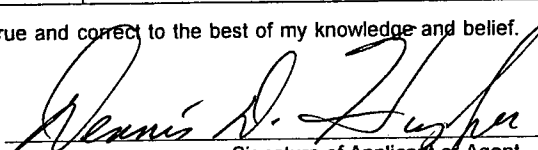


**KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION  
APPLICATION FOR SURFACE PIT**

Form GDP-1  
April 2004  
Form must be Typed

*Submit in Duplicate*

Operator Name: <b>Hupfer Operating, Inc.</b>		License Number: <b>30380</b>
Operator Address: <b>P.O. Box 216 Hays, KS 67601</b>		
Contact Person: <b>Dennis D. Hupfer</b>		Phone Number: <b>785-628-8666</b>
Lease Name & Well No.: <b>Heine #2 Haul off to Ringwald</b>		Pit Location (QQQQ): _____ - <u>NW</u> - <u>SW</u> - <u>NE</u> Sec. <u>32</u> Twp. <u>19</u> R. <u>10</u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <u>3630</u> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <u>2310</u> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section <u>Rice</u> County
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input checked="" type="checkbox"/> Haul-Off Pit <small>(If W/P Supply API No. or Year Drilled)</small>	Pit is: <b>lease</b> <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: <b>800</b> (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input checked="" 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? <b>Will haul gel mud in bottom &amp; spray sides from Heine #2</b>
Pit dimensions (all but working pits): <u>60</u> Length (feet) <u>60</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.  <b>Haul water off top following completing of drilling Heine #2. Let dry natural &amp; backfill</b>
Distance to nearest water well within one-mile of pit <u>2350</u> feet    Depth of water well <u>90</u> feet		Depth to shallowest fresh water <u>90</u> feet. Source of information: <input type="checkbox"/> measured <input checked="" type="checkbox"/> well owner <input type="checkbox"/> electric log <input type="checkbox"/> KDWR
<b>Emergency, Settling and Burn Pits ONLY:</b> 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		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> Type of material utilized in drilling/workover: <u>Fresh water mud</u> Number of working pits to be utilized: <u>(1) reserve pit</u> Abandonment procedure: <u>Haul fluids off top &amp; let dry natural &amp; backfill</u> Drill pits must be closed within 365 days of spud date.
I hereby certify that the above statements are true and correct to the best of my knowledge and belief.		
<u>11-1-08</u> Date	 Dennis D. Hupfer Signature of Applicant or Agent	

<b>KCC OFFICE USE ONLY</b>		Steel Pit <input type="checkbox"/>	RFAC <input checked="" type="checkbox"/> RFAS <input type="checkbox"/>
Date Received: <u>11/3/08</u>	Permit Number: <u>15-159-22390-0000</u>	Permit Date: <u>11/3/08</u>	Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form CDP-1 Instructions  
April 2007

**APPLICATION FOR SURFACE PIT (FORM CDP-1)**  
*Instructions*

**General Instructions.**

1. All Notices of Intent to Drill must include an Application for Surface Pit, even if steel pits will be used.
2. Operators need to submit two copies of all CDP-1s.
3. Form must be typed.

**Section 1: Operator Information.**

- 1a. **Operator Name.** Enter the operator's full name as it appears on operator's license.
- 1b. **License Number.** Enter the operator's license number. To verify KCC operator license information check the Commission's website at [http://www.kcc.state.ks.us/conservation/oil\\_license.cgi](http://www.kcc.state.ks.us/conservation/oil_license.cgi) or contact the Conservation Division's Licensing Department at (316) 337-6194.
- 1c. **Operator Address.** Enter the operator's mailing address.
- 1d. **Contact Person.** Enter the name of the individual who will be the operator's contact person for this Application for Surface Pit, should Conservation Division Staff need to contact the operator about the Application for Surface Pit. The contact person may be the operator or the operator's agent.
- 1e. **Phone Number.** Enter the phone number of the contact person, so that Conservation Division Staff may easily reach the contact person if necessary.

