



For KCC Use:
 Effective Date: 01/10/2009
 District # 3
 SGA? Yes No

KANSAS CORPORATION COMMISSION 1025107
 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: 01/07/2009
month day year

Spot Description: _____
 _____ Sec. 2 Twp. 28 S. R. 14 E W
(Q/Q/Q/Q) 2,640 feet from N / S Line of Section
 2,640 feet from E / W Line of Section

OPERATOR: License# 33539
 Name: Cherokee Wells LLC
 Address 1: P.O. Box 296
 Address 2: _____
 City: Fredonia State: KS Zip: 66736 + _____
 Contact Person: Tracy Miller
 Phone: 6203783650

Is SECTION: Regular Irregular?
 (Note: Locate well on the Section Plat on reverse side)
 County: Wilson
 Lease Name: Neuenschwander Well #: A-9
 Field Name: CBCGA

CONTRACTOR: License# _____
 Name: Advise on ACO-1 --Must be licensed by KCC

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

Well Drilled For:	Well Class:	Type Equipment:
<input type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input type="checkbox"/> Mud Rotary
<input checked="" type="checkbox"/> Gas	<input checked="" type="checkbox"/> Infield	<input checked="" type="checkbox"/> Air Rotary
<input type="checkbox"/> Seismic ; _____ # of Holes	<input type="checkbox"/> Storage	<input type="checkbox"/> Cable
<input type="checkbox"/> Other: _____	<input type="checkbox"/> Pool Ext.	
	<input type="checkbox"/> Wildcat	
	<input type="checkbox"/> Other	

If OWWO: old well information as follows:

Nearest Lease or unit boundary line (in footage): 1320
 Ground Surface Elevation: 873 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: 200
 Surface Pipe by Alternate: I II
 Length of Surface Pipe Planned to be set: 40
 Length of Conductor Pipe (if any): _____
 Projected Total Depth: 1350
 Formation at Total Depth: Mississippian

Operator: _____
 Well Name: _____
 Original Completion Date: _____ Original Total Depth: _____

Water Source for Drilling Operations:
 Well Farm Pond Other: _____
 DWR Permit #: _____

Directional, Deviated or Horizontal wellbore? Yes No
 If Yes, true vertical depth: _____
 Bottom Hole Location: _____
 KCC DKT #: _____

(Note: Apply for Permit with DWR)
 Will Cores be taken? Yes No
 If Yes, proposed zone: _____

Oil & Gas lease 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 - 15-205-27755-00-00
 Conductor pipe required 0 feet
 Minimum surface pipe required 40 feet per ALT. I II
 Approved by: Rick Hestermann 01/05/2009
 This authorization expires: 01/05/2010
(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: _____

