

15-199-20295-0000

For KCC Use: 11-26-02
Effective Date: 11-26-02
District #: 4
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL

Form C-1
September 1999
Form must be Typed
Form must be Signed
All blanks must be Filled

Must be approved by KCC five (5) days prior to commencing well

Expected Spud Date: November 27 2002
month day year

Spot AP 160' E of
SW SE Sec. 34 Twp. 15 S. R. 40
 East
 West

OPERATOR: License# 5144
Name: Mull Drilling Co., Inc.
Address: P.O. Box 2758
City/State/Zip: Wichita KS 67201-2758
Contact Person: Mark Shreve
Phone: (316) 264-6366

RECEIVED
KANSAS CORPORATION COMMISSION

NOV 20 2002

CONTRACTOR: License# 5382
Name: Cheyenne Drilling, Inc.

CONSERVATION DIVISION
WICHITA, KS

Well Drilled For: Oil Gas OWO Seismic; Other
Well Class: Enh Rec Storage Disposal # of Holes 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 #: _____

* Unit covers 34.15-40 & 4-16-40

* 145 feet from (S) (circle one) Line of Section
1820 feet from (E) (circle one) Line of Section
Is SECTION Regular Irregular?

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

County: Wallace
Lease Name: Smith-McGimsey Well #: 1-34
Field Name: Wildcat

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Mississippi

* Nearest Lease or unit boundary: 475'

Ground Surface Elevation: 3664.8 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: 300'

Depth to bottom of usable water: 1600'

Surface Pipe by Alternate: 1 X 2

Length of Surface Pipe Planned to be set: 350'

Length of Conductor Pipe required: N/A

Projected Total Depth: 5300'

Formation at Total Depth: Mississippi

Water Source for Drilling Operations:

Well _____ Farm Pond _____ Other X

DWR Permit #: Contractor applying for permit

(Note: Apply for Permit with DWR)

Will Cores be taken? Yes No

If Yes, proposed zone: _____

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. 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. 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: 11/20/02 Signature of Operator or Agent: [Signature] Title: President/COO

For KCC Use ONLY
API # 15 - 199-20295-00-00
Conductor pipe required: NONE feet
Minimum surface pipe required: 350 feet per Alt. (2)
Approved by: RSP 11.21.02
This authorization expires: 5.21.03
(This authorization void if drilling not started within 6 months of effective 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;
- Obtain written approval before disposing or injecting salt water.

34
15
40

15-199-20295-00-00

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 - _____
Operator: Mull Drilling Co., Inc.
Lease: Smith-McGimsey
Well Number: 1-34
Field: Wildcat

Location of Well: County: Wallace
145 feet from S / X (circle one) Line of Section
1820 feet from E / X (circle one) Line of Section
Sec. 34 Twp. 15 S. R. 40 East West

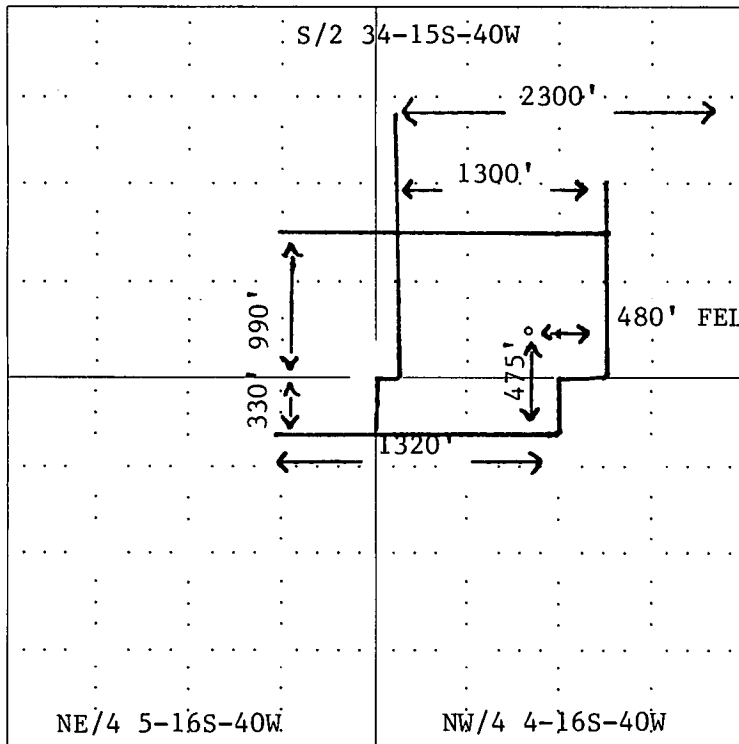
Number of Acres attributable to well: 40 (Pooled)
QTR / QTR / QTR of acreage: SW SE
South 75% of SW SE 34-15S-40W &
North 25% of NW NW 4-16S-40W