**Section 2: Lease/Well/Pit Information.**

- 2a. **Lease Name & Well No.** Enter the name of the lease, and if applicable the well number, at which the pit is or will be located.
- 2b. **Type of Pit.** Mark the appropriate box to indicate the type of pit. Note—if the pit is a workover pit, the operator must enter the API No. or Year Drilled of the well which is to be worked over.
- 2c. **Proposed or Existing Pit.** Operator should mark the appropriate box to indicate if the pit is proposed or already exists.
  - 2c(1). **Existing Pits.** The operator should provide the date pit was constructed.
  - 2c(2). **Proposed and Existing Pits.** The operator must provide the pit capacity.
- 2d. **Pit Location.**
  - 2d(1). **¼ ¼ ¼ ¼ Section.** The operator should list the location of the pit by ¼ ¼ ¼ ¼ Section.
  - 2d(2). **Sec., Twp., and R.** The operator should enter the Section, Township and Range Number in which the pit is located, and should mark either the "East" or "West" box to indicate if the Range # is East or West.
  - 2d(3). **Footage Location.** This is where the operator reports the location of the pit from the North or South section line and the East or West section line. Enter in the blank provide the number of feet the pit is or will be from the North or South section line and then mark the appropriate box for the measurement to indicate if the footage is from the North or South section line. Follow the same procedure with respect to the location of the pit from the East or West section line.
  - 2d(4). **County.** Enter the county in which the pit is or will be located.
- 2e. **Sensitive Groundwater Area.** Mark the appropriate box as to whether or not the pit is located in a Sensitive Groundwater Area. Operators may find a listing of Sensitive Groundwater Areas in Table III of the Conservation Division's Rules and Regulations. The Commission's rules and regulations for the conservation of oil and gas, including Table III, are available in an Adobe pdf file from the Conservation Division's website at <http://www.kcc.state.ks.us/conservation/index.htm>.
- 2f. **Chloride Concentration (for emergency and settling pits only).** Indicate the chloride concentration level of fluids which the pit is or will be used to contain. A sample should be taken from the salt water tank. This information is needed to determine the potential for contamination should the salt water tank discharge into the emergency pit.

- 2g. **Below Ground Level.** Mark the appropriate box to indicate whether the bottom of the pit is below ground level.
- 2h. **Artificial Liner.** Mark the appropriate box to indicate whether the pit is or will be constructed with an artificial liner.
- 2i. **Other Liner.** Explain how the pit is constructed if a plastic liner is not used.
- 2j. **Pit Dimensions (all but working pits).** For all but steel pits, enter the length, width, and depth (from ground level to the deepest point) in feet of the pit. If the pit is a steel pit, the operator only needs to mark the "steel pits" blank.

**Section 3: Description of Liner.**

If the pit is lined, enter a brief description of the liner material thickness, and installation procedure.

**Section 4: Description of Maintenance.**

Enter a brief description of the procedures used for periodic maintenance and determining liner integrity, including any special monitoring.

**Section 5: Distance to Nearest Water Well Within One Mile of Pit.**

Enter the distance to the nearest water well within one mile of the pit location and the total depth of the water well. If there are not any water wells within a one-mile radius of the pit location, the space should be left blank. Water well information is available from the Kansas Geological Survey's website, at <http://www.kgs.ku.edu/Magellan/WaterWell/index.html>.

**Section 6: Shallowest Freshwater Depth.**

Enter the depth to the shallowest fresh water in the area of the pit and mark the appropriate box as the source of the freshwater information.

**Section 7: Emergency, Settling, and Burn Pits ONLY.**

Enter the formation from which wells on the lease are producing, the number of producing wells on the lease, and the number of barrels of fluids produced daily on the lease. The operator should also mark the appropriate box to indicate if the slope of the tank battery allows all spilled fluids to flow in the pit.

**Section 8: Drilling, Workover, and Haul-Off Pits ONLY.**

Enter the type of material utilized in the drilling or workover of the well, the number of working pits to be utilized, and the procedure to be used for abandoning the pits after work at the well is complete.

**Section 9: Affidavit.**

Date and sign the certification that the above statements are true and correct to the best of the signee's knowledge and belief.