2
28
14
 E W



1025107

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 - 15-205-27755-00-00

Operator: Cherokee Wells LLC

Lease: Neuenschwander

Well Number: A-9

Field: CBCGA

Number of Acres attributable to well: _____

QTR/QTR/QTR/QTR of acreage: _____ - _____ - _____ - _____

Location of Well: County: Wilson

2,640 feet from N / S Line of Section

2,640 feet from E / W Line of Section

Sec. 2 Twp. 28 S. R. 14 E W

Is Section: Regular or Irregular

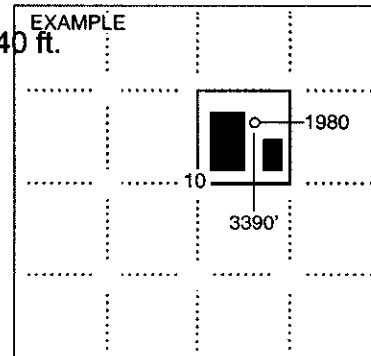
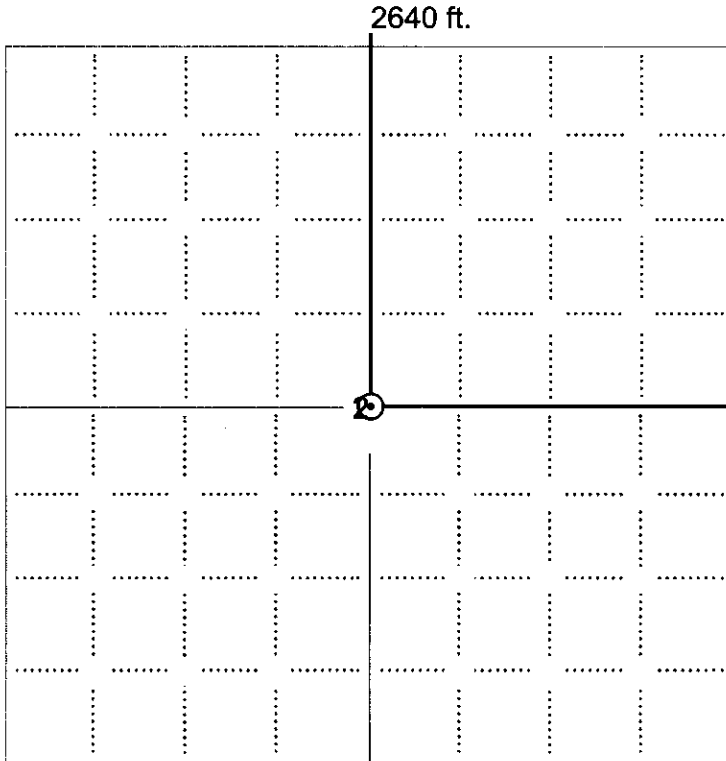
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

PLAT

(Show location of the well and shade 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 locaton.

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 1025107
OIL & GAS CONSERVATION DIVISION

Form GDP-1
April 2004
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: Cherokee Wells LLC		License Number: 33539	
Operator Address: P.O. Box 296		Fredonia KS 66736	
Contact Person: Tracy Miller		Phone Number: 6203783650	
Lease Name & Well No.: Neuenschwander A-9		Pit Location (QQQQ):	
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 <small>(If WP Supply API No. or Year Drilled)</small>		Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 800 _____ (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ mg/l <small>(For Emergency Pits and Settling Pits only)</small>	
Is the bottom below ground level? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Artificial Liner? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
How is the pit lined if a plastic liner is not used? Natural Clay & Earth			
Pit dimensions (all but working pits): 30 Length (feet) 40 Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: 6 (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 NA feet Depth of water well _____ feet		Depth to shallowest fresh water _____ feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input 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: Fresh Water Number of working pits to be utilized: 1 Abandonment procedure: Allow to Dry, Level Surface Drill pits must be closed within 365 days of spud date.	
Submitted Electronically			

KCC OFFICE USE ONLY		Steel Pit <input type="checkbox"/>	RFAC <input type="checkbox"/>	RFAS <input type="checkbox"/>
Date Received: 12/31/2008	Permit Number: 15-205-27755-00-00	Permit Date: 01/05/2009	Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

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

OIL AND GAS LEASE

AGREEMENT, made and entered into the 23rd day of November, 2002, by and between Patsy L. Neuschwander, Individually and as Trustee of the Patsy L. Neuschwander Revocable Trust, hereinafter called Lessor, and Mission Land Services, L.L.C., P.O. Box 849, Traverse City, Michigan 49685-0849, hereinafter called Lessee.

WITNESSETH, That the Lessor, for and in consideration of Ten and No/100 Dollars cash in hand paid, the receipt and sufficiency of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and gas of whatever nature or kind, including all hydrocarbon and non-hydrocarbon substances produced in association therewith, with the term "gas" specifically including coal bed methane gas and occluded gas from coal seams, helium, carbon dioxide, gaseous sulphur compounds, and other commercial gases, as well as normal hydrocarbon gases, with rights of way and easements for laying pipe lines, and erections of structures thereon to produce and take care of said products (including dewatering of coal bed gas wells), all that certain tract of land situated in the County of Wilson, State of Kansas, described as follows, to wit:

Traverse 27 South, Range 14 East

Section 9: SW/4 lying South, East and West of the Center of the Verdigris River
Section 16: Beginning at the NW Corner of the NE/4NW/4, thence East 530 feet to the Verdigris River, thence Southerly along the river 145 feet, thence Southerly to the East line of the NW/4NW/4, thence North to POB
Section 19: S/2NW/4, S/2NE/4, N/2SE/4
Section 20: NW/4SW/4, W/2SW/4NW/4
Section 21: SE/4 lying East of the Verdigris River and East of Greathouse Creek
Section 22: NW/4SW/4 lying on the right bank of the Verdigris River, SW/4SW/4 lying North of the Verdigris River
Section 28: NE/4NE/4, NW/4NE/4 lying East of Greathouse Creek

