For KCC Use:	9-9-08
Effective Date:	7.700
District #	<u>ح</u>
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# KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

# NOTICE OF INTENT TO DRILL

October 2007 Form must be Typed Form must be Signed All blanks must be Filled

Expected Spud Date:	October 6, 2008		Spot Description: 37.385419 -95.911594	
	month day	year	<b>★</b> NENENESec. 6Twp. 31 _ S. R. 14XE	w
ODEDATOD A Server	33365		(GAGGO) \$ 350 feet from N / S Line of S	
OPERATOR: License# Name: Layne Energy Or		,,,,	¥350 feet from ⊠E / W Line of S	
Address 1: 1900 Shawne			Is SECTION: Regular Irregular?	
	so Mission Larkway		<del>_</del>	
Address 2: City: Mission Woods	State: KS Zip	66205 + 2001	(Note: Locate well on the Section Plat on reverse side)	
Contact Person: Timothy		. 00200 + 5001	County: Montgomery	
Phone: 913-748-3960	TI. TTIIgitt		Lease Name: Ratzlaff Well #: 1-6	
Phone:			Field Name: Cherokee Basin Coal	
CONTRACTOR: License#	33606		Is this a Prorated / Spaced Field?	₹No
Name: Thornton Air			Target Formation(s): Cherokee Coals	
AND ALMS OF LIFE	W (1 O)	mus manage	Nearest Lease or unit boundary line (in footage): 335'	
Well Drilled For:	Well Class:	Type Equipment:		t MSL
Oil / Enh F	Rec Infield	Mud Rotary		X No.
Gas Stora	ge Pool Ext.	X Air Rotary		
Dispo	osal Wildcat	Cable	··· ·	X No
Seismic : # c	of Holes Other		Depth to bottom of fresh water: 150'	
Other:			Depth to bottom of usable water: 175'	
_			Surface Pipe by Alternate: II XII	
lif OWWO: old well	information as follows:		Length of Surface Pipe Planned to be set: 20'	
Onorator:			Length of Conductor Pipe (if any): None	
•		180-1171,10-7	Projected Total Depth: 1500'	
	ate:Original	Total Donth:	Formation at Total Depth: Mississippian	
Original Completion Da	iteOriginai	lota Deptil.	Water Source for Drilling Operations:	
Directional, Deviated or Ho	rizontal wellbore?	☐ Yes X No		
			DWR Permit #:	
YOU DICT II			(Note: Apply for Permit with DWR ()	<b>7</b> 1
ACC 1170'ENT 729	FEL NI'NE-NE	NLUB: 455	Will Cores be taken?	Z] No
5: 350' FNL, 350	IFFL NE-NE-NE	NLUB 735'	If Yes, proposed zone:	
5: 350 FNL, 330	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	RECE	
Dil + bas Lease A	thochocl	AFF	FIDAVIT KANSAS CORPORA	TION COMMISS
		impletion and eventual plug	gging of this well will comply with K.S.A. 55 et. seq.	
It is agreed that the follow	ving minimum requirement	ts will be met:	SEP 31	2008
J	ate district office <i>prior</i> to s		<b>V2.</b> V	2 2000
		ill <i>shall be</i> posted on each	drilling rig; CONSERVATIO	DN DIVISION
3. The minimum amou	unt of surface pipe as spe	cified below <i>shall be set</i> t	by circulating cement to the top; in all cases surface pipe shall be selfICHIT	
		minimum of 20 feet into the		410
			rict office on plug length and placement is necessary prior to plugging;	
			ed or production casing is cemented in;	
6. If an ALTERNATE I	II COMPLETION, producti	ion pipe shall be cemented	d from below any usable water to surface within 120 DAYS of spud date.	
Or pursuant to App		as surface casing order #13	33,891-C, which applies to the KCC District 3 area, alternate II cementing	
	nendix "B" - Eastern Kansຍ		plugged. In all cases, NOTIFY district office prior to any cementing.	
must be completed	วendix "B" - Eastern Kansะ t within 30 days of the spu	id date or the well shall be	plugged. In an cases, NOTIFY district office prior to any cementing.	
must be completed	d within 30 days of the spu			
must be completed	d within 30 days of the spu		est of my knowledge and belief.	
must be completed I hereby certify that the st September 29, 20	t within 30 days of the spu tatements made herein ar	re true and correct to the be		
