



For KCC Use:
 Effective Date: 11/10/2008
 District # 4
 SGA? Yes No

KANSAS CORPORATION COMMISSION 1023754
 OIL & GAS CONSERVATION DIVISION

Form C-1
 October 2007

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

Expected Spud Date: 11/9/2008
 month day year

OPERATOR: License# 30606
 Name: Murfin Drilling Co., Inc.
 Address 1: 250 N WATER STE 300
 Address 2:
 City: WICHITA State: KS Zip: 67202 + 1216
 Contact Person: Shauna Gunzelman
 Phone: 316-267-3241
 CONTRACTOR: License# 30606
 Name: Murfin Drilling Co., Inc.

Spot Description:
 NE NE SE NW Sec. 15 Twp. 5 S. R. 31 E W
 (a/a/a/a) 1,450 feet from N / S Line of Section
 2,450 feet from E / W Line of Section

Is SECTION: Regular Irregular?

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

County: Rawlins
 Lease Name: JKB UNIT Well #: 1-15
 Field Name: Wildcat

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Lansing Kansas City

Nearest Lease or unit boundary line (in footage): 330

Ground Surface Elevation: 2867 Estimated 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: 100

Depth to bottom of usable water: 150

Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set: 300

Length of Conductor Pipe (if any):

Projected Total Depth: 4550

Formation at Total Depth: Mississippian

Water Source for Drilling Operations:

Well Farm Pond Other: haul

DWR Permit #: (Note: Apply for Permit with DWR)

Will Cores be taken? Yes No

If Yes, proposed zone:

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

Oil & Gas Leases w/pooling clauses attached.

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 - 15-153-20868-00-00
 Conductor pipe required 0 feet
 Minimum surface pipe required 200 feet per ALT I II
 Approved by: Rick Hestermann 11/05/2008
 This authorization expires: 11/05/2009
 (This authorization void if drilling not started within 12 months of approval 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 (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 below and return to the address below.

Well Not Drilled - Permit Expired Date: Signature of Operator or Agent:

15 5 31 E W



1023754

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 - 15-153-20868-00-00

Operator: Murfin Drilling Co., Inc.

Lease: JKB UNIT

Well Number: 1-15

Field: Wildcat

Number of Acres attributable to well: _____

QTR/QTR/QTR/QTR of acreage: NE - NE - SE - NW

Location of Well: County: Rawlins

1,450 feet from N / S Line of Section

2,450 feet from E / W Line of Section

Sec. 15 Twp. 5 S. R. 31 E W

Is Section: Regular or Irregular

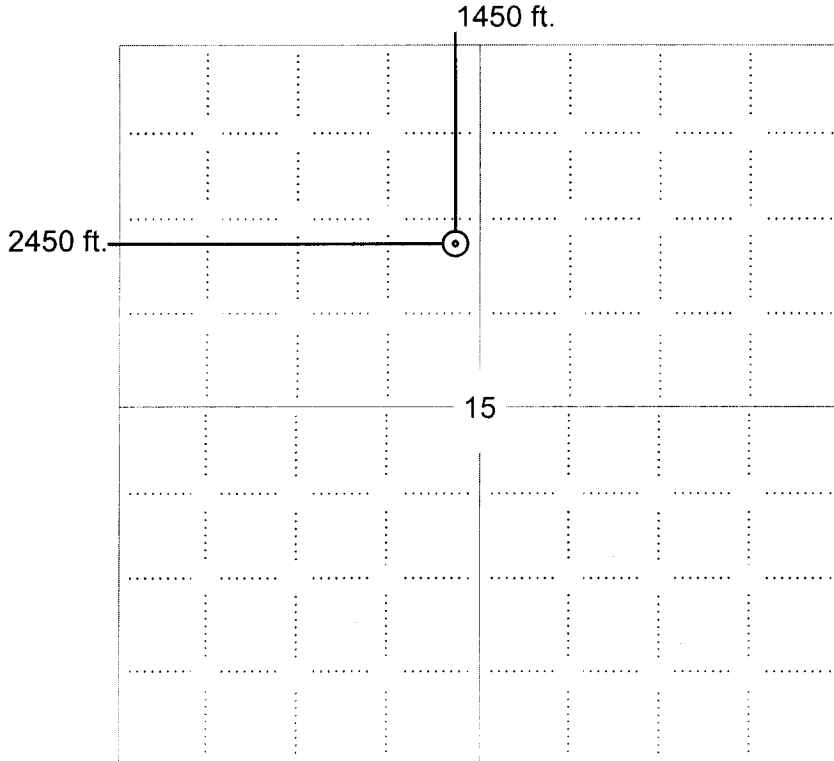
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