Traverse 28 South, Range 14 East

Section 2: S/2NW/4SW/4, SW/4SW/4, N/2NW/4SW/4, W/2NE/4, E/2NW/4, NW/4SE/4, NE/4SW/4
Section 3: SE/4SW/4, S/2SE/4, S/2NE/4SE/4
Section 13: S/2NW/4, SW/4

Traverse 27 South, Range 15 East

Section 23: the N 495' of the W/2SE/4, W/2NE/4

together with any reversionary rights therein, and together with all strips, or parcels of land, (not, however, to be construed to include parcels comprising a regular 40-acre legal subdivision or lot of approximately corresponding size) adjoining or contiguous to the above-described land and owned or claimed by Lessor, and containing 1.304 acres, more or less. Notwithstanding any other term of this lease to the contrary, there is excepted from the lands previously described, a square tract or tracts 20 feet North to South and 20 feet East to West centered upon any unplugged and abandoned oil and/or gas well located upon the property previously described.

1. It is agreed that this lease shall remain in force for a primary term of five (5) years from this date and as long thereafter as oil or gas of whatever nature or kind is produced from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but Lessee is then engaged in drilling, reworking or dewatering operations thereon, then this lease shall continue in force so long as dewatering or drilling operations are being continuously prosecuted on the leased premises or on acreage pooled therewith; and drilling operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse 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 said land or on acreage pooled therewith, dewatering operations and the production of oil or gas should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling, reworking or dewatering operations within ninety (90) days from the date of cessation of the dewatering operation or production or from date of completion of a 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 dewatering operations continue or oil or gas is produced from the leased premises or on acreage pooled therewith.

2. This is a PAID-UP LEASE. For consideration herein paid to Lessor by Lessee, Lessor agrees that Lessee 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 lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligations thereafter accruing as to the acreage surrendered.

3. 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 of said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd. To pay Lessor one-eighth (1/8) of the gross proceeds each year, payable quarterly, for the gas produced and saved from each well where gas only is found, while the same is being used off the premises, and if used for the manufacture of gasoline a royalty of one-eighth (1/8), payable monthly, at the prevailing market rate for gas.

3rd. To pay Lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product thereof royalty of one-eighth (1/8) of the proceeds, payable monthly, at the prevailing market rate.

4. Where gas from a well capable of producing gas (or from a well in which dewatering operations have commenced) is not sold or used, Lessee may pay or tender as royalty to the Lessor Five Dollars (\$5.00) per year per net royalty acre, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of ninety days from the date such well is shut in or dewatering operations are commenced and thereafter on or before the anniversary date of this during the period such well is shut in or dewatering operations are being conducted. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease for a period of one year from the date of said anniversary date.

5. If said Lessor owns a less interest in the above-described land other than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid to Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

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

7. When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth.

8. No well shall be drilled with a surface location nearer than 400 feet to the house or barn now on said premises without written consent of Lessor.

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

10. Lessee shall have the right, but not the obligation, at any time to remove all machinery and fixtures placed on said premises, including the right to draw and removing casing.

11. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding 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 Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold 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 at 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 described herein 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 dewatering operations or the production of oil and gas, or separately for the production of oil and gas, or separately for the production of either, when in Lessee'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 being dewatered or 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 declaring shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, dewatering, 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, dewatering, drilling or reworking operations or a well shut in for want of a market under this lease. In lieu of the royalties 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

ADDENDUM

Attached to and made a part of that certain oil and gas lease dated November 23rd, 2002 by and Patsy L. Neuenschwander, individually and as Trustee of the Patsy L. Neuenschwander Revocable Trust, Lessor and Mission Land Services, L.L.C., a Michigan corporation, Lessee:

All terms contained in This Addendum shall be controlling, and any conditions or terms on the printed lease which are inconsistent with the terms herein shall be void.