must be completed	t within 30 days of the spu tatements made herein ar	re true and correct to the be	est of my knowledge and belief.  Title: Agent	
nust be completed hereby certify that the st  Date: September 29, 20	t within 30 days of the spu tatements made herein ar	re true and correct to the be	est of my knowledge and belief.  Title: Agent  Remember to:	
I hereby certify that the st Date: September 29, 20	d within 30 days of the sput tatements made herein ar DOS Signature of Operat	re true and correct to the be	Remember to:  - File Drill Pit Application (form CDP-1) with Intent to Drill;	
I hereby certify that the st Date: September 29, 20	the within 30 days of the sput tatements made herein ar Signature of Operation 27782 -000	re true and correct to the be	Agent  Title: Agent  File Drill Pit Application (form CDP-1) with Intent to Drill;  File Completion Form ACO-1 within 120 days of spud date;	4
must be completed in hereby certify that the state Date:  September 29, 20  For KCC Use ONLY  API # 15 - 125-3	the sput tatements made herein ar sp	re true and correct to the be	File Completion Form ACO-1 within 120 days of spud date;  File acreage attribution plat according to field proration orders;	6 31
must be completed hereby certify that the st Date:  September 29, 20  For KCC Use ONLY  API # 15 - /25 - 3  Conductor pipe required	d within 30 days of the sputtatements made herein ar Signature of Operation 2008.	tor or Agent:	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;	31
must be completed hereby certify that the st Date: September 29, 20  For KCC Use ONLY  API # 15 - /25 - 3  Conductor pipe required Minimum surface pipe re	a within 30 days of the sput tatements made herein ar coos Signature of Operat	tor or Agent  feet  feet per ALT	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	31 31
must be completed I hereby certify that the st Date: September 29, 20  For KCC Use ONLY API # 15 - /25 - 3  Conductor pipe required Minimum surface pipe re	a within 30 days of the sput tatements made herein ar coos Signature of Operat	tor or Agent  feet  feet per ALT	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.	31
roust be completed hereby certify that the state th	within 30 days of the sputatements made herein ar 308. Signature of Operal 3/782 -000 January 1	tor or Agent  feet  feet per ALT	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 this permit has expired (See: authorized expiration date) please	31 31
roust be completed hereby certify that the st  Date: September 29, 20  For KCC Use ONLY  API # 15 - 125 - 3  Conductor pipe required Minimum surface pipe re Approved by: furth 9-0  This authorization expired	within 30 days of the sputatements made herein ar 308. Signature of Operal 3/782 -000 January 1	tor or Agent:  teet feet per ALT.	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 this permit has expired (See: authorized expiration date) please check the box bekw and return to the address below.	31 31
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roust be completed hereby certify that the st  Date: September 29, 20  For KCC Use ONLY  API # 15 - 125 - 3  Conductor pipe required Minimum surface pipe re Approved by: furth 9-0  This authorization expired	d within 30 days of the sputatements made herein are cook signature of Operators of the sputatements made herein are cook signature of Operators of the sputate signature of Operators of the sputate signature of the sputat	tor or Agent:  teet feet per ALT.	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 this permit has expired (See: authorized expiration date) please check the box bekw and return to the address below.	31 31



