

FOR KCC USE:

FORM C-1 7/91

FORM MUST BE TYPED

FORM MUST BE SIGNED

ALL BLANKS MUST BE FILLED

EFFECTIVE DATE: 1-11-99

State of Kansas

DISTRICT # 1  
SSAT Yes No

NOTICE OF INTENTION TO DRILL

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

Spot 180 N & 60 E of  
SE SE SE Sec 20 Twp 33S S. Rg 13W East West

Expected Spud Date January 8, 1999  
month day year

OPERATOR: License # 3273  
Name: HERMAN L. LOEB  
Address: P.O. Box 524  
City/State/Zip: Lawrenceville, Illinois 62439  
Contact Person: George A. Payne  
Phone: 812/853-3813

CONTRACTOR: License # 5929  
Name: DUKE DRILLING CO., INC.

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

If OVMC: old well information as follows:  
Operator:  
Well Name:  
Comp. Date: Old Total Depth

Directional, Deviated or Horizontal wellbore? yes X no  
If yes, true vertical depth:  
Bottom Hole Location:

510 feet from South Monch line of Section  
270 feet from East Monch line of Section  
IS SECTION REGULAR X IRREGULAR

(NOTE: Locate well on the Section PLAT on Reverse Side)  
County: Barber  
Lease Name: McKEE Well #: 10  
Field Name: Medicine Lodge  
Is this a Prorated/Spaced Field? yes X no  
Target Formation(s): Snyderville, Mississippian  
Nearest lease or unit boundary: 580' 510'  
Ground Surface Elevation: 1644 feet MSL  
Water well within one-quarter mile: yes X no  
Public water supply well within one mile: yes X no  
Depth to bottom of fresh water: 100'  
Depth to bottom of usable water: 180'  
Surface Pipe by Alternate: X 1 2  
Length of Surface Pipe Planned to be set: 400'  
Length of Conductor pipe required: N/A  
Projected Total Depth: 4750'  
Formation at Total Depth: Mississippian  
Water Source for Drilling Operations:  
... well ... farm pond X other  
DWR Permit #:  
Will Cores Be Taken? yes X no  
If yes, proposed zone:

AFFIDAVIT

\* LEASE COVERS THE 3/4 OF SEC 21.

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 IS 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: Jan. 6, 1999 Signature of Operator or Agent: Sally R. Byers Title: Agent

FOR KCC USE:  
API # 15- 007-225920000  
Conductor pipe required NONE feet  
Minimum surface pipe required 300 feet per Alt. (1) X  
Approved by: JK 1-6-99  
This authorization expires: 7-6-99  
(This authorization void if drilling not started within 6 months of effective date.)  
Spud date: Agent:

RECEIVED  
KANSAS CORPORATION COMMISSION  
JAN 06 1999  
1-6-99  
CONSERVATION DIVISION  
WICHITA, KS

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.  
Mail to: Conservation Division, 200 Colorado Derby Building, 202 W. First St., Wichita, Kansas 67202-1286.

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 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 \_\_\_\_\_  
 LEASE \_\_\_\_\_  
 WELL NUMBER \_\_\_\_\_  
 FIELD \_\_\_\_\_

LOCATION OF WELL: COUNTY \_\_\_\_\_  
 \_\_\_\_\_ feet from south/north line of section  
 \_\_\_\_\_ feet from east/west line of section  
 SECTION \_\_\_\_\_ TWP \_\_\_\_\_ RG \_\_\_\_\_

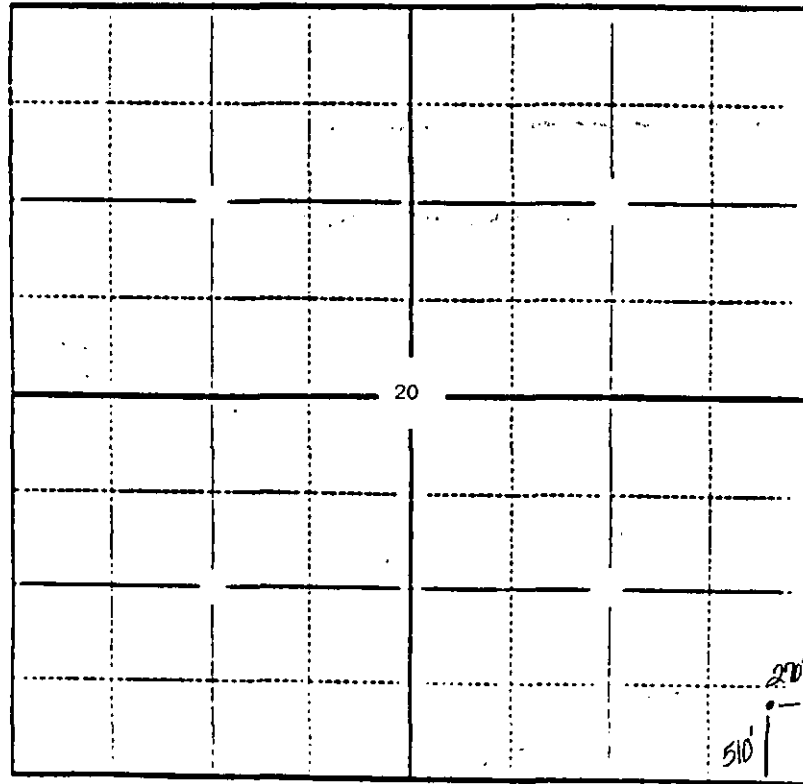
NUMBER OF ACRES ATTRIBUTABLE TO WELL \_\_\_\_\_  
 QTR/QTR/QTR OF ACREAGE \_\_\_\_\_

