

RECEIVED

For KCC Use:  
Effective Date: 2-11-03  
District # 4  
SGA?  Yes  No

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

FEB 05 2003

Form C-1

September 1999

Form must be Typed

Form must be Signed

All blanks must be Filled

NOTICE OF INTENT TO DRILL

KCC WICHITA

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

AP 55'S & 129' E OF

Expected Spud Date January 28, 2003  
month day year

Spot  East  West  
SW - SW - SE - NE Sec. 25 Twp. 4 S. R. 42

OPERATOR: License# 31609  
Name: Priority Oil & Gas LLC  
Address: PO Box 27798  
City/State/Zip: Denver, CO 80227-0798  
Contact Person: Robbie Gries  
Phone: 303-296-3435

2530 feet from 8 / (N) (circle one) Line of Section  
1284 feet from (E) / (W) (circle one) Line of Section  
Is SECTION  Regular  Irregular?

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

CONTRACTOR: License# 8273  
Name: Excell Drilling Co.

County: Cheyenne  
Lease Name: Walz Well #: 1-25  
Field Name: Cherry Creek

Is this a Prorated / Spaced Field?  Yes  No  
Target Formation(s): Niobrara

Well Drilled For:  Oil  Enh Rec  Infield  Mud Rotary  
 Gas  Storage  Pool Ext.  Air Rotary  
 OWWO  Disposal  Wildcat  Cable  
 Seismic; # of Holes  Other

Nearest Lease or unit boundary: (330+)  
Ground Surface Elevation: 3454 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: 120'  
Depth to bottom of usable water: 150'

Surface Pipe by Alternate: X 1 2  
Length of Surface Pipe Planned to be set: 300'

Length of Conductor Pipe required: none  
Projected Total Depth: 1500'

Formation at Total Depth: Niobrara  
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: \_\_\_\_\_

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 #: \_\_\_\_\_

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-101, 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. **In all cases, NOTIFY district office** prior to any cementing.

I hereby certify that the statements made herein are true and to the best of my knowledge and belief.

Date: 2-3-03 Signature of Operator or Agent: [Signature] Title: Office Manager

For KCC Use ONLY  
API # 15 - 023-20485-00-00  
Conductor pipe required NONE feet  
Minimum surface pipe required 200 feet per Alt. (1)  
Approved by: RJP 2-6-03  
This authorization expires: 8-6-03  
(This authorization void if drilling not started within 6 months of effective date.)  
Spud date: \_\_\_\_\_ Agent: \_\_\_\_\_

Remember to:

- 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;
- Obtain written approval before disposing or injecting salt water.

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

25 4 42m

RECEIVED

FEB 05 2008

KCC WICHITA

Side Two

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: Priority Oil & Gas LLC
Lease: Walz
Well Number: 1-25
Field: Cherry Creek

Location of Well: County: Cheyenne
2530 feet from S / N (circle one) Line of Section
1284 feet from E / W (circle one) Line of Section
Sec. 25 Twp. 4 S. R. 42 East West

Number of Acres attributable to well: \_\_\_\_\_
QTR / QTR / QTR of acreage: SW - SE - NE

