

15-195-22021-00-00

FORM MUST BE TYPED  
FORM C-1 12/88

State of Kansas  
NOTICE OF INTENTION TO DRILL

FORM MUST BE SIGNED  
ALL BLANKS MUST BE FILLED

Must be approved by the K.C.C. five (5) days prior to commencing well

Expected Spud Date ... 6 ... 2 ... 89 ...  
month day year

E/2. E/2 W/2 Sec 10. Twp 11. S, Rg 23. East  
West

OPERATOR: License # ... 5184 ...  
Name: ... Shields Oil Producers, Inc. ...  
Address: ... Shields Bldg. ...  
City/State/Zip: ... Russell, Kansas ... 67665 ...  
Contact Person: ... M. L. Ratts ...  
Phone: ... 913-483-3141 ...

2640  
2970  
feet from South line of Section  
feet from East line of Section  
(Note: Locate well on Section Plat Below)

CONTRACTOR: License #: ... 5655 ...  
Name: ... Shields Drlg. Co., Inc. ...

County: ... Trego ...  
Lease Name: ... Denison ... Well #: ... 5 ...  
Field Name: ... Wakneey ...

Well Drilled For: Well Class: Type Equipment:

X Oil ... Inj .X Infield .X Mud Rotary  
... Gas ... Storage ... Pool Ext. ... Air Rotary  
... OWMO ... Disposal ... Wildcat ... Cable  
... Seismic; ... # of Holes

Is this a Prorated Field? ... yes .X. no  
Target Formation(s): ... Kansas City ...  
Nearest lease or unit boundary: ... 330 ...  
Ground Surface Elevation: ... 2275 ... feet MSL  
Domestic well within 330 feet: ... yes .X. no  
Municipal well within one mile: ... yes .X. no  
Depth to bottom of fresh water: ... .75 ...  
Depth to bottom of usable water: ... .950 ...  
Surface Pipe by Alternate: ... 1 ..X 2  
Length of Surface Pipe Planned to be set: ... 225 ...  
Length of Conductor pipe required: ... None ...  
Projected Total Depth: ... 3800 ...  
Formation at Total Depth: ... Kansas City ...  
Water Source for Drilling Operations:

If OWMO: old well information as follows:

Operator: ...  
Well Name: ...  
Comp. Date: ... Old Total Depth ...

... well ... farm pond ..X other  
DWR Permit #: ... 895-003 ...  
Will Cores Be Taken?: ... yes ..X no  
If yes, proposed zone: ...

Directional, Deviated or Horizontal wellbore? ... yes .X. no  
If yes, total depth location: ...

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-101, et. seq.

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

- 1. The appropriate district office shall be notified before setting surface pipe;
- 2. The minimum amount of surface pipe as specified above 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;
- 3. If the well is dry, a plugging proposal shall be submitted to the district office. An agreement between the operator and the district office on plug length and placement is necessary prior to plugging;
- 4. The appropriate district office will be notified before well is either plugged or production casing is cemented in;
- 5. If an Alternate II completion, production pipe shall be cemented from below any usable water to surface within 120 days of spud date. In all cases, notify district office prior to any cementing.

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

Date: ... 5-24-89 ... Signature of Operator or Agent: ... M. L. Ratts ... Title: Prod. Supt.

Grid with elevation markers: 5280, 4950, 4620, 4290, 3960, 3630, 3300, 2970, 2640, 2310, 1980, 1650, 1320, 990, 660, 330

RECEIVED  
5-26-1989  
MAY 26 1989  
CONSERVATION DIVISION  
Wichita, Kansas

FOR KCC USE:  
API # 15-195-22,021-00-00 ✓  
Conductor pipe required NONE feet  
Minimum surface pipe required 200 feet per Alt. X 2  
Approved by: DPW 5-30-89  
EFFECTIVE DATE: 06-04-89  
This authorization expires: 11/30/89  
(This authorization void if drilling not started within 6 months of effective date.)  
Spud date: \_\_\_\_\_ Agent: \_\_\_\_\_

10  
11  
23W

REMEMBER TO:

- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spud date;
- File acreage attribution plat according to field proration orders;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CP-4) after plugging is completed;
- Obtain written approval before disposing or injecting salt water.