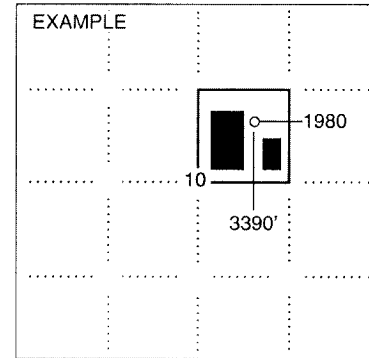
PLAT

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

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



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



SEWARD CO.

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).



KANSAS CORPORATION COMMISSION 1023754
 OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT

Form CDP-1
 April 2004
 Form must be Typed

Submit in Duplicate

Operator Name: Murfin Drilling Co., Inc.		License Number: 30606	
Operator Address: 250 N WATER STE 300		WICHITA KS 67202	
Contact Person: Shauna Gunzelman		Phone Number: 316-267-3241	
Lease Name & Well No.: JKB UNIT 1-15		Pit Location (QQQQ): NE NE SE NW	
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input checked="" 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 checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 600 (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Sec. 15 Twp. 5 R. 31 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1,450 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 2,450 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Rawlins County	
Is the bottom below ground level? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: _____ mg/l <i>(For Emergency Pits and Settling Pits only)</i>	
Artificial Liner? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		How is the pit lined if a plastic liner is not used? bentonite and solids from drilling operations self seal pits	
Pit dimensions (all but working pits): <u>100</u> Length (feet) <u>100</u> Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: <u>4</u> (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 <u>3247</u> feet Depth of water well <u>46</u> feet		Depth to shallowest fresh water <u>36</u> feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input checked="" 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: <u>bentonite</u> Number of working pits to be utilized: <u>4</u> Abandonment procedure: <u>Allow pits to evaporate until dry then backfill when conditions allow</u> Drill pits must be closed within 365 days of spud date.	
Submitted Electronically			
KCC OFFICE USE ONLY			
Date Received: <u>11/04/2008</u>		Permit Number: <u>15-153-20868-00-00</u>	
Permit Date: <u>11/05/2008</u>		Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Steel Pit <input type="checkbox"/>		RFAC <input type="checkbox"/> RFAS <input type="checkbox"/>	

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

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 5th day of October 2005 by and between Gary L. Erickson, Trustee of the Gary L. Erickson Revocable Trust dated 11-24-1993; and Mary Ann Erickson, Trustee of the Mary Ann Erickson Revocable Trust dated 11-24-1993 whose mailing address is 403 E. Commercial, Oberlin, KS 67749 and Murfin Drilling Company, Inc., 250 N. Water, Ste 300, Wichita, KS 67202

hereinafter called Lessor (whether one or more), hereinafter called Lessee: Lessor, in consideration of one and more Dollars (\$ 1.00+) In hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring by geophysical and other means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, 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, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest therein situated in County of Rawlins State of Kansas described as follows to-wit:

(See EXHIBIT 'A' attached and made a part hereof for Description)

In Section --- Township --- Range --- and containing 3,733 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of three (3) years from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or land with which said land is pooled.

In consideration of the premises the said lessee covenants and agrees: 1st. To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd. To pay lessor for gas of whatever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8) at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (1/8) of the proceeds received by lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. Where gas from a well producing gas only is not sold or used, lessee may pay or tender as royalty One Dollar (\$1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

If 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 the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for lessee's operation thereon, except water from the wells of lessor.

When requested by lessor, lessee shall bury lessee's pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of lessor.

Lessee shall pay for damages caused by lessee's operations to growing crops on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

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 their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment of a true copy thereof. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

Lessee may at any time execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

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 lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and the undersigned lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 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 well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

*See Exhibit "A" attached hereto and made a part hereof for additional provisions.