## 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. 15Operator; Layne Energy Operating, LLC	Location of Well: County: Montgomery	
Lease: Ratzlaff	350 feet from	
Well Number: 1-6	350 feet from	E / W Line of Section
Field: Cherokee Basin Coal	Sec. 6 Twp. 31 S. R. 1	<u>4</u>
Number of Acres attributable to well:  QTR/QTR/QTR/QTR of acreage: - NE - NE - NE	Is Section: Regular or Irregu	ılar
	If Section is Irregular, locate well from Section corner used: NE NW	nearest corner boundary.

### **PLAT**

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

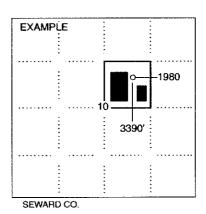
(Show footage to the nearest lease or unit boundary line.)

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SEP 3 0 2008

CONSERVATION DIVISION WICHITA, KS



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

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

- 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).
- 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).

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
FOR SURFACE PIT Form CDP-1 April 2004 Form must be Typed

## APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: La		· · · · · · · · · · · · · · · · · · ·	License Number: 20205		
Operator Name: Layne Energy Operating, LLC			License Number: 33365		
Operator Address: 1900 Shawnee	Mission Pa	Mission Woods KS 66205			
Contact Person: Timothy H. Wright			Phone Number: 913-748-3960		
Lease Name & Well No.: Ratzlaff	1-	6	Pit Location (QQQQ):		
Type of Pit:	Pit is:		NE NE NE		
Emergency Pit Burn Pit	Proposed	Existing	Sec. 6 Twp. 31 R. 14 East West		
Settling Pit X Drilling Pit	If Existing, date of	constructed:	350 Feet from North / South Line of Section		
	- Dit apparitus		350 Feet from East / West Line of Section		
(If WP Supply API No. or Year Drilled)	Pit capacity:	(bbls)	Montgomery County		
Is the pit located in a Sensitive Ground Water	Area? Yes 🔽		Chloride concentration: mg/l		
		<b>M</b>	(For Emergency Pits and Settling Pits only)		
Is the bottom below ground level?	Artificial Liner?	No	How is the pit lined if a plastic liner is not used?		
			self-sealing		
Pit dimensions (all but working pits):	U Length (fe	eet)2U	Width (feet) N/A: Steel Pits		
Depth fro	om ground level to de	eepest point:	3 (feet) No Pit		
			dures for periodic maintenance and determining ncluding any special monitoring.		
Distance to nearest water well within one-mile	of pit	Depth to shallo	west fresh waterfeet.		
		Source of infor			
none feet Depth of water wellfeet		L measu			
Emergency, Settling and Burn Pits ONLY:			over and Haul-Off Pits ONLY:		
Producing Formation:			3		
Number of producing wells on lease:		Number of working pits to be utilized: 2  Abandonment procedure: Let evaporate until dry, then backfill			
Barrels of fluid produced daily:		Avanuoninient	and restore		
Does the slope from the tank battery allow all spilled fluids to flow into the pit? Yes No		Drill pits must b	e closed within 365 days of spud date.		
I hereby certify that the above statements are true and correct to the best of my knowledge and belief.  RECEIVED					
		^ l	KANSAS CORPORATION COMMIS		
September 29, 2008			SEP 3 0 2008		
Date		/\$ <sup>8</sup>	gnature of Applicant or Agent  CONSERVATION DIVISION		
	KCC (	OFFICE USE ON	ILY Steel Pit RFAC RFAS		
Date Received: 9/30/08 Permit Numb	per:	Permi	Date: 9/30/08 Lease Inspection: Yes No		

(Producers 88 - Revised Form ) (Paid Up, Pooling & Gov't Reg.) OIL AND GAS LEASE

AND RIGHT OF WAY AGREEMENT

(Kans., Okla., & Colo., Neb.) Revised 2000

This lease (this "Lease"), made by and between Jake Ratzlaff, Jr. and Carolyn Ratzlaff, husband and wife, of Route 1, Box 124, Elk City, KS 67344, (hereinafter called Lessor) (whether one or more), and Wheatley Oil Company of 8646 West Colfax Ave - Suite 211., Lakewood, CO 80215-4031. (hercinafter called Lessee)

WITNESSETH, That Lessor, fin consideration of TEN DOLLARS (\$10.00) cash in hand paid, the receipt of which is hereby acknowledged, and of the royalties herein provided and of the agreements of Lessee herein contained, hereby GRANTS, LEASES AND LETS exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases (including gas producible from coal-bearing formations), and their respective constituent products, injecting gas, waters, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid, hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, the following described land, together with any reversionary rights and after-acquired interest (hereinafter called the "Land"), therein situated in the County of Wilson and Montgomery, State of Kansas, described as follows, to-wit:

Township 30 South, Range 14 East, 6th P.M. Section 26: W/2NW/4, NW/4SW/4

Section 29: S/2SE/4

Township 31 South, Range 14 East, 6th P.M. Section 5: SW/4 V

Section 5: SW/4 V
Section 6: Lots V, 213, 4, 5, SE/4NW/4
Section 10: S/2NE/4, except a 2 acre tract to White Cemetery
Section 21: NW/4NW/4

and containing 718.00 acres, more or less, and all accretions thereto.



