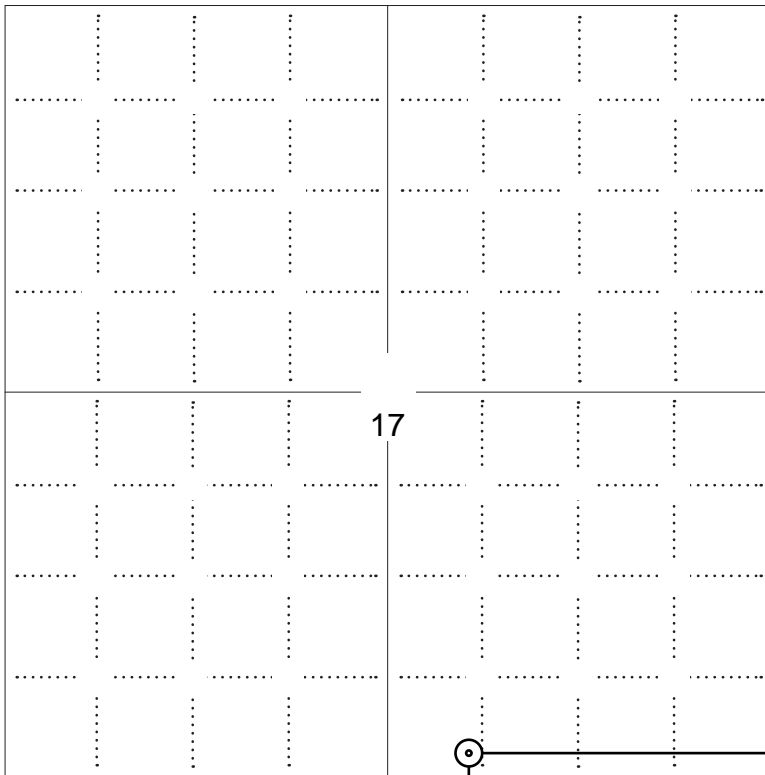
Is Section: Regular or Irregular

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

Section corner used: NE NW SE SW

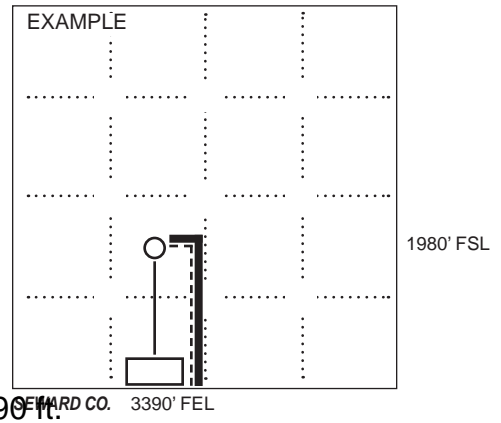
PLAT

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.

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

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

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

Document Type: O:LS

Date Recorded: 10/17/2018 9:00:01 AM



For
Return
Scan
Copy
OK

Kansas Prod 88 (Rev 9/2016)
(Paid-up/Pooling)

OIL, GAS, AND MINERAL LEASE

This Oil, Gas, and Mineral Lease (the "Lease") is dated September 28, 2018 (the "Effective Date"). The parties to this Lease are John E. Thompson Trustee of the John E. Thompson Revocable Trust U/A dated 8/5/2015 and John E. Thompson, individually and Billie M. Thompson by Robin Niederee, her Attorney-in-Fact as Lessors (whether one or more), whose address is 45997 NE U Rd., Burdett, KS 67523 and Downing Nelson Oil Company as Lessee, whose address is P.O. Box 1019 Hays, Kansas 67601.

1. For the consideration of Ten and More Dollars (\$10.00+), and other good and valuable consideration, the receipt of which Lessor acknowledges, and the covenants and agreements of Lessee in this Lease, Lessor grants, demises, leases and lets exclusively to Lessee, the lands described, below (the "Lands"), for the purposes of mining, exploring by geological, geophysical and other methods, operating for, producing, and taking care of, removing and selling all oil, gas, and all of the products of oil and gas, with rights of way and easements for laying pipelines, electrical conduits and lines and the erection of structures necessary or convenient to produce, save, store, make merchantable and transport all of the oil or gas produced from the Lands or any adjacent lands. The Lands covered by this Lease are located in Pawnee County, Kansas, and are described as follows:

TOWNSHIP 21 SOUTH, RANGE 20 WEST OF THE 6TH P.M.
Section 17: SE/4

The Lands are deemed to contain 160 acres, more or less.