It is hereby understood and agreed that after the expiration of the primary term herein and in the event a portion or portions of the land herein leased is pooled or unitized so as to form a pooled unit or units, operations on or production from such unit or units will maintain this Lease in force only as to the land included in said unit or units. This Lease, as to land not included in said unit or units shall revert to Lessor unless extended. Any acreage not so extended shall be released by Lessee at Lessor's request.

Notwithstanding any other provisions for shut-in royalty or continuous drilling, it is expressly understood that at the end of the primary term of this lease, if on an annual calendar year basis commencing on the date of first production from the above described property, the royalty monies paid to Lessor hereunder are less than the greater of \$2,800.00 or (\$5.00) per net mineral acre then leased, Lessee shall, at or prior to the end of sixty (60) days after the end of such calendar year pay to Lessor or deposit to the credit of Lessor a sum of money equal to the difference between the greater of \$2,800.00 or (\$5.00) per net mineral acre then leased and the total of all royalty monies on production so paid to Lessor during such calendar year. If Lessee fails to make such minimum royalty payment, Lessor shall notify Lessee via certified mail delivered to Lessee's address that the minimum royalty as provided herein is insufficient. This lease shall thereafter terminate unless Lessee shall within thirty (30) days pay the difference following receipt of such notification.

Lessee will maintain any roads constructed by Lessee or any existing roads of Lessor's used by Lessee in its operations, so that the roads are maintained in such conditions to adequately provide for Lessee's operations. All roads used by Lessee in its operations will be maintained in such a condition as to allow normal car usage. Further, during the time drilling operations are being conducted or any other times when any of the Lessor's present roads are being used for transporting oil, machinery and/or being traveled by any motor vehicle larger than an automobile or a ¾ Ton Pickup Truck, the Lessee shall always keep Lessor's roads maintained and/or graded so that Lessor's roads are smooth and passable for automobile traffic.

Lessee shall make only one road to each well, to make no roads exceeding twelve (12) feet in width, and to properly maintain such roads. Existing roads may be used and maintained by Lessee. Lessor may use all such roads. Upon request by Lessor, Lessee shall not construct a permanent road to a wellsite in planted fields to reduce crop loss. In that event, after wells are drilled and equipped for production, Lessee's routine maintenance and inspection shall be performed by personnel using small four-wheel all-terrain vehicles (ATV's) rather than regular size autos, trucks, or other vehicles. An annual rental of \$150.00 per acre for roads in planted fields shall be paid by Lessee.

It is hereby understood and agreed that at the end of the primary term of this lease, the lease shall not terminate as to the undeveloped acreage so long as production has been obtained and is continuing on some part of the leased land, or a gas well located on some part of the leased land is shut in as provided herein, or so long as operations for drilling or reworking are being conducted on some part of the undeveloped acreage of the leased land, unless the Lessee fails to continuously develop the undeveloped acreage in accordance with the following terms and provisions:

Within one hundred eighty (180) days following the expiration of the primary term, or within three hundred sixty-five (365) days following the completion of each well capable of production, or within one hundred eighty (180) days following the completion of each dry hole, actual drilling operations must be commenced on a new well, or else the lease shall terminate as to the undeveloped acreage.

As each well is drilled on the undeveloped acreage, the Lessee shall designate the new proration unit acreage which is to be maintained and not terminated and a description or plat identifying such proration unit acreage.

It is expressly understood and agreed that no well or wells drilled on Lessors lands herein shall contain no more than 160 acres of land per well per proration unit nor less than 40 acres of land without express written consent of Lessors, their heirs, successors and assigns.

As to all wells hereunder, the completion date of nonproducing wells shall be the date of final plugging and abandonment and the completion date of producing wells shall be the date the well is physically completed and capable of production, including the completion of the potential and all other tests, including but not limited to the dewatering process necessary for the production of hydrocarbons and coal bed methane gas.

With reference to the continuous development obligation described above, the Lessee shall not be allowed to accumulate any time which is not expended on the 365 day limit between completion of one well and commencement of the next well.

The obligation for continuous development of undeveloped acreage shall not be suspended or extended if the Lessee is prevented from complying with such provisions of the lease due to an act of God, flood, physical impossibility, fire, strike, scarcity or inability to obtain or use equipment or material or any other event beyond the control of Lessee except where prevented by governmental laws, rules or regulations, or except upon written approval of such suspension or extension by Lessors, which approval shall not be unreasonably withheld.