STATE OF Kansas

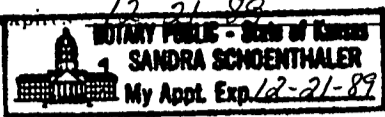
ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

COUNTY OF Ellis

The foregoing instrument was acknowledged before me this 3<sup>rd</sup> day of July, 1987

by George R. Denison and Dorothy L. Denison, his wife

My commission expires



*Sandra Schenthaler*  
Notary Public

STATE OF \_\_\_\_\_

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

by \_\_\_\_\_ and \_\_\_\_\_

My commission expires \_\_\_\_\_

Notary Public

STATE OF \_\_\_\_\_

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

by \_\_\_\_\_ and \_\_\_\_\_

My commission expires \_\_\_\_\_

Notary Public

STATE OF \_\_\_\_\_

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

by \_\_\_\_\_ and \_\_\_\_\_

My commission expires \_\_\_\_\_

Notary Public

No. \_\_\_\_\_

**OIL AND GAS LEASE**

FROM

TO

Date \_\_\_\_\_, 19\_\_\_\_

Section \_\_\_\_\_ Twp. \_\_\_\_\_ Rge. \_\_\_\_\_

No. of Acres \_\_\_\_\_ Term \_\_\_\_\_

County \_\_\_\_\_

STATE OF Kansas

County Trego

This instrument was filed for record on the 7<sup>th</sup> day of July, 1987

at 10:00 o'clock A.M., and duly recorded

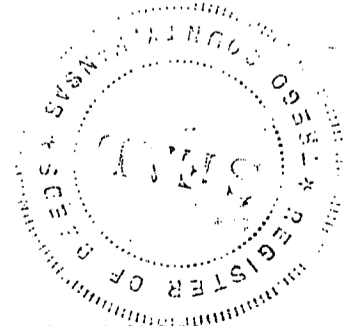
in Book A94 Page 377 of \_\_\_\_\_

the records of this office.

*Evelyn M. Lunsel*  
Register of Deeds.

By \_\_\_\_\_

When recorded, return to \_\_\_\_\_



STATE OF \_\_\_\_\_

ACKNOWLEDGMENT FOR CORPORATION (KsOkCoNe)

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

by \_\_\_\_\_

of \_\_\_\_\_ a \_\_\_\_\_

corporation, on behalf of the corporation.

My commission expires \_\_\_\_\_

Notary Public

15-195-22021-00-00

B

OIL AND GAS LEASE

(b)

Reorder No. 09-131

KANSAS BLUE PRINT CO. INC.

316-264-9344 • P.O. Box 793 • Wichita, KS 67201-0793

AGREEMENT, Made and entered into July 2, 19 87, by and between:

George R. Denison and Dorothy L. Denison, his wife

STAMP: MAY 30 1987, CONSERVATION DIVISION, WICHITA, KANSAS

Shields Oil Producers, Inc.

Party of the first part, hereinafter called lessor (whether one or more) and Party of the second part, hereinafter called lessee.

WITNESSETH, That the said lessor, for and in consideration of Ten (\$10.00) & OVC DOLLARS, cash in hand paid, receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto said lessee, for the sole and only purpose of mining and operating for oil and gas, and laying pipe lines, and building tanks, power stations and structures thereon to produce, save and take care of said products, all that certain tract of land, "together with any reversionary rights therein," situated in the County of Trego State of Kansas described as follows, to-wit:

South Half (S/2) of the Northwest Quarter (NW/4) and the Southwest Quarter (SW/4)

of Section 10 Township 11S Range 23W and containing 240 acres more or less.

It is agreed that this lease shall remain in full force for a term of Two (2) years from this date, and as long thereafter as oil or gas, or either of them, is produced from said land by the lessee, or the premises are being developed or operated.