2. This Lease shall remain in full force and effect for a primary term of Three (3) years (the "Primary Term") from the Effective Date, and as long thereafter as oil, gas or the products of oil or gas are produced from the Lands or leases or lands pooled with the Lands, or drilling or reworking operations are continued as provided in this Lease.

3. This is a PAID-UP LEASE. For the consideration paid to Lessor, Lessee is not obligated to commence or continue any operations on the Lands during the Primary Term, or to make any rental payments during the Primary Term. Lessee may at any time or times during or after the Primary Term surrender this Lease as to all or a portion of the Lands by delivery to Lessor, or by filing for record in the county where the Lands are located a release or releases of the Lease, and then be relieved of all accruing obligations as to the portion of the Lands surrendered. The Lease shall continue in force and effect as to all of the Lands not surrendered.

4. All payments required to be made under this lease shall be made or tendered to the Lessor or to the Lessor's credit in the Pay Directly to Lessor Bank (depository bank) at _____ or its successors, or any bank with which it may be merged, or consolidated, or which succeeds to its business or assets or any part thereof, by purchase or otherwise, which shall continue as the depository regardless of changes in the ownership of said land.

5. Lessee agrees to pay Lessor a royalty on production as follows:

a. Lessee shall deliver to the credit of Lessor as royalty, free of cost, in the pipeline to which Lessee may connect its wells, or into Lessee's storage tanks a one-eighth (1/8th) part of all oil produced and saved from the Lands.

b. Lessee shall pay Lessor, as royalty on gas sold from each well a one-eighth (1/8th) of the proceeds if gas is sold at the well, or if marketed by Lessee off the Lands, a one-eighth (1/8th) of the value received for the gas sold off the Lands.

c. Lessee shall pay Lessor a one-eighth (1/8th) of the proceeds received by Lessee from the sale of casinghead gas produced from any oil well and a one-eighth (1/8th) of the value, at the mouth of the well, computed at the prevailing market price, of the casinghead gas produced from any oil well and used by Lessee off the Lands for any purpose or used on the Lands by Lessee for purposes other than the development and operation of the Lease.

d. Lessee will pay Lessor a one-eighth (1/8th) of the proceeds from the sale of all other products of oil and gas not provided for above. In no event, in the payment of proceeds for royalty, shall Lessee ever be obligated to pay to Lessor, a sum greater than a one-eighth (1/8th) of the sum Lessee actually receives for the sale of oil and/or gas or other products.

6. If at any time, there is a gas well (one or more), on the Lands, or acreage pooled with the Lands, and the well is shut-in, with no other production, drilling operations or other operations being conducted on the Lands capable of maintaining this Lease in force under any of its provisions, Lessee shall pay Lessor as royalty the sum of Five Dollar (\$5.00) per year per acre for each acre of the Lands then subject to this Lease. This payment is to be made on or before the anniversary date of this Lease following the expiration of 90 days from the date the well is shut-in, and thereafter on the anniversary date of this Lease during the period the well is shut-in. When the payment is made it shall be considered that this Lease is maintained in full force and effect until production resumes or the next shut-in royalty payment is due. Payment of shut-in royalties are authorized for a maximum period of three (3) years.

7. If the Lessor owns a lesser interest in the Lands than the entire and undivided fee simple estate in the minerals, the royalties (including any shut-in gas royalty) shall be paid to Lessor only in the proportion which Lessor's interest in the Lands bear to the whole and undivided fee simple in the Lands.

8. Despite anything in this Lease to the contrary, Lessor expressly agrees that if Lessee commences operations for drilling a well at any time while this Lease is in force, this Lease shall remain in force and its term shall continue as long as the operations are prosecuted as provided in paragraph 9. If production results from the well, this Lease shall remain valid and in force as long as production continues from the Lands.