Is Section Regular or Irregular

If Section is Irregular, locate well from nearest corner boundary.
Section corner used: NE NW SE SW

PLAT

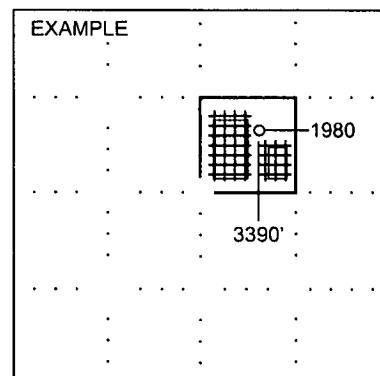
(Show location of the well and shade attributable acreage for prorated or spaced wells.)
(Show footage to the nearest lease or unit boundary line.)



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NOV 20 2002

CONSERVATION DIVISION
WICHITA, KS



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

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

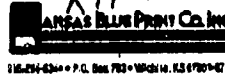
- 1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the section's south / north and east / west.
3. The distance to the nearest lease or unit boundary line.
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).

15-199-20295-00-00
R1406

FORM 88 - (PRODUCER'S SPECIAL) (PAID-UP)

63U (Rev. 1993)

Recorder No. 09-115



OIL AND GAS LEASE

AGREEMENT, Made and entered into the 3rd day of April 2001

by and between A. Bradford Smith and Jennifer J. Smith, his wife
P.O. Box 400
Sharon Springs, Kansas 67758

where mailing address is J. Fred Hanbright, Inc. 125 N. Market, Suite 1415, Wichita, KS 67202

Lessor, in consideration of Ten and More Dollars \$ 10.00) in hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring by geophysical and other means, prospecting, drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases and their respective conventional products, including gas water, other fluids, and air into subsurface strata, laying pipe lines, casing oil, building tanks, power stations, telephone lines, and other structures and things therein to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective conventional products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest, therein situated in County of Wallace State of Kansas described as follows to-wit:

Township 15 South, Range 40 West
Section 34: SE/4

In Section Township Range and containing 160.00 acres, more or less, and all accretions thereto.

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

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

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

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

This lease may be maintained during the primary term hereof without further payment of royalties. 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 all or part of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee.

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

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

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

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

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

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of royalty or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof; in case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

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

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

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

Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lands or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled (as a tract or until shall be treated, for all purposes except the payment of royalties on production from the pooled unit), as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In the event the royalties shown herein specified, lessor shall receive on production from a well so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled to the particular unit involved.

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

Witness: A. Bradford Smith
A. Bradford Smith

Jennifer J. Smith
Jennifer J. Smith

SS# 570-72-0795

STATE OF _____
COUNTY OF _____

BOOK 139 PAGE 412
ACKNOWLEDGMENT FOR INDIVIDUAL (KaOkCoNe)

15-199-20295-00-00

The foregoing instrument was acknowledged before me this _____ day of _____
by _____ and _____

My commission expires _____
Notary Public

STATE OF Kansas
COUNTY OF Wallace

ACKNOWLEDGMENT FOR INDIVIDUAL (KaOkCoNe)

The foregoing instrument was acknowledged before me this 3rd day of April, 2001
by A. Bradford Smith and Jennifer J. Smith
his wife

My commission expires December 21, 2001



Sally L. Peter
Notary Public
Sally L. Peter

STATE OF _____
COUNTY OF _____

ACKNOWLEDGMENT FOR INDIVIDUAL (KaOkCoNe)

The foregoing instrument was acknowledged before me this _____ day of _____
by _____ and _____

My commission expires _____
Notary Public

STATE OF _____
COUNTY OF _____

ACKNOWLEDGMENT FOR INDIVIDUAL (KaOkCoNe)

The foregoing instrument was acknowledged before me this _____ day of _____
by _____ and _____

My commission expires _____
Notary Public

No. _____
OIL AND GAS LEASE

FROM
A. Bradford Smith
Jennifer J. Smith
TO
J. Fred Hambright, Inc.