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 he may connect his wells, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd. The lessee shall pay to lessor for gas produced from any oil well and used by the lessee for the manufacture of gasoline or any other product as royalty 1/8 of the market value of such gas at the mouth of the well; if said gas is sold by the lessee, then as royalty 1/8 of the proceeds of the sale thereof found and where such gas is not sold or used, lessee shall pay or tender annually at the end of each yearly period during which such gas is not sold or used as royalty, an amount equal to the delay rental provided in the next succeeding paragraph hereof, and while said royalty is so paid or tendered this lease shall be held as a producing lease under the above term paragraph hereof; the lessor to have gas free of charge from any gas well on the leased premises for stoves and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of such gas to be at the lessor's sole risk and expense.

If no well be commenced on said land on or before July 2, 19 88, this lease shall terminate as to both parties, unless the lessee on or before that date shall pay or tender to the lessor, or to the lessor's credit in The Farmers State Bank & Trust Co. Bank at Hays, Kansas or its successors, which shall continue as the depository regardless of changes in the ownership of said land, the sum of TWO HUNDRED FORTY (\$240.00) DOLLARS, which shall operate as a rental and cover the privilege of deferring the commencement of a well for twelve months from said date.

In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods or the same number of months successively. All such payments or tenders of rental may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the rental paying date either direct to lessor or assigns or to said depository bank. And it is understood and agreed that the consideration first recited herein, the down payment, covers not only the privileges granted to the 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, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereon is reduced by said release or releases.

Should the first well drilled on the above described land be a dry hole, then, and in that event, if a second well is not commenced on said land within twelve months from the expiration of the last rental period for which rental has been paid, this lease shall terminate as to both parties, unless the lessee on or before the expiration of said twelve months shall resume the payment of rentals in the same amount and in the same manner as herein before provided. And it is agreed that upon the resumption of the payment of rentals, as above provided, that the last preceding paragraph hereof, governing the payment of rentals and the effect thereof, shall continue in force just as though there had been no interruption in the rental payments.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee. However, such rental shall be increased at the next succeeding rental anniversary after any reversion occurs to cover the interest so acquired.

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

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

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

Lessee shall pay for damages caused by its 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 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 the like effect as if such well had been completed within the term of years herein first mentioned.

If the estate of either party hereto is transferred, and the privilege of transferring in whole or in part is expressly allowed, or if the rights hereunder of either party hereto are vested by descent or devise, the covenants hereof shall extend to and be binding on the heirs, devisees, executors, administrators, successors, or assigns, but no change in the ownership of said land or of any right hereunder shall be binding on the lessee until after lessee has been furnished with the original or a certified copy thereof of any transfer by lessor or with a certified copy of the will of lessor together with a transcript of the probate thereof or, in the event lessor dies intestate and his estate is being administered, with a transcript of the administration proceedings or, in the event of the death of lessor and no administration being had on the estate, with an instrument satisfactory to lessee executed by lessor's heirs or assigns or assignees of such part or parts shall fall or make default in the payment of the proportionate part of the rents due from him or them, such default shall not operate to defeat or affect this lease in so far as it covers a part or parts of said lands upon which the said lessee or any assignee thereof shall make due payments of said rentals. 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. If the leased premises are now or hereafter owned in severalty or in separate tracts, the premises, nevertheless, may be developed and operated as an entirety, and the royalties shall be paid to each separate owner in the proportion that the acreage owned by him bears to the entire leased area. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may hereafter be divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks for the oil produced from such separate tracts.

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 may reimburse itself from any rental or royalties accruing hereunder.

The terms, covenants, and conditions hereof shall run with said land and herewith and shall be binding upon the parties hereto, their heirs, administrators, devisees, executors, successors and assigns; however, 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 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.

Whereof witness our hands and the day and year first above written.

George R. Denison

Dorothy L. Denison

(SEAL)

(SEAL)

(SEAL)

(SEAL)

(SEAL)

(SEAL)

15-195-22,021