9. If at the expiration of the Primary Term, oil, gas, or the products of oil and gas are not being produced but Lessee is engaged in drilling or reworking operations on the Lands, this Lease shall continue in force so long as those operations are being continuously prosecuted on the Lands. Drilling Operations shall be considered to be continuously prosecuted if not more than 90 days elapse between the completion or the abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after the discovery of oil or gas or the products of oil or gas on the Lands or on acreage pooled with the Lands, production should cease, from any cause, after the Primary Term, this Lease shall not terminate if Lessee commences additional drilling or reworking operations (including but not limited to drilling, testing, completing, reworking, deepening, or plugging back) within ninety (90) days from the date of cessation of production, or from the date of completion of a dry hole. If oil, gas or the products of oil or gas are discovered and produced as a result of operations at or after the expiration of the Primary Term, this Lease shall continue in force so long as oil, gas, or the products of oil or gas are produced from the Lands.

10. Lessor grants Lessee the right to use, free of cost, gas, oil and water produced on or from the Lands, for Lessee's operations, except water from Lessor's wells. Lessee will bury pipelines across cultivated lands below normal plow depth. No well shall be drilled nearer than 200 feet to any house or barn located on the Lands as of the Effective Date of this Lease without the written consent of Lessor. Lessee will pay for damages caused by Lessee's operations to said Lands. Lessee shall have the right at any time, but not the obligation, to remove all machinery, equipment, and fixtures placed on the Lands, including the right to draw and remove casing.

11. The rights of the Lessor and Lessee may be assigned in whole or in part. However, no change in ownership of Lessor's interest in the Lands shall be binding on Lessee until 60 days after Lessee has been furnished with written notice, accompanied by certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of title to Lessor's interest, and then only with respect to payments made after Lessee's actual receipt of the notice. No other notice of any kind, actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of the Lands shall operate to enlarge the obligations or diminish the rights of Lessee. All of Lessee's operations may be conducted without regard to any division of ownership by Lessor. If all or any part of this Lease is assigned by Lessee, no leasehold owner shall be liable for any act or omission on the part of any other leasehold owner.

12. Lessee is granted, at its option, the right and power to voluntarily pool or combine all or any portion of the Lands covered by this Lease, as to either oil, gas, or both with any other lands, or leases adjacent to the Lands when, in Lessee's judgment, it is necessary or advisable to do so to properly develop and operate the combined lands as a unit or units. Lessee may pool the Lands forming units not to exceed forty (40) acres for an oil well, plus a tolerance of 10%, and not exceeding 320 acres for a gas well, plus a tolerance of 10%. Lessee, or Lessee's designee, shall execute and record in the county where the Lands are located an instrument identifying and describing the lands included in a unit. All acreage pooled into a unit shall be treated for all purposes, except the payment of royalty, as if it were included in this Lease, and drilling or reworking operations on any land in a unit or production of oil and gas, or the completion of a well as a shut-in gas well, shall be considered for all purposes, except the payment of royalty, as if the operation were on, production is from, or the completion was on the Lands covered by this Lease, whether or not the well or wells on the unit are located on the Lands covered by this Lease. In lieu of the royalty or shut-in gas royalty provided above, Lessor shall receive from production from a unit a portion of the royalty provided in this Lease as the amount, in acres, of the Lands included in the unit or the Lessor's royalty interest in the Lands included in the unit, bears to the total amount of acreage included in a unit. All leasehold units shall be square in form with the well located in the center thereof.

13. All express or implied covenants of this Lease shall be subject to all federal and state laws, orders, rules, or regulations of governmental bodies having jurisdiction.

14. Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the Lands in the event of failure of payment by the Lessor, and Lessee shall be subrogated to the rights of the holder of any mortgage, taxes or other liens. Lessee may reimburse itself for payments out of any royalties or rentals payable to a Lessor for any amounts paid by Lessee for Lessor for or on any mortgage, taxes, or liens.

15. All the provisions of this Lease shall be binding on the heirs, successors, assigns, and legal representatives of the Lessor and Lessee.