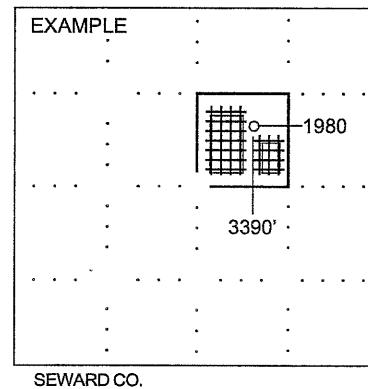
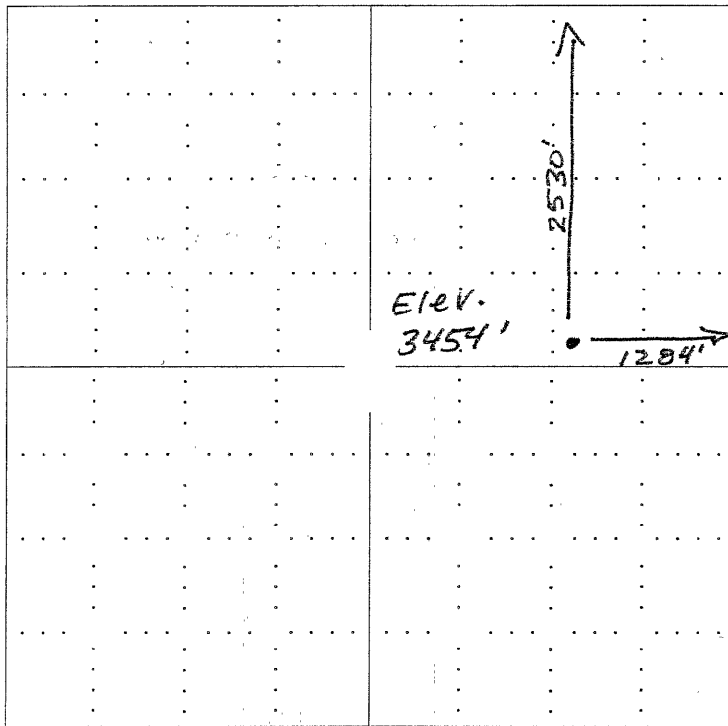
Is Section Regular or Irregular

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 location.

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

- 1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the 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: (CO-7 for oil wells; CG-8 for gas wells).

(THIS AGREEMENT made and entered into this

by and between Leta L. O'Brien, a widow 530 East 3rd Street, Saint Francis, Kansas 66756

one or more), and Lincoln Maggard, 6290 South Ivy, Englewood, Colorado 80110 lessor (whether

WITNESSETH: Ten and other Dollars (\$ 10.00) in hand paid, the receipt and sufficiency of which is hereby acknowledged...

Cheyenne Kansas and described as follows, to-wit: Township 4 South Range 41 West of the 6th P. M. Township 4 South Range 42 West of the 6th P. M. Section 30: NE 1/4 NB 1/4, S 1/2 NB 1/4, SE 1/4 NW 1/4 & S 1/2 Section 36: E 1/2 and SW 1/4 and NW 1/4 Township 5 South Range 41 West of the 6th P. M. Section 6: N 1/2 NW 1/4 Township 5 South Range 42 West of the 6th P. M. Section 25: SE 1/4 Section 26: NE 1/4 Section 11: NE 1/4

adjacent or contiguous thereto and owned or claimed by the lessor, which land shall, for the purpose of calculating the amount of any money payment permitted or required by the terms of

this lease, be considered as containing exactly 2000.00 acres, whether there is more or less. Ten (10)

- In consideration of the premises, it is hereby mutually agreed as follows: 1. To deliver, free of cost, to the lessor... 2. On gas, gas condensate, gas distillate... 3. If gas from any well... 4. On all other minerals produced and marketed... 5. If any gas well... 6. If operations for the drilling of a well...

shall terminate as to both parties unless the lessee, on or before that date, shall pay or tender to lessor or to lessor's credit in the The Cheyenne County State Bank at Saint Francis, Kansas 66756

successors are lessor's agents and shall continue as the depository bank regardless of changes in the ownership of said land or the right to receive rentals, the sum of Two Thousand and No/100 Dollars (\$2000.00)

operations for the drilling of said well for a period of one (1) year from said date. In a like manner and upon like payments or tenders, the commencement of operations for the drilling of said well may be further deferred...

7. It is expressly agreed that if lessee shall commence operations for the drilling of a well at any time while its lease is in force, this lease shall remain in force and its term shall continue for so long as such operations are prosecuted and, if production results therefrom...

8. Where required by lessor, lessee shall bury all pipe lines below ordinary plow depth in cultivated land. Lessee shall pay lessor for damages caused by lessee's operations to other property placed by lessee on the lease premises...

9. Lessee is granted the right, from time to time while this lease is in force, to pool into a separate operating unit or units all or any part of the land covered by this lease with other land, lease or leases...

10. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, successors and assigns, but no change or division in the ownership of the land, rentals or royalties, however accomplished, shall operate or be construed so as to enlarge or increase the obligations or burdens of the lessee...