  
**KANSAS**  
CORPORATION COMMISSION

*Kathleen Sebelius, Governor  
Thomas E. Wright, Chairman  
Michael C. Moffet, Commissioner  
Joseph F. Harkins, Commissioner*

November 3, 2008

Hupfer Operating, Inc.  
PO Box 216  
Hays, KS 67601

Re: Haul-Off Pit Application  
Heine Lease Well No. 2  
NE/4 Sec. 32-19S-10W  
Rice County, Kansas

Dear Sir or Madam:

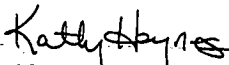
District staff has reviewed the above referenced location and has determined that the haul-off pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and lined with bentonite. **The free fluids must be removed.** The fluids are to be removed from the haul-off pit within 120 hours after drilling operations have ceased.

**NO completion fluids or non-exempt wastes shall be placed in the haul-off pit.**

The fluids should be taken to an authorized disposal well. Please call the District Office at (316) 630-4000 when the fluids have been removed. Please file form CDP-5, Exploration and Production Waster Transfer, within 30 days of fluid removal. Conservation division forms are available through our office and on the KCC web site: [www.kcc.state.ks.us/conservation/forms](http://www.kcc.state.ks.us/conservation/forms).

**A copy of this letter should be posted in the doghouse along with the approved Intent to Drill.** If you have any questions or concerns please feel free to contact the undersigned at the above address.

Sincerely,



Kathy Haynes  
Environmental Protection and Remediation Department

cc: district

11-3-08  
 Insp. by BJ Hope - haul clear fluids  
 Berntson & 20 hr  
*[Signature]*

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

Form GCP-1  
 April 2004  
 Form must be Typed

Submit in Duplicate

Operator Name: <b>Hupfer Operating, Inc.</b>		License Number: <b>30380</b>
Operator Address: <b>P.O. Box 216 Hays, KS 67601</b>		
Contact Person: <b>Dennis D. Hupfer</b>		Phone Number: <b>785-628-8666</b>
Lease Name & Well No.: <b>Heine #2 Haul off to Ringwald</b>		Pit Location (QQQQ): . <u>NW</u> . <u>SW</u> . <u>NE</u> Sec. <u>32</u> Twp. <u>19</u> R. <u>10</u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <u>3630</u> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <u>2310</u> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section <b>Rice</b> County
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input checked="" type="checkbox"/> Haul-Off Pit <small>(If WP Supply API No. or Year Drilled)</small>	Pit is: <b>lease</b> <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: <b>800</b> (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input 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? <b>Will haul gel mud in bottom &amp; spray sides from Heine #2</b>
Pit dimensions (all but working pits): <u>60</u> Length (feet) <u>60</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.  <b>Haul water off top following completing of drilling Heine #2. Let dry natural &amp; backfill</b>
Distance to nearest water well within one-mile of pit <u>2350</u> feet    Depth of water well <u>90</u> feet	Depth to shallowest fresh water <u>90</u> ~ <u>100</u> feet Source of information: <input type="checkbox"/> measured <input checked="" type="checkbox"/> well owner <input type="checkbox"/> electric log <input type="checkbox"/> KQWR	
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>Fresh water mud</u> Number of working pits to be utilized: <u>(1) reserve pit</u> Abandonment procedure: <u>Haul fluids off top &amp; let dry natural &amp; backfill</u> Drill pits must be closed within 365 days of spud date.	
I hereby certify that the above statements are true and correct to the best of my knowledge and belief. <u>11-1-08</u> Date <i>[Signature]</i> Signature of Applicant or Agent <b>Dennis D. Hupfer</b>		

<b>KCC OFFICE USE ONLY</b>		Steel Pit <input type="checkbox"/>	RFAC <input type="checkbox"/>	RFAS <input type="checkbox"/>
Date Received: _____	Permit Number: _____	Permit Date: _____	Lease Inspection: <input type="checkbox"/> Yes <input type="checkbox"/> No	