Date _____
Section _____ Twp. _____ Rge. _____
No. of Acres _____ Term _____

SEAL
NOTARY PUBLIC
STATE OF KANSAS
County Wallace
My Appt. Exp. _____
Notary Public

This instrument was filed for record on the 31st
day of May, 2001
at 9:30 o'clock A.M., and duly recorded
in Book 139 Page 412-412 of

the records of this office.
Sally L. Peter
By _____
Register of Deeds
When recorded, return to J. Fred Hambright, Inc.
125 N. Market, Suite 1415
Wichita, KS 67202

STATE OF _____
COUNTY OF _____

ACKNOWLEDGMENT FOR CORPORATION (KaOkCoNe)

The foregoing instrument was acknowledged before me this _____ day of _____
by _____
of _____
corporation, on behalf of the corporation.

My commission expires _____
Notary Public

15-199-20295-00-00
GR 1016

FORM 88 - (PRODUCER'S SPECIAL) (PAID-UP)

83U (Rev. 1995)

OIL AND GAS LEASE

Recorder No. 09-116

ANBAR BLUE PRINT Co. Inc.
218-284-2844 • P.O. Box 702 • Wichita, KS 67201-0702

AGREEMENT, Made and entered into the 15th day of February 2001

by and between The McGimsey Property Partnership
5129 S. Dudley St.
Littleton, Colorado 80123

whose mailing address is J. Fred Hambright, Inc. 125 N. Market, Suite 1415, Wichita, KS 67202

Lessor, in consideration of Ten and More Dollars (\$ 10.00) in hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreement of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring by geophysical and other means, prospecting, drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, including gas, water, other fluids, and air into subsurface strata, laying pipe lines, sorting oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest, therein situated in County of Greeley State of Kansas described as follows to-wit:

Township 16 South, Range 40 West
Section 4: Lots 3(42.06ac), 4(41.96ac), S/2NW/4, a/d/a NW/4

In Section Township Range and containing 164.02 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of One (1) years from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or land with which said land is pooled.

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

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

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

If said lessee owns to less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid the said lessee only in the proportion which his interest bears to the whole and undivided fee.

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

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

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

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

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

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but on change in the ownership of the land or assignment of royalty or royalties shall be binding on the lessee until after the lease has been terminated with a written transfer or assignment or a lease copy thereof. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

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

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

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

Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land/lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of units contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 80 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a unit or well shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessee shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

See Rider attached hereto and made a part hereof.

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

THE MCGIMSEY PROPERTY PARTNERSHIP:

By: Kenneth McGimsey, General Partner

By: Pam Jebens, General Partner

Tax ID#

STATE OF Kansas

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

15-199-20295-00-00

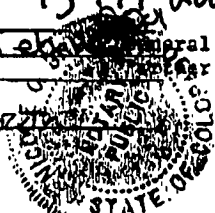
COUNTY OF Jefferson

The foregoing instrument was acknowledged before me this 5th day of March

by Kenneth McGimsey, General Partner and Pam J. [unclear]

My commission expires 6/12/02

Nicole C. Brown Notary Public



STATE OF _____

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____

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 _____

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 _____

by _____ and _____

My commission expires _____

Notary Public

No. 424

OIL AND GAS LEASE

FROM

The McGimsey Property Partnership

TO

J. Fred Hambricht, Inc.

Date _____

Section _____

Twp. _____

Rgr. _____

No. of Acres _____

Terra _____

County _____

County _____

STATE OF Kansas

County Greeley

This instrument was filed for record on the 27th

day of July, 2001.

at 1:00 o'clock P. M., and duly recorded

in Book 123 Page 138-140 of

the records of this office \$ 10.00

Lisa K. Robertson

Register of Deeds



When recorded, return to _____

L. Numerical
L. Computer

STATE OF _____

ACKNOWLEDGMENT FOR CORPORATION (KsOkCoNe)

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____

by _____

of _____

corporation, on behalf of the corporation.

My commission expires _____

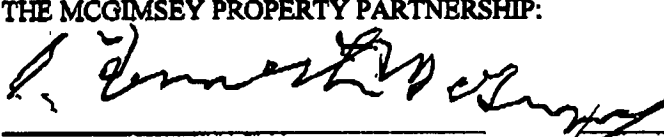

Notary Public

15-199-20295-00-00

RIDER

If at the end of the primary term, this lease is not otherwise continued in force under the provisions hereof, this lease shall expire, unless Lessee on or before the end of the primary term shall pay or tender to Lessor, the sum of \$9.00 multiplied by the number of net mineral acres owned by Lessor in the land above described and then subject to this lease; and subject to the other provisions of this lease, the primary term shall be extended for an additional term of Three (3) years from the end of the primary term hereof.

THE MCGIMSEY PROPERTY PARTNERSHIP:

	
_____ Kenneth McGimsey, General Partner	_____ Pam Jebens, General Partner

15-199-20295-00-00

Bob:

Enlarged paragraph hoping to make
it a little bit easier to read.

Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.