16. This Lease is subject to the additional provisions found on the Addendum attached hereto and incorporated herein by reference.

REFER TO THE ADDENDUM TO OIL, GAS, AND MINERAL LEASE ATTACHED HERETO.

This Lease is executed by Lessor as of the date of acknowledgment of Lessor's signature, but shall be effective for all purposes as of the Effective Date stated above.

JOHN E. THOMPSON REVOCABLE TRUST U/A DATED 8/5/2015

John E. Thompson
John E. Thompson, Trustee

Robin Niederee
Robin Niederee, Attorney-in-Fact for
Billie M. Thompson

John E. Thompson
John E. Thompson

STATE OF KANSAS)
COUNTY OF BARTON) SS

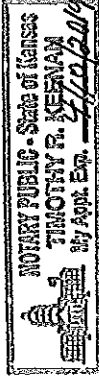
(INDIVIDUAL ACKNOWLEDGMENT)

Before me the undersigned, a Notary Public, within and for said county and state, on this 28th day of September, 2018, personally appeared John E. Thompson as Trustee of the John E. Thompson Revocable Trust U/A dated 8/5/2015 and John E. Thompson, individually and Billie M. Thompson by Robin Niederee, her Attorney-in-Fact and to me personally to be the identical persons who executed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires 4/10/2019

Timothy R. Keenan
Notary Public





OIL AND GAS LEASE

Kans-Okla-Colo

THIS AGREEMENT, Entered in to this 25th day of June, 2018, between Steven L. Nuckolls, P.O. Box 26, Burdett, Kansas 67523, hereinafter called Lessor, and Downing Nelson Oil Company, P.O. Box 1019 Hays, Kansas, 67601, hereinafter called Lessee, does witness:

1. That Lessor, for and in consideration of the sum of Ten of more (+\$10.00) 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 thereon necessary or convenient for the economical operation of said land alone or jointly with neighboring lands, to produce, save; take care and other structures 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 Pawnee, State of Kansas** and described as follows:
Township 21 South, Range 20 West
Section: 20, NE4
containing 160 acres, more or less.
2. This lease shall remain in force for a term of Two (2) 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 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 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. Lessor (and Lessee) herein agree to less and except from the terms of this Oil and Gas Lease any currently existing oil and/or gas well(s), bore(s) or other related facilities located on the herein above described lease premises. Lessor further agrees that Lessee shall not be liable nor shall Lessee have the obligation to plug and abandon any of said existing oil and/or gas well(s), bore hole(s) or related facilities.
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 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 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, devise, descent or otherwise, or to furnish separate measuring or receiving tanks.

20. 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 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 or 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.

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 option thereof with other lease or leases when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said leased 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 of 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 payments 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 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. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said Lessor and Lessee.

16. Both parties agree that no drilling, exploration, or other seismic operations will be conducted on said described land during summer crop planting, growing, or harvesting season, normally April to October. Lessee also agrees to place any oil recovering equipment such as tank batteries in the corner of said described property in areas designated as "dryland", and to make provisions, such as low rise pump jacks, in order that center pivot irrigation equipment may to continue as before.

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

Steven L. Nuckolls

Steven L. Nuckolls

STATE OF KANSAS, PAWNEE COUNTY, SS
DOLORES WREN, REGISTER OF DEEDS

Book: M129 Page: 7

Receipt #: 46180
Pages Recorded: 2

Total Fees: \$38.00

Acknowledgment

State of Kansas

County of Pawnee

Document Type: O.L.S

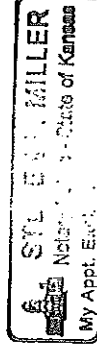
Date Recorded: 10/17/2018 9:00:02 AM

The foregoing instrument was acknowledged before me this 25th day of June, 2018

By Steven L. Nuckolls,

My commission expires: 10/17/18
Steven L. Miller
Notary Public

Notary Public



✓
Num
Scan
Copy
OK



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: Downing Nelson Oil Company Inc.
Lease: Thompson - Nuckolls Unit
Well Number: 1-17
Field: Steffen South

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

Location of Well: County: Pawnee
170 feet from N / S Line of Section
2,090 feet from E / W Line of Section
Sec. 17 Twp. 21 S. R. 20 E W