√ state of Kansas Hontgohery County 10 DEC 2001 9:58:56 AM Receirt #48 FILED FOR RECORD \$8.00 LEASE BOOK PAGE JEANNE EASTMAN, REGISTER OF DEEDS RIDIK 513 PAGE 350

- 1. It is AGREED that this Lease shall remain in force for a term of three (3) years from this date and as long thereufter as oil or gas of whatsoever nature or kind is produced from the Land or on acreage pooled therewith, or drilling or reworking operations are continued as hereinafter provided. If, at the expiration of the primary term of this Lease, oil or gas is not being produced from the Land or on acresge pooled therewith, but Lessee is then engaged in drilling or re-working operations thereon, then this Lesse shall continue in force so long as operations are being continuously prosecuted on the Land or on acrosage pooled therewith; and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall clapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on the Land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this Lease shall not terminate if Lessee commences additional drilling or re-working operations within ninety (90) days from the date of cessation of production or from the date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this Lease, this Lease shall continue in force so long as oil or gas is produced from the Land or on acreage pooled therewith.
- 2. This is a PAID-UP LEASE. In consideration of the cash tendered to Lessor, Lessor agrees that Lessoe shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this Lesse as to all or any portion of the Land and as to any strate or stratum by delivering to Lessor ur by filing for record a release or releases, and be relieved of all obligations thereafter secreting as to the acreage surrendered.
- 3. Lessee covenant and agrees to pay royalty to Lessor as follows:
- (a) On oil, to deliver to the credit of Lessor, free of cost in the pipe line to which Lessoe may connect wells on the Premises, the equal one-eighth (1/8th) part of all oil produced and saved from the Premises
- (b) On gas of whatsoever nature of kind, including coalbed gas and other gases, liquid hydrocarbons and their respective constituent elements, casingheed gas or other outs substances, produced from the Premises ("Gas") Lessee shall pay, as royalty, one-cight (1/8th) of the net proceeds realized by Lessee from the sale thereof, provided that the net proceeds shall be after deduction for all post-production costs including, without limitation, costs related to gathering, transporting, dehydrating, compressing, processing, marketing and treating the Gas.
- 4. Where gas from a well capable of producing gas is not sold or used, Lessee may pay or tender as royalty to the royalty owners One Dollar (\$1.00) per year per not royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this Lease next ensuing after the expiration of ninety (90) days from the date such well is shut in and thereafter on or before the anuiversary date of this Lease during the period such well is shut-in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this Lease. Notwithstanding any other provision to the contrary, this Lease shall not terminate because of a failure to properly or timely make shut-in well payments unless Lessor shall have given Lessoe written notice of such failure to properly or timely make such shut-in well payment and it shall have failed for a period of thirty (30) days after receipt of such notice to tender such payment in the proper amount, together with a late or improper payment penalty of \$100.00.
- 5. Without impairment of Lesson's rights under the warranty given in Paragraph 14 below in the event of failure of title, if Lesson owns a lesser interest in the Land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) provided for herein, shall be paid Lessor only in the proportion which Lessor's interest bears to the whole and undivided for.
- 6. Lessee shall have the right to use, free of cost, gas, oil and water produced on the Land for Lessee's operations thereon, except water from the wells, springs and reservoirs of Lessor. Lessors shall have the privilege at their sole risk and expense of using gas from any gas well on said lands for domestic use in the principal dwelling thereon out of any surplus gas not needed for operations. Lessors shall make their own connection to the well at Lessors expense, and shall be liable for any connections thereof.
- 7. When requested in writing by Lessor, Lessec shall bury Lessee's pipe lines below plow depth
- 8. No well shall be drilled nearer than 200 feet to the house or barn now on the Land without the written consent of Lesson.
- 9. Lessee shall pay for damages caused by Lessee's operations to growing crops and to said Land. Lessee shall pay to Lesser the sum of Four Hundred Dollars (\$400.00) for each well location and tank battery site. Well and tank battery locations are to be discussed with Lesser as well as service road locations. Lesser's wishes are to be accommodated whenever practicable.
- ee shall have the right at any time to remove all machinery and fixtures placed on the Land, including the right to draw and remove casing.
- 11. The rights of Lessor and Lessoe hereunder may be assigned in whole or in part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding a until Lessoo has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain or record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be hinding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all of Lessee's operations may be conducted without regard to any such division. If all or any part of this Lease is assigned, no lessehold owner shall be liable for any act or omission of any other leasehold owner.
- 12. Lessee, at its option, is hereby given the right and power ut any time and from time to time as a recurring right, either before or after production, as to all or any part of the Land and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this Lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in Leasee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretotore been commenced. Production, drilling or reworking operations or a well shut-in for want of a market anywhere on a unit which includes all or a part of this Lease shall be treated as if it were production, drilling or reworking operations or a well shut-in for want of a nurket under this Lease. In

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CONSERVATION DIVISION WICHITA, KS

fieu of the myakies elsewhere herein specified, including shut-in gas royalties. Lessor shall receive on production from the unit so pooled royalties only on the portion of such production allocated to this Lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this Lease and included in the unit bears to the total number of surface seres in such unit. In addition to the foregoing, Lessec shall have the right to unitize, pool, or combine all or any part of the Land as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this Lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this Lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this Lease shall not terminate or expire during the life of such plan or agreement. In the event that the Land or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid horsunder to Lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Les