**HAUL-OFF PIT APPLICATION  
FILING REQUIREMENTS**

**82-3-607. DISPOSAL OF DIKE AND PIT CONTENTS.**

- (a) Each operator shall perform one of the following when disposing of dike or pit contents:
- (1) Remove the liquid contents to a disposal well or other oil and gas operation approved by the commission or to road maintenance or construction locations approved by the department;
  - (2) dispose of reserve pit waste down the annular space of a well completed according to the alternate I requirements of K.A.R. 82-3-106, if the waste to be disposed of was generated during the drilling and completion of the well; or
  - (3) dispose of the remaining solid contents in any manner required by the commission. The requirements may include any of the following:
    - (A) Burial in place, in accordance with the grading and restoration requirements in K.A.R. 82-3-602 (f);
    - (B) removal and placement of the contents in an on-site disposal area approved by the commission;
    - (C) removal and placement of the contents in an off-site disposal area on acreage owned by the same landowner or to another producing lease or unit operated by the same operator, if prior written permission from the landowner has been obtained; or
    - (D) removal of the contents to a permitted off-site disposal area approved by the department.
- (b) Each violation of this regulation shall be punishable by the following:
- (1) A \$1,000 penalty for the first violation;
  - (2) a \$2,500 penalty for the second violation; and
  - (3) a \$5,000 penalty and an operator license review for the third violation.

RECEIVED  
KANSAS CORPORATION COMMISSION  
**NOV 03 2008**  
CONSERVATION DIVISION  
WICHITA, KS

**Complete and return with Haul-Off Pit Application, Form CDP1(2004)**

Haul-off pit will be located in an on-site disposal area: Yes  No

Haul-off pit is located in an off-site disposal area on acreage owned by the same landowner:  
Yes  No  If yes, written permission from the land owner must be obtained. Attach written permission to haul-off pit application.

Haul-off pit is located in an off-site disposal area on another **producing** lease or unit operated by the same operator: Yes  No  If yes, written permission from the land owner must be obtained. Attach permission and a copy of the lease assignment that covers the acreage where the haul-off pit is to be located, to the haul-off pit application.

(ENCLOSED)

For KCC Use: 11-3-08  
 Effective Date: \_\_\_\_\_  
 District # 2  
 SGA?  Yes  No

KANSAS CORPORATION COMMISSION  
 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: Nov. 18 08  
month day year

OPERATOR: License# 30380  
 Name: Hupfer Operating, Inc.  
 Address 1: P.O. Box 216  
 Address 2: \_\_\_\_\_  
 City: Hays State: KS Zip: 67601  
 Contact Person: Dennis D. Hupfer  
 Phone: (785) 628-8666

CONTRACTOR: License# 31548  
 Name: Discovery Drilling Co.

Spot Description: C - S2 - SW - SW Sec. 28 Twp. 19 S. R. 10  E  W  
(1/10/10)  
330 feet from  N /  S Line of Section  
4620 feet from  E /  W Line of Section  
 Is SECTION:  Regular  Irregular?

(Note: Locate well on the Section Plat on reverse side)  
 County: Rice  
 Lease Name: Heine Well #: 2  
 Field Name: Chase-Silica  
 Is this a Prorated / Spaced Field?  Yes  No  
 Target Formation(s): Arbuckle

Nearest Lease or unit boundary line (in footage): 330  
 Ground Surface Elevation: 1773 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: 125  
 Depth to bottom of usable water: 220  
 Surface Pipe by Alternate:  I  II  
 Length of Surface Pipe Planned to be set: 240  
 Length of Conductor Pipe (if any): none  
 Projected Total Depth: 3350  
 Formation at Total Depth: Arbuckle

Water Source for Drilling Operations:  
 Well  Farm Pond  Other  
 DWR Permit #: Applying  
 (Note: Apply for Permit with DWR   
 Will Cores be taken?  Yes  No  
 If Yes, proposed zone: \_\_\_\_\_

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

If OWWO: old well information as follows:  
 Operator: \_\_\_\_\_  
 Well Name: \_\_\_\_\_  
 Original Completion Date: \_\_\_\_\_ Original Total Depth: \_\_\_\_\_