11. In the event lessor considers that the lessee has failed to comply with any obligation hereunder, express or implied, lessor shall notify lessee in writing, specifying in what respect lessor claims lessor has breached this lease...

12. If lessor owns a less interest than the entire fee or mineral estate (whether or not a lessor interest is stated above), the rentals and royalties herein provided shall be paid to lessor only in the proportion that his interest bears to the entire fee or mineral estate...

13. All provisions hereof express or implied shall be subject to all federal and state laws and the orders, rules and regulations of all governmental agencies administering the same...

14. This lease and all of its terms and conditions shall be binding upon all successors of the lessors and the lessees. Should any one or more of the parties above named as lessor fail to execute this lease...

15. Lessor hereby warrants and agrees to defend the title to the land above described and agrees that the lessee shall have the right at any time to redeem for lessor, by payment, any mortgages, taxes or other charges...

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

Leta L. O'Brien

6. Pooling. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of drilling or production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The creation of a unit by such pooling shall be based on the following criteria (hereinafter called "pooling criteria"): A unit for an oil well (other than a horizontal completion) shall not exceed 40 acres plus a maximum acreage tolerance of 10%, and for a gas well or horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion if the unit meets the following criteria: (a) the unit is a larger unit permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit premises shall be treated as if it were production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. In the event a unit is formed hereunder before the unit is drilled and completed, the applicable pooling criteria are not yet known, the unit shall be based on the pooling criteria Lessee expects in good faith to apply upon completion of the well; provided that within a reasonable time after completion of the well, the unit shall be revised if necessary to conform to the pooling criteria that actually exist. Pooling in one or more lands shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to the well spacing or density pattern prescribed or permitted by the unit hereunder, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any payable hereunder shall thereafter be included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of a determination made by such governmental authority, the proportion of unit production on which royalties are payable hereunder shall terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. Payment Reductions. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled or unitized therewith shall be reduced in proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises. To the extent any royalty or other payment attributable to the mineral estate covered by this lease is payable to someone other than Lessor, such royalty or other payment shall be deducted from the corresponding amount otherwise payable to Lessor hereunder.

8. Ownership Changes. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by administrators, successors and assigns. No change in Lessor's ownership shall extend to their respective heirs, devisees, executors, Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessee has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository designated below, or at any time two or more either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Release of Lease. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases less than all of the interest or area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest released hereunder.

10. Ancillary Rights. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized therewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, lines of coal, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled or unitized therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands of Lessor, or within reasonable time thereafter, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises, or such materials, including well casing, from the leased premises or such other lands during the term of this lease or within reasonable time thereafter.

11. Regulation and Delay. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction, including restrictions on the drilling and production of wells, and regulation of the price or such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any provisions or implied covenants of this lease when drilling, production or other operations are so prevented or delayed.

12. Breach or Default. No litigation shall be initiated by Lessor for damages, forfeiture or cancellation with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

13. Warranty of Title. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

## OIL AND GAS LEASE

PROD 88

THIS LEASE AGREEMENT is made as of the 12th day of December, 2001, between Gale A. Walz and Marjorie C. Walz, Co-Trustees of The River Valley Ranch Trust #1, and of The River Valley Ranch Trust #2; HC 1, Box 11, St. Francis, KS 67727, as Lessor (whether one or more), and Priority Oil & Gas LLC, P.O. Box 27798, Denver, Colorado 80227-0798, as Lessee. All printed portions hereof were prepared by Lessor and Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. Description. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises (see Exhibit "A" for long description):

TOWNSHIP 4 SOUTH, RANGE 42 WEST, 6<sup>TH</sup> P.M., Section 25, NW/4

Utilization provided in paragraph 14 herein shall be limited to the leased premises hereon only.

in the County of Cherokee, State of Kansas, containing 160.00 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide, gaseous sulfur compounds, coalbed methane and other commercial gases, as well as normal or paraffin hydrocarbon gases. In addition to the above-described land, this lease and the term "leased premises" also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described land, and, in consideration of the aforementioned cash bonus, Lessor agrees to purpose of determining the amount of any payments based on acreage hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. Term of Lease. Subject to the other provisions herein contained, this lease shall remain in force for a term of Five (5) years from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or their respective constituent products, or any of them, is produced from said land or land with which said land is pooled.