Lessee shall indemnify and hold Lessor harmless from any and all claims, damages, costs or expenses that Lessor might incur as a result of Lessee's operations. Lessee and Lessor shall mutually agree on routes of ingress and egress for operations on the leased premises. Lessor acknowledges that Lessee shall require adequate access without delay for personnel and equipment required for Lessee's operations.

Lessee agrees to pay for damages caused by its operations on the leased premises.

Lessee shall have no right to use water from Lessor's water well or wells.

Lessee agrees to restore the surface of the leased premises to its contour and condition existing as of the date hereof, as nearly as is practicable.

Lessee agrees that Lessor shall be allowed to perform dirt work for operations on the leased premises to include access road and slush pit construction at the request of Lessor. Lessor shall be paid a fair price for said dirt work and Lessor acknowledges that Lessee shall require such work to be completed in a timely manner at the time of drill site selection.

In the event production of oil and/or gas is obtained under this lease, Lessee and Lessor shall mutually agree upon the location of production equipment such as tanks, pipelines and access roads, and the agreement of Lessor shall not be unreasonably withheld. Lessor acknowledges that such facilities are necessary for the operation of this lease.

In the event Lessee drills a well or wells on the leased premises, Lessee shall place a gate so as to restrict access to the premises to authorized personnel. Said gate shall be locked at all times that Lessee or its personnel are not physically present on the premises. Lessor shall have a key, or a double-lock system shall be used so that Lessor has unrestricted access. Should Lessee or its representatives fail to lock said gate when not physically present on the premises, Lessee shall pay to Lessor the sum of \$500 within 30 days of receipt by Lessee of proof of Lessee's non-compliance. In the alternative, Lessor may request installation of a cattle guard.

Should Lessee elect to abandon any well drilled by Lessee on the leased premises, which well is capable of producing fresh water, before plugging said well Lessee shall offer said well to Lessor and Lessor may, at his election, take over the well upon payment to Lessee of the fair market value of any casing in the well, subject to any rules and regulations of any regulatory agency with jurisdiction. In the event Lessor takes over said well, Lessor does hereby assume all liability for plugging thereof, and hereby agrees to indemnify and hold harmless the Lessee from any liability therefore.

In the event Lessee elects to drill a well on any parcel of the herein described leased premises, Lessee agrees to pay Lessor a spud fee of four hundred dollars (\$400.00), per well site location, prior to commencement of operations.

Pipelines: It is hereby understood and agreed that for all pipelines which serve other leases in addition to the hereinabove leased premises, Lessee shall pay as damages the sum of \$5.00 per rod together with market value of growing crops destroyed, if any. Pipeline location shall be governed by provisions for facility location, to minimize crop loss, interference with waterways and terraces, and otherwise minimize interference with Lessor's use of the property. Provisions for surface restoration and damages subsequent to installation shall apply to pipeline operation.

Lease Appearance: No open salt-water pits or ditches shall ever be maintained on the premises. All storage tanks, separators and compressors shall be kept as a group on the above described drilling and operation sites located on the lease premises and all oil or gas wells shall be neatly, attractively and adequately fenced and enclosed by Lessee so as to reasonably protect persons and livestock from injury. Lessee shall at all times conduct and keep all of its operations including said equipment, net in appearance, in proper condition and well painted to blend in as naturally as possible with the surroundings and as to not lower the land value of the areas for agriculture and/or industrial use, and consistent with the highest and best standards of the oil and gas industry.

Assignment: As a material inducement to Lessor to enter into this lease, it is hereby acknowledged that Lessee may assign this lease in whole or in part to any affiliate of Lessee and in such event shall give Lessor prompt written notice of such assignment. No assignment of this lease shall be made to any other entity without the prior written consent of Lessor, which shall not be unreasonably withheld; provided, however, that the consent of Lessor shall not be deemed to have been unreasonably withheld if any proposed assignee shall not be an entity having a reputation, level of experience and financial resources at least substantially equivalent to that of Lessee. For purposes of this paragraph, an "affiliate of Lessee" shall mean a direct or indirect subsidiary of Lessee or other entity controlled by or under common control with Lessee.