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

**AFFIDAVIT**

RECEIVED  
 KANSAS CORPORATION COMMISSION  
 NOV 03 2008  
 RECEIVED  
 KANSAS CORPORATION COMMISSION  
 OCT 23 2008

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*; *Money*
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.*

I hereby certify that the statements made herein are true and correct to the best of my knowledge and belief  
 Date: 10-27-08 Signature of Operator or Agent: Dennis D. Hupfer Title: President  
 Remember to:

**For KCC Use ONLY**  
 API # 15 - 159-22590-0000  
 Conductor pipe required None feet  
 Minimum surface pipe required 240 feet per ALT.  I  II  
 Approved by 10-29-08  
 This authorization expires: 10-29-09  
(This authorization void if drilling not started within 12 months of approval date.)  
 Spud date: \_\_\_\_\_ Agent: \_\_\_\_\_

- 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: \_\_\_\_\_



10-30-08

To: Kansas Corporation Commission

Subject: Heine #2  
C-S2-SW-SW/4 Sec 28-19-10W  
Rice County Kansas

This will serve to confirm Hupfer Operating, Inc. is the Lease Operator on the NE/4 Sec 32-19-10W, Rice County, Kansas, known as the Ringwald Lease.

We grant permission for "Hupfer" to install a haul off pit on the NE/4 Sec 32-19-10W whereby the cuttings and fluids can be hauled to this pit from the subject well above.

Signed: Reinder Carl Ringwald  
Reinder Carl Ringwald

Date: Oct. 30 2008

Claudine Ringwald  
Claudine Ringwald

Date: Oct. 30 2008

AGREEMENT, Made and entered into Sept. 11, 1981, by and between:  
Reinder Carl Ringwald and Edna Claudine Ringwald, his wife, 405 Pembroke Lane  
Ellinwood, Kansas 67526

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

HUPFER OIL & GAS 2309 Walnut Hays, Kansas 67601 Party of the second part, hereinafter called lessee.

WITNESSETH, That the said lessor, for and in consideration of Twenty-Five Dollars (\$25.00) and no/100 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 Rice

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

NorthEast Quarter (NE4)

of Section 32 Township 19 Range 10 and containing 160 acres more or less.

It is agreed that this lease shall remain in full force for a term of 6 months ~~xxx~~ 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 at the mouth of the well. The lessee shall pay lessor as royalty 1/8 of the proceeds from the sale of gas as such at the mouth of the well where gas only is 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 10, 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 Bank at~~

~~\_\_\_\_\_ or its successors, which shall continue as the depository regardless of changes in the ownership of said land, the sum of \_\_\_\_\_ 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 date when said first rental is payable as aforesaid, but also the lessee's option of extending that period as aforesaid, and any and all other rights conferred. 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 authorizing payment or deposit or tender for deposit to their credit as hereinbefore provided, at least thirty days before said rentals and royalties are payable or due, and it is hereby agreed in the event this lease shall be assigned as to a part or as to parts of the above described lands and the assignee or assignees of such part or parts shall fail 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.

Lessee agrees to commence drilling of one test well on or before March 11, 1982, to a depth sufficient to penetrate the buckle formation.

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

Reinder Carl Ringwald  
Reinder Carl Ringwald

Edna Claudine Ringwald  
Edna Claudine Ringwald

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WICHITA, KS



STATE OF KANSAS  
COUNTY OF BARTON } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Okla., and Colo.)

Before me, the undersigned, a Notary Public, within and for said county and state, on this 11  
day of SEPTEMBER, 1981, personally appeared REINDER CARL RINGWALD  
and EDNA CLAUDINE RINGWALD

to me personally known to be the identical person S who executed the within and foregoing instrument and acknowledged to me that THEY executed the same as THEIR free and voluntary act and deed for the uses and purposes therein set forth.  
IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

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


William R. Miller  
Notary Public.