#43960 STATE OF KANSAS, RAWLINS COUNTY SS: This instrument was filed for record this 31st day of October 2005 at 9:00 AM and recorded in book X-72 of Misc. page 492.

Carolyn Marshall Carolyn Marshall-Register of Deeds

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

Witnesses: X: Mary Ann Erickson (Mary Ann Erickson) Trustee

X: Gary L. Erickson (Gary L. Erickson) Trustee

Mary Ann Erickson Revocable Trust

Gary L. Erickson Revocable Trust

Tax ID#: 512-42-9130


Tax ID#: 514-42-2129

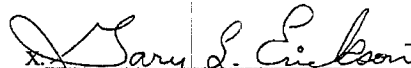
EXHIBIT "A"

Attached to and made a part hereof an Oil and Gas Lease dated October 5, 2005, by and between Gary L. Erickson, Trustee of the Gary L. Erickson Revocable Trust dated 11-24-1993 and Mary Ann Erickson, Trustee of the Mary Ann Erickson Revocable Trust dated 11-24-1993, as Lessor and Murfin Drilling Company, Inc., as Lessee, covering the following described property in Rawlins Rawlins County, Kansas, to wit:

<u>Township 5 South, Range 31 West</u>	
(Tract 1)	Section 3: SW/4
(Tract 2)	Section 8: NE/4
(Tract 3)	Section 8: NW/4
(Tract 4)	Section 8: SE/4
(Tract 5)	Section 9: NE/4
(Tract 6)	Section 9: NW/4
(Tract 7)	Section 9: SW/4
(Tract 8)	Section 9: SE/4
(Tract 9)	Section 10: NW/4
(Tract 10)	Section 10: SW/4
(Tract 11)	Section 10: SE/4 and the South 330 feet of the NE/4
(Tract 12)	Section 11: SW/4 and W/2SE/4 and W/2E/2SE/4
(Tract 13)	Section 14: NW/4 and W/2NE/4
(Tract 14)	Section 14: SW/4
(Tract 15)	Section 15: NE/4
(Tract 16)	Section 16: NE/4
(Tract 17)	Section 16: SE/4
(Tract 18)	Section 16: All of the W/2 lying N. of the County Road Right-of-Way
(Tract 19)	Section 17: NE/4
(Tract 20)	Section 17: All of the SE/4 lying N. of the County Road Right-of-Way
(Tract 21)	Section 21: NE/4
(Tract 22)	Section 21: SE/4.

1. It is understood and agreed that the above described Tracts shall constitute separate and individual Leases according to the terms herein established.
2. It is the intention of the parties hereto to cause as little interference with farming operations on said land as possible, including but not limited to the operation of pivotal irrigation sprinkler systems, or other irrigation method. Any production equipment, including but not limited to pump jacks, hydraulic lifting or other equipment necessary to produce any oil or gas well on said land shall be recessed to such depth, or utilize low-profile equipment, as to permit the use by Lessor of a circular irrigation sprinkler system. Should any alterations to the surface contours be caused by its operations, Lessee, or his assigns, shall restore said surface contours to their former condition as nearly as is practicable.
3. When preparing development locations, the topsoil shall be segregated to be replaced on the surface upon completion of drilling activities. Any terraces driven over or altered for drilling or tank locations shall be restored to original height and contour as nearly as is practicable.
4. In the event of drilling operations on said land, Lessee or assigns agree to backfill all slushpits, level the location and restore the surface as nearly as practicable. Lessee or assigns agrees to pay for all damages of any nature arising from its operations on the above land.
5. It is understood and agreed that upon the termination of production on the Lease, all equipment of Lessee shall be removed within six (6) months and all sites shall be restored to their original condition as nearly as is practicable.
6. Upon the completion of any drilling operations or any seismographic testing the Lessee shall leave no waste material, litter or other debris on said premises and shall restore said premises as nearly as practicable to the condition the premises were in prior to Lessee's operations.
7. A sufficient dike shall be placed around tank batteries. Also tank batteries and pumping equipment units shall be fenced to restrain cattle in pastures or on ground that Lessor grazes cattle on milo stalks or wheat.
8. No seismographic activity shall occur within 300' of an existing water well or natural spring without prior permission of Lessor, who shall disclose the location of such wells to Lessee.
9. If at the end of the primary term, this Lease is not otherwise continued in force under the provisions hereof, this Lease shall expire, unless Lessee on or before the end of the primary term shall pay or tender to Lessor, the sum equal to the total original per acre bonus paid to Lessor under the initial primary term of said lease multiplied by the number of net mineral acres owned by Lessor in the land above described and then subject to this Lease; and subject to the other provisions of this Lease, the primary term shall be extended for an additional term of Three (3) years from the end of the primary term hereof. It is understood and agreed that the option to extend may be exercised individually according to the tracts herein described, with no obligation on the remainder tracts.