Surface Use Limitation; Injection or Disposal Well(s): Lessee shall not use the surface of the land for storage of supplies and equipment except as may be necessary for current oil or gas operations on and benefiting solely Lessor's land. Lessee may not cause living quarters to be constructed or placed upon the property. Lessee shall not install a gas processing plant, dehydration plant, ~~salt water storage facilities, or other facility which benefits property other than Lessor's property~~ except by separate written agreement for agreed compensation.

Workmanlike Operations: Lessee shall operate the lease in a workmanlike manner, to close and secure all gates located on the leased premises, to not cut any fences, to repair any fences damaged by Lessee, and to repair terraces or waterways, if damaged.

Timber: Lessee shall not cut or remove any timber or timber products without the express written consent of Lessor.

Well Plugging: In the event Lessee shall drill a dry hole well on this lease, or in the event a well is permanently abandoned, the well shall be plugged immediately in accordance with Kansas Corporation Commission requirements.

Termination: Upon termination of this lease for any reason, Lessee shall pull and plug all wells, remove all Lessee's machinery and other property. If Lessee fails to remove Lessee's equipment and other property within one hundred twenty (120) days after termination of the lease, such property shall, at the option of Lessor, become the property of Lessor free of all right, title or interest of Lessee. Lessee agrees to restore land to the same condition as of the date of

this lease as nearly as possible.

Damages; Restoration of Surface: Lessee shall pay for damages caused by Lessee's operations to crops on the leased premises and to pay for all other damages caused by Lessee, including but not limited to damages to livestock, waterways and terraces. In addition, when Lessee's operations or lines damage Lessor's irrigation lines and/or related electric lines, Lessee shall repair and restore the same at Lessee's expense. Lessee acknowledges it may be necessary to place Lessee's lines below Lessor's buried irrigation lines and or related electric lines. Lessee or his assigns agree in the event of drilling operations to restore the surface of the land to its original contour and condition as nearly as is reasonably practicable. Lessee or his assigns shall consult with Lessor as to route of ingress and egress and location of equipment on the leased premises.

Pits: Lessee shall not make any pits except when necessary to drill or service a well; within ninety (90) days after drilling or servicing a well, a pit shall be pumped out, filled in with original soil and leveled. All top soil shall be piled separately and returned to the surface when the pits are filled.

Well Location: Before commencing any drilling operation, Lessee shall notify Lessor of the drill site in writing, to which Lessor may object in writing. IF no objection by Lessor is made within 10 days, Lessee may proceed at that location(s). If objection is made, Lessee and Lessor shall meet to determine agreeable drilling sites. Lessor shall not unreasonably withhold consent

CRP: If any part of the leased premises are subject to or enrolled in the Conservation Reserve Program, Lessee shall release to grass all areas thereof affected by Lessee's operations and hold Lessor harmless from penalties or liquidated damages assessed by the Department of Agriculture, the Soil Conservation Service or the Agricultural Stabilization and Conservation Service under the Conservation Reserve Program as a result of Lessee's operations.

Lessee Use: Lessee shall have the right to use, free of cost, gas, oil, and water produced on said land for his operations thereon. Water from wells of Lessor, or from ponds of Lessor may not be used without Lessor's written consent.

Late Payment: Any payment due hereunder which is made more than thirty (30) days after its due date shall have added thereto a five percent (5%) penalty payable to Lessor, plus statutory interest, subject to Lessee's right to abandon a site or portion of a right-of-way as stipulated herein and thereafter not be liable for future payments as to said abandoned site or right-of-way portion.

Prepayment: All payments made hereunder for initial operations within each particular wellsite location, whether such operations involve drilling production well or stratigraphic test holes, building roadways, or installing gathering systems and other equipment, must be made by Lessee to Lessor at least fifteen (15) days in advance of the contemplated operation or activity. Subsequent anniversary checks where provided herein shall be made by mailing such to Lessor on or before said anniversary date. The Lessor agrees to notify Lessee of any change in the party to be identified as Lessor under this Lease, which change might be caused by any conveyances or descent from the original Lessor hereunder, so that Lessee may be informed of changes in the proper payee for payments made under this Lease. It is understood and agreed that the covenants made by Lessee to Lessor under this Lease are covenants running with the surface ownership of the subject lands, and that said rights must pass with said ownership and are not subject to retention by the party identified herein as OWNER in the event of such a change in surface ownership.