STATE OF \_\_\_\_\_ } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Okla., and Colo.)  
COUNTY OF \_\_\_\_\_

Before me, the undersigned, a Notary Public, within and for said county and state, on this \_\_\_\_\_  
day of \_\_\_\_\_, 19\_\_\_\_, personally appeared \_\_\_\_\_  
and \_\_\_\_\_

to me personally known to be the identical person \_\_\_\_\_ who executed the within and foregoing instrument and acknowledged to me that \_\_\_\_\_ executed the same as \_\_\_\_\_ free and voluntary act and deed for the uses and purposes therein set forth.  
IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires \_\_\_\_\_ Notary Public.

STATE OF \_\_\_\_\_ } ss. ACKNOWLEDGMENT FOR CORPORATION  
COUNTY OF \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, A. D., 19\_\_\_\_, before me, the undersigned, a Notary Public  
in and for the county and state aforesaid, personally appeared \_\_\_\_\_  
to me personally known to be the identical person who signed the name of the maker thereof to the within and foregoing  
instrument as its \_\_\_\_\_ President and acknowledged to me that \_\_\_\_\_ executed the same as \_\_\_\_\_ free and  
voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

My commission expires \_\_\_\_\_ Notary Public.

No. 201

**OIL AND GAS LEASE**

FROM \_\_\_\_\_

TO \_\_\_\_\_

Date 11, 1981

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

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

STATE OF Kansas } ss.  
County of Rice

This instrument was filed for record on the  
15 day of September 1981  
at 1:45 o'clock P.M., and duly recorded  
in Book Q&G92 Page 461 of  
the records of this office.  
Blair M. Meek  
By \_\_\_\_\_ Register of Deeds.  
Fee \$7.00

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

THE KANSAS BLUE PRINT CO.  
1650 SOUTH BROADWAY WICHITA, KANSAS  
REPRODUCTION SERVICES UP-TO-DATE OIL MAPS

NOTE: When signature by mark in Kansas, said mark to be witnessed by at least one person and also acknowledged.  
For acknowledgment by mark, use regular Kansas acknowledgment.

STATE OF \_\_\_\_\_ } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Okla., and Colo.)  
COUNTY OF \_\_\_\_\_

Before me, the undersigned, a Notary Public, within and for said county and state, on this \_\_\_\_\_  
day of \_\_\_\_\_, 19\_\_\_\_, personally appeared \_\_\_\_\_  
and \_\_\_\_\_

to me personally known to be the identical person \_\_\_\_\_ who executed the within and foregoing instrument and acknowledged to me that \_\_\_\_\_ executed the same as \_\_\_\_\_ free and voluntary act and deed for the uses and purposes therein set forth.  
IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires \_\_\_\_\_ Notary Public.

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WICHITA, KS

ADDENDUM TO OIL AND GAS LEASE AS FOLLOWS:

Dated Sept. 11, 1981, From Reinder Carl Ringwald and Edna Claudine Ringwald, his wife, 405 Pembroke Lane, Ellinwood, Kansas 67526, as lessors to HUPFER OIL & GAS, 2309 Walnut, Hays, Kansas 67601, as lessee, covering the NorthEast Quarter (NE4) Sec 32-19-10, Rice County, Kansas.

- 1) The lessee shall bury all pipeline below the depth of thirty-six (36) inches. Lessee shall rebury or relocate all pipelines so as not to interfere with any agricultural or irrigation activities of lessor when so required by lessor.
- 2) Lessee shall locate all tank batteries in such corners of said tract of land as shall be designated by lessor. Lessor shall have the right to designate all routes of ingress and egress, provided only that such roads shall, upon the request of lessee, be designated and the width thereof shall be sufficient for normal operation. There shall be no oil road surface or hard surfacing of any access without the written consent of the lessor.
- 3) Lessor shall have the option to use gas from any well on said land for irrigation purpose at no charge to the lessor. Lessor must make his own connections at no expense to the lessee but with the supervision of the operator. However, the method of taking of gas and the point of connection for taking must be such as not to interfere with the operation of the well.
- 4) In the event gas is found in commercially producible quantities, then lessee shall have one year beyond the expiration of the primary term of the lease in which to connect said well with a commercial pipeline or where 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, the sum of \$1,600.00 and while said royalty is so paid or tendered this lease shall be held as producing lease.
- 5) In addition to the royalty payment, lessee agrees to pay to lessors or the survivors thereof, an undivided 1/16th of 7/8ths of the oil, gas, casinghead gas, and all gaseous substances produced, saved and marketed from the leased premises under the terms of this lease as an overriding royalty, free and clear of all cost or expenses of development and operation thereof except taxes applicable to said interest and the production therefrom.