(Mary Ann Erickson) Trustee
Mary Ann Erickson Revocable Trust


(Gary L. Erickson) Trustee
Gary L. Erickson Revocable Trust

Form 71 (Rev. 1981) **AFFIDAVIT OF POSSESSION**

Reorder No. 09-207  **Kansas Blue Print**
700 S. Broadway PO Box 763
Wichita, KS 67201-0763
316-264-6344 • 264-6166 fax
www.kbp.com • kbp@kbp.com

By Fee Owner

State of Kansas }
County of Decatur } ss.



Gary L. Erickson, being first duly sworn

deposes and says:

My name is Gary L. Erickson

that I am of lawful age and reside in Decatur County, Kansas

That I am the owner of lands situated in the County of Rawlins

State of Kansas, described as follows, to-wit:

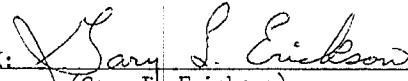
(See Exhibit "A" attached hereto and made a part hereof)

of Section --- Township --- Range --- and containing 3,700 acres, more or less,

That I, have been in open, adverse, exclusive, continuous, and undisputed possession of said lands for more than one(1) years last past.

That I am paying taxes on, occupying and cultivating said land.

Further affiant saith not.

X: 
(Gary L. Erickson)

STATE OF Kansas }
COUNTY OF Decatur } ss.

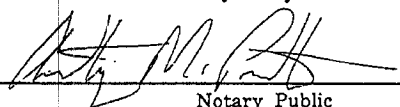
ACKNOWLEDGMENT FOR INDIVIDUAL
(KsOkCoNe)

Before me, the undersigned, a Notary Public, within and for said County and State on this 12th day of October, 2005 personally appeared Gary L. Erickson

~~XXXX~~ _____, to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as a free and voluntary act and deed for the uses and purposes therein set forth, and at the same time the affiant was by me duly sworn to the foregoing Affidavit of Possession.

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

My commission expires July 14, 2009


Notary Public
Anthony M. Pisciotte

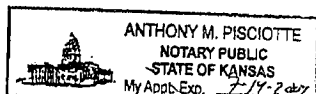


EXHIBIT "A"

Covering the following described property in Rawlins Rawlins County, Kansas, to wit:

Township 5 South, Range 31 West

Section 3: SW/4

Section 8: N/2

Section 8: SE/4

Section 9: All

Section 10: W/2

Section 10: SE/4

Section 11: SW/4 and W/2SE/4

Section 14: W/2 and W/2NE/4

Section 15: NE/4

Section 16: E/2

Section 16: All of the W/2 lying N. of the County Road Right-of-Way

Section 17: All of the E/2 lying N. of the County Road Right-of-Way

Section 21: E/2

63U (Rev. 1993)

OIL AND GAS LEASE

Recorder No. 09-115



Kansas Blue Print 700 S. Broadway, PO Box 793 Wichita, KS 67201-0793 315-204-9344-204-5165 fax www.kbp.com • kbp@kbp.com

AGREEMENT, Made and entered into the 13th day of October 2005 by and between John W. Bastin, Karen A. Bastin, and husband and wife

whose mailing address is PO Box 2712, Salina, KS 67402-2712 hereinafter called Lessor (whether one or more) and Murfin Drilling Company, Inc. hereinafter called Lessee:

Lessor, in consideration of one and more Dollars (\$ 1.00+) in hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring by geophysical and other means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, 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, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest, therein situated in County of See Below State of Kansas described as follows to-wit:

Rawlins Township 5 South-Range 31 West Section 15: W/2 & SE/4 Section 22: E/2

Decatur Township 5 South-Range 30 West Section 18: NW/4

In Section XXX Township XXX Range XXX and containing 960 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of three (3) years from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or land with which said land is pooled.