3. Royalty Payment. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be one-eighth(1/8<sup>th</sup>) of such production, to be delivered to Lessee by check or cash to Lessor or to an affiliate at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be one-eighth(1/8<sup>th</sup>) of the proceeds realized by Lessee from the sale thereof, provided that Lessee shall have the continuing right to sell such production to itself or an affiliate at the prevailing wellhead market price in such a prevailing price) pursuant to comparable purchase arrangements entered into on the same or nearest preceding date as the date on which Lessee or its affiliate commences its purchases hereunder; and (c) in calculating royalties on production hereunder, Lessee may deduct Lessor's marketing such production. If at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled or unitized production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production therefrom is not being sold by Lessee, then Lessee shall pay an aggregate shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. Rental Payments. If operations for drilling are not commenced on said land or on land pooled therewith on or before one (1) year from this date, this lease shall terminate as to both parties, unless on or before one (1) year from this date Lessee shall pay or tender to the lessor a rental of One Hundred Sixty dollars and 00/100 (\$160.00), which shall cover the privilege of deferring commencement of such operations for a period of twelve (12) months, same number of months, each during the primary term. Payment or tender may be made to the lessor or to the Bank of which bank or any successor thereof, succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default until thirty (30) days after lessor shall be delivered to Lessee a recoverable instrument making provision for another method of payment or tender, and any depository charge is a liability of the lessor. The payment or tender of rental may be made by check or draft of Lessee, mailed or delivered to said bank or lessor, or either if more than one, on or before the rental's paying date. Notwithstanding the death of the lessor or his successors in interest, the payment or tender of rentals in the manner provided herein shall be binding on the heirs, devisees, executors and administrators of the lessor and his successors in interest.

5. Operations. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled or unitized therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no interruption of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled or unitized therewith. After completion of a well capable of producing in paying quantities on the leased premises or lands pooled or unitized therewith, as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to reservoirs then capable of producing in paying quantities on the leased premises or lands pooled or unitized therewith, or (b) protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled or unitized therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

14. **Unitization.** Lessee shall have the right but not the obligation to commit all or any part of the leased premises or interest therein to one or more unit plans or agreements for the cooperative development or operation of one or more oil and/or gas reservoirs or portions thereof, if in Lessee's judgment such plan or agreement will prevent waste and protect correlative rights, and if such plan or agreement is approved by the federal, state or local governmental authority having jurisdiction. When such a commitment is made, this lease shall be subject to the terms and conditions of the unit plan or agreement, including any formula prescribed therein for the allocation of production.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not his lease has been executed by all parties heretofore named as Lessor.

LESSOR (WHETHER ONE OR MORE) SS NO. OR TAX ID  
The River Valley Ranch Trust #1 and  
The River Valley Ranch Trust #2  
By: Gale A. Walz et 93-6298502  
Gale A. Walz, Co-Trustee TRUST #1  
By: Mary C. Walz et 93-6298503  
Mary C. Walz, Co-Trustee TRUST #2

STATE OF Kansas )  
COUNTY OF Chevyenne ) ss. ACKNOWLEDGMENT

Before me, the undersigned, a Notary Public, in and for said County and State, on this 17 day of December, 2001, personally appeared Gale A. Walz and Mary C. Walz, Co-Trustees of The River Valley Ranch Trust #1 and of The River Valley Ranch Trust #2, to me known to be the identical persons described in and who executed the within and foregoing instrument of writing and acknowledged to me that they did duly execute said instrument for the purposes and consideration therein expressed.

This instrument was acknowledged before me on the 17 day of December, 2001.

Notary's commission expires: 12-18-2001

(Seal) KELLY L. FREWEN  
NOTARY PUBLIC  
STATE OF KANSAS  
MY APPT. EXPIRES 12-18-2001

Kelly L. Frewen  
Notary Public  
809704  
St. Kansas KS 67226  
Address