- 13. For the same consideration recited in the first paragraph above, the Lessor hereby grants unto the Lessee, its successors and assigns, rights-of-way over, across and through the land hereinabove described for the purpose of installation, operation, maintenance, repair and replacement of one or more electric lines, and as well as one or more pipelines for the collection, gathering, and/or transmission of oil, gas, brines and other substances, together with rights-of-way for ingress, egress and passage over and across said lands for the purpose of conducting oil and gas exploration, production, operation, and product transmission activities upon said lands, or upon lands adjacent thereto or in the vicinity thereof. The rights-of-way hereby granted are severable from, and independent of, the oil and gas lease rights herein granted and such rights-of-way shall continue in existence so long as the same are utilized by the Lessee, its successors or assigns, even though the oil and gas lease rights may sooner terminate. The Lessee (or the then holder of the rights-of-way) shall pay for any damages to growing crops or to said lands caused by its utilization of the rights-of-way hereby granted.
- 14. All express or implied covenants of this Lease shall be subject to all Federal and state laws, executive orders, rules or regulations, and this Lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such law, order, rule or regulation. Lessor hereby warrants and agrees to defend the title to the leased premises, and agrees that lessee shall have the right at any time to redeem for lessor by payment any mortgage, taxes or other liens on the leased premises, in the event of default of payment by lessor, and be subrogated to the right of the holder thereof
- 15. Lessor agrees that the Lessor shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the Land, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessor, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the Land, insofar as said right of dower and homestead may in any way affect the purposes for which this Lesse is made, as
- 16. In the event that Lessor, while this Lesse is in force and effect, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease (the "top lease") covering any or all of the Land and interests covered by this Lease, with the top lease becoming effective upon the expiration of this Lease, Lessor hereby agrees to immediately notify Lessee in writing of said offer, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of 15 days after receipt of the notice, shall have the prior and preferred right and option to purchase the top lease, at the price and according to the terms and conditions specified in the offer. All offers made up to and including the last day this Leuse is in force and effect shall be subject to the terms and conditions of this provision. Should Lessee elect to purchase the top lease pursuant to the terms hereof, it shall so notify Lessor in writing by mail or telegram prior to expiration of the said 15-day period. Lesser shall promptly thereafter furnish Lessor the new lease for execution along with Lessee's sight draft payable to Lessor in the amount specified as consideration for the new lease, such draft being subject only to approval of title. Upon receipt thereof, Leasor shall promptly execute said top lease and return the same along with the endorsed draft to Lessee's representative or through Lessor's bank of record for payment.
- 17. Should any one or more of the parties hereinabove named as Lessor fail to execute this Lesse, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor", as used in this Lesse, shall mean any one or more or all of the parties who execute this Lesse as Lessor. All the provisions of this Lesse shall be binding on the heirs, successors and assigns of Lessor and Lessee,

13. At Lessee's option the primary term of this lease may be extended from Three (3) years to an additional Two (2) years by paying or tendering to Lessor on or before the expiration of said primary term, an amount equal to Ten and no/100 (\$10.00) Dollars per net mineral scre for the land then covered hereby, said amount to be paid or tendered to Lessor on or before the anniversary date of this lease. IN WITNESS WHEREOF, this instrument is dated and executed as of this 24th day of August, 2001. ACKNOWLEDGMENT FOR INDIVIDUAL STATE OF Kansas COUNTY Montgomery The foregoing instrument was acknowledged before me this 📈 day of August, 2001, by Jake Ratzlaff, Jr. and Carolyn Ratzlaff, husband and wife Witness my handefficial seal RUTH A. MASON
Notary Public - State of Kansas
My Appt. Expires 7-12-04 RUTH A. MASON RECEIVED KANSAS CORPORATION COMMISSION (SEAL) My Commission Expires: 1-12-2004 SEP 3 0 2008 278 CONSERVATION DIVISION STATE-OF-KANSAS-WILSON-COUNTY WICHITA, KS FILED FOR RECORD THIS AT 10:30 oces Feb. 20 02 KETUKP TO: WHEATLEY OIL COMPANY . M. AND RECORDED 164 AT PAGE DETATOO GE LIGUMO 8646 West Colfax Ave. Suite 211 Lakewood, CO 80215-4031 \$8.00