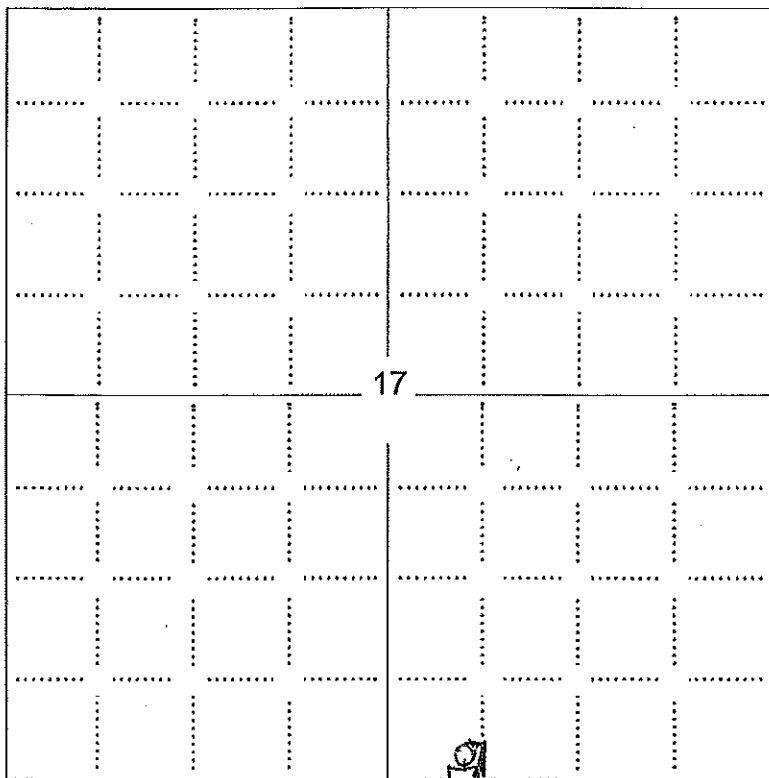
Is Section: Regular or Irregular

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

Section corner used: NE NW SE SW

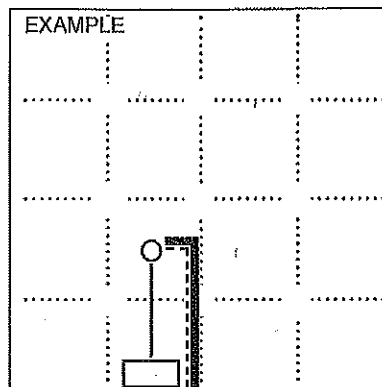
PLAT

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



2090' SEWARD CO. 3390' FEL

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

170'

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: (CO-7 for oil wells; CG-8 for gas wells).
5. The predicted locations of lease roads, tank batteries, pipelines, and electrical lines.



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

Phone: 316-337-6200
Fax: 346-337-6211
<http://kcc.ks.gov/>

Dwight D. Keen, Chair
Shari Feist Albrecht, Commissioner
Jay Scott Emler, Commissioner

Laura Kelly, Governor

February 05, 2019

Ron Nelson
Downing-Nelson Oil Co Inc
PO BOX 1019
HAYS, KS 67601

Re: Drilling Pit Application
Thompson-Nuckolls Unit 1-17
SE/4 Sec.17-21S-20W
Pawnee County, Kansas

Dear Ron Nelson:

District staff has inspected the above referenced location and has determined that an unsealed condition will present a pollution threat to water resources.

District staff has recommended that the reserve pit be lined with bentonite or native clay, constructed **without slots**, the bottom shall be flat and reasonably level and the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred. The fluids should be removed again within 72 hours after drilling operations have ceased.

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

The fluids should be taken to an authorized disposal well. Please call the District Office at (620) 682-7933 when the fluids have been removed. Please file form CDP-5 (August 2008), Exploration and Production Waste Transfer, through KOLAR within 30 days of fluid removal.

A copy of this letter should be posted in the doghouse along with the approved Intent to Drill. If you have any questions or concerns please feel free to contact the District Office at (620) 682-7933.