LESSEE *Kevin D. Huffer* DATE: 9-10-81  
HUPFER OIL & GAS

LESSORS *Reinder Carl Ringwald* DATE: 9-11-81  
*Edna Claudine Ringwald*  
Reinder Carl Ringwald  
Edna Claudine Ringwald

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WICHITA, KS

Microfilm  
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Checked

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#368

STATE OF KANSAS } ss  
COUNTY OF RICE }

This instrument was filed for  
record on the 23 day of  
February, A.D. 1982 at 9:10  
o'clock AM. and duly recorded  
in book D&G 94 page 733  
*Bladys Mick*  
Register of Deeds

Fee \$6.00

AFFIDAVIT OF PRODUCTION

STATE OF KANSAS,  
COUNTY OF ELLIS, ss:

Dennis D. Hupfer, of lawful age, being first duly sworn upon  
his oath, states:

1. That he is a resident of Ellis County, Kansas, and his  
true and correct post office address is 2309 Walnut, Hays, Kansas.
2. That he is the owner of Hupfer Oil and Gas, which is the  
operator of the following described oil and gas lease, situated in  
Rice County, Kansas, to-wit:

Oil and gas lease dated September 11, 1981,  
from Reinder Carl Ringwald, et ux., as  
lessors, to Hupfer Oil and Gas, as Lessee,  
recorded in Book 92, Page 461, covering the  
following described lands, situated in Rice  
County, Kansas, to-wit:

The Northeast Quarter (NE/4) of Section  
Thirty-two (32), Township Nineteen (19)  
South, Range Ten (10) West of the Sixth  
(6th) Principal Meridian.

3. That said oil and gas lease is for a term of six (6)  
months from the date thereof and as long thereafter as oil or gas or  
either of them is being produced from the leased premises.
4. That under the provisions of said oil and gas lease, the  
owners did on December 27, 1981, commence the drilling of a well for  
oil and gas purposes at a location described as the Center of the East  
Half of the Northeast Quarter (C E/2 NE/4) of said Section Thirty-two  
(32), and thereafter drilled and completed the same with due diligence  
on January 2, 1982, as a producer of oil, and that said well has continued  
and is continuing to produce oil.
5. That by virtue of the drilling and completion of the above-  
described well, as a producer of oil, the term of the above-described oil  
and gas lease has been extended for an indefinite period.
6. That this affidavit is made in compliance with the provisions  
of K.S.A. 55-205.

Executed this 16 day of February, 1982.

*Dennis D. Hupfer*  
Dennis D. Hupfer

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WICHITA, KS

DREILING, BIEKER & KELLEY  
ATTORNEYS-AT-LAW  
111 West 13th Street  
HAYS, KANSAS 67801  
913-625-3537

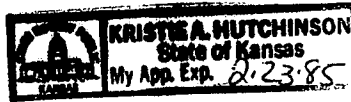
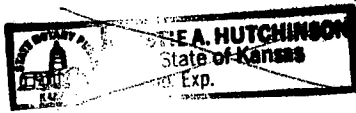
Affidavit of Production

Page 2

Subscribed and sworn to before me this 16<sup>th</sup> day of February, 1982.

Kristie A. Hutchinson  
Notary Public

(SEAL)



ACKNOWLEDGEMENT

STATE OF KANSAS,  
COUNTY OF ELLIS, ss:

Before me, the undersigned, a Notary Public, within and for said county and state, on this 16<sup>th</sup> day of February, 1982, personally appeared Dennis D. Hupfer 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 his free and voluntary act and deed for the uses and purposes therein set forth.

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

Kristie A. Hutchinson  
Notary Public

(SEAL)



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