In consideration of the premises the said lessee covenants and agrees:

1st. To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd. To pay lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8), at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (1/8) of the proceeds received by lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. Where gas from a well producing gas only is not sold or used, lessee may pay or tender as royalty One Dollar (\$1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

If 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 the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for lessee's operation thereon, except water from the wells of lessor.

When requested by lessor, lessee shall bury lessee's pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of lessor.

Lessee shall pay for damages caused by lessee's operations to growing crops on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

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 their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

Lessee may at any time execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

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 lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and the undersigned lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 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 well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

See rider attached hereto and made a part hereof:

#41431 STATE OF KANSAS, RAWLINS COUNTY SS: This instrument was filed for record this 23rd day of January 2006 at 9:00 AM and recorded in book X-74 of Misc. page 236.

Carolyn Marshall Carolyn Marshall-Register of Deeds

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

Witnesses:

Karen A. Bastin Karen A. Bastin

John W. Bastin John W. Bastin

TAX ID# 509-50-8013

BOOK B4 PAGE 176

RIDER

If at the end of the primary term, this lease is not otherwise continued in force under the provisions hereof, this lease shall expire, unless Lessee on or before the end of the primary term shall pay or tender to Lessor, the sum of ~~\$10.00~~ multiplied by the number of net mineral acres owned by Lessor in the land above described and then subject to this lease; and subject to the other provisions of this lease, the primary term shall be extended for an additional term of three (3) years from the end of the primary term hereof.

*12.00
9/3
[initials]

Karen A. Bastin
Karen A. Bastin

John W. Bastin
John W. Bastin

J. FRED HAMBRIGHT INC.
OIL & GAS LEASES
125 N MARKET SUITE 1415 PH. 316-285-8541
WICHITA, KS 67202

45415

DATE November 14, 2005 40-2/1011

PAY TO THE ORDER OF JOHN W. BASTIN AND KAREN A. BASTIN

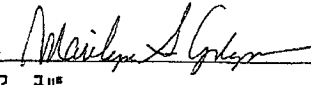
\$ 11,520.00

**Eleven Thousand Five Hundred Twenty and NO/100-----DOLLARS

(T-550)  **INTRUST Bank**

INTRUST Bank, NA
Wichita, KS 67202 701

FOR Cons. for O&GLSE W/2, SE 15, E/2 22-5S-31W; Rawlins Co., KS
NW 18-5S-30W, Decatur County, KS



⑆01545⑆ ⑆0100029⑆ 4146587 3⑆

Form 71 (Rev. 1981) **AFFIDAVIT OF POSSESSION**

Recorder No. **09-207**
KBP Kansas Blue Print
700 S. Broadway, PO Box 703
Wichita, KS 67201-0703
316-264-9344 / 264-5165 fax
www.kbp.com • kbp@kbp.com

By Fee Owner

State of Kansas
County of Saline } ss.

I _____, being first duly sworn

deposes and says:

My name is John W. Bastin

that I am of lawful age and reside in Saline County, KS

That I am the owner of lands situated in the County of See Below

State of Kansas, described as follows, to-wit:

Rawlins County
Township 5 South-Range 31 West
Section 15: W/2 & SE/4
Section 22: E/2

Decatur County
Township 5 South-Range 30 West
Section 18: NW/4

of Section xxx Township xxx Range xxx and containing 960 acres, more or less,

That I, have been in open, adverse, exclusive, continuous, and undisputed possession of said lands for more than One(1.00+) years last past.

That I am paying taxes on, occupying and cultivating said land.

Further affiant saith not.

John W. Bastin
John W. Bastin

STATE OF Kansas
COUNTY OF Saline } ss.

ACKNOWLEDGMENT FOR INDIVIDUAL
(KsOkCoNe)

Before me, the undersigned, a Notary Public, within and for said County and State on this 11th day of November, 2005, personally appeared John W. Bastin

~~xxxx~~ _____, to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as a free and voluntary act and deed for the uses and purposes therein set forth, and at the same time the affiant was by me duly sworn to the foregoing Affidavit of Possession.

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

My commission expires 6-1-2009

Joseph D. Combs
Notary Public
Joseph D. Combs