Lessor Operations: It is understood that Lessor shall continue to use the surface for farming and agricultural and other purposes, and Lessor shall not be liable to Lessee for interruption or damage to Lessee's operations under this lease unless Lessor acts are willful, wanton, or constitute gross negligence.

Bonus Payment: This Lease shall not be valid unless payment of the initial bonus agreed to is received within thirty (30) days of Lessor's execution of this lease.

Execution: This Lease and Addendum shall be executed in triplicate, two (2) executed originals to be held by Lessor and one (1) executed original to be held by Lessee. Lessee may elect to file of record only an agreed Memorandum of the Lease in lieu of the actual Lease and Addendum. Upon written request of Lessor, Lessee shall record the actual Lease and Addendum with the Register Of Deeds for the county or counties where the leased property is situated. Such recording request may not be made before two (2) years following execution of this Lease. If Lessee fails to record the lease following written request permitted herein, Lessor may record the Lease and Addendum and Lessee shall reimburse Lessor for recording fees.

LESSOR:

x 

Patsy L. Neuenschwander, Individually and as Trustee of the Patsy L. Neuenschwander Revocable Trust

MEMORANDUM OF OIL AND GAS LEASE *Jeresa C. Young*

KNOW ALL MEN BY THESE PRESENTS, that Mission Land Services, L.L.C., of P.O. Box 849, Traverse City, Michigan, 49685-0849, hereinafter referred to as "Lessee", and Patsy L. Neuenschwander, individually and as Trustee of the Patsy L. Neuenschwander Revocable Trust, hereinafter referred to as "Lessor", have entered into an Oil and Gas Lease dated November 23, 2002, covering those certain lands owned by Lessor in, Wilson County, State of Kansas and being described as follows:

Township 27 South, Range 14 East

Section 9: SW/4 lying South, East and West of the Center of the Verdigris River
Section 16: Beginning at the NW Corner of the NE/4NW/4, thence East 530 feet to the Verdigris River, thence Southerly along the river 145 feet, thence Southerly to the East line of the NW/4NW/4, thence North to POB
Section 19: S/2NW/4, S/2NE/4, N/2SE/4
Section 20: NW/4SW/4, W/2SW/4NW/4
Section 21: SE/4 lying East of the Verdigris River and East of Greathouse Creek
Section 22: NW/4SW/4 lying on the right bank of the Verdigris River, SW/4SW/4 lying North of the Verdigris River
Section 28: NE/4NE/4, NW/4NE/4 lying East of Greathouse Creek

Township 28 South, Range 14 East

Section 2: S/2NW/4SW/4, SW/4SW/4, N/2NW/4SW/4, W/2NE/4, E/2NW/4, NW/4SE/4, NE/4SW/4
Section 3: SE/4SW/4, S/2SE/4, S/2NE/4SE/4
Section 13: S/2NW/4, SW/4

Township 27 South, Range 15 East

Section 23: the N 495' of the W/2SE/4, W/2NE/4

Containing 1,304 acres of land, More or Less

The Oil and Gas Lease shall be in effect for a period of five (5) years from November 23, 2002 and for so long thereafter as oil and gas is produced from the leased premises, or lands unitized therewith.

This Memorandum of Oil and Gas Lease is placed of record to serve as notice of execution and existence of said Lease, and is in no way to supersede, abrogate, change or modify any of the terms, conditions, rights or obligations of any of the parties, all of which are set forth in detail in said Lease. The terms and conditions of said Lease are made a part hereof by reference for all purposes, to be the same effect as though written in extenso herein.

Executed this 23rd day of November, 2002.

LESSOR:

Patsy L. Neuenschwander
Patsy L. Neuenschwander, Trustee

STATE OF KANSAS)
) ss.
COUNTY OF WILSON)

On the 23rd day of November, in the year 2002 Before me, the undersigned, a Notary Public in and for said State, personally appeared Patsy L. Neuenschwander personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is(are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

My commission expires:

Earl Wiles
Notary Public
EARL WILES

EARL A. WILES
NOTARY PUBLIC
STATE OF KANSAS
MY COMMISSION EXPIRES 4/13/2006