IS SECTION \_\_\_\_\_ REGULAR or \_\_\_\_\_ IRREGULAR  
IF SECTION IS IRREGULAR, LOCATE WELL FROM NEAREST CORNER BOUNDARY.

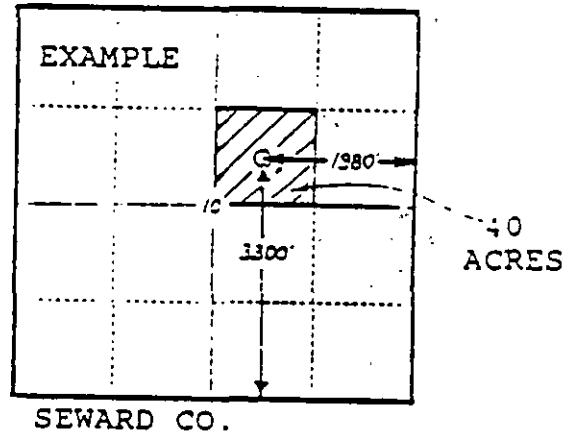
Section corner used: \_\_\_\_\_ NE \_\_\_\_\_ NW \_\_\_\_\_ SE \_\_\_\_\_ SW

**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.)



BARBER COUNTY



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 lines; and
- 3) the distance to the nearest lease or unit boundary line.

# 15-007-22592-0000 OIL AND GAS LEASE

FROM  
**J. H. McKee et al.**  
 TO  
**C. U. Shaffer**  
 State of Kansas, Barber County, ss.  
 This instrument was filed for record on this **10** day of  
**June**, A. D. 19**36**, at **11:20** o'clock, P. M.  
**G. K. Thompson**, Register of Deeds  
 By **J. T. [Signature]**

AGREEMENT, Made and Voluntarily this **30th** day of **October**, 19**35**, by and between  
**J. H. McKee and Alice McKee, his wife; Flora J. Crouch and A. T. Crouch, her husband; Emma Bell Johnson and Harry Johnson, her husband; William J. McKee and Minnie McKee, his wife; Bliza J. Carpenter and Lloyd Carpenter, her husband; and John Charles McKee and Christine McKee, his wife, heirs at law of Ellen E. McKee, deceased,**

and **C. U. Shaffer**  
 Party of the first part, hereinafter called leasee (whether one or more)  
 party of the second part, hereinafter called lessor  
 WITNESSETH: That the said lease, for and in consideration of **One and No/100-** - - - - - Dollars, each in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of leasee to be paid, kept and performed, has granted, devised, let, conveyed and let unto the said lessor, for the sole and only purpose of mining and operating for oil and gas and laying pipe lines and buildings, tanks, sources, shafts and structures thereon to produce, mine and take out of said products, and that certain tract of land situated in the County of **Barber** State of Kansas, described as follows, to-wit:

**The East Half (E/2) of Section 20; and the South Half (S/2) of the North Half (N/2); and the Northwest Quarter (NW 1/4) of the Northeast Quarter (NE 1/4); and the Northeast Quarter (NE 1/4) of the Northwest Quarter (NW 1/4); and the South Half (S/2) of Section 21; and the West Half (W/2) of the Northeast Quarter (NE 1/4); and the East Half (E/2) of the Northwest Quarter (NW 1/4) of Section 20, all in**

of Section **20**, Township **35 South** Range **15 West** and containing **1040** acres, more or less.  
 It is agreed that this lease shall remain in force for a term of **Five (5)** years from date, and so long thereafter as oil or gas or either of them is produced from said land by the leasee.

In consideration of the premises the said leasee covenants and agrees:  
 1st. To deliver to the grantor of lease, five feet out in the pipe line in which he may run test his wells, the equal one eighth (1/8) part of all oil produced and saved from the leased premises.  
 2nd. To pay leasee for gas from each well where gas only is found the equal one eighth (1/8) of the gross proceeds at the prevailing market rate, for all gas from all the premises, said payments to be made **monthly**, and leasee to have and take out of each from any such well for all gas and all hydro light in the principal dwelling house on said land during the same time by making for own consumption with the rest of the town and outside.  
 3rd. To pay leasee for gas produced from any oil well and used off the premises, or for the transportation of casing head gas, one eighth (1/8) of the gross proceeds at the prevailing market rate for the gas so used, for the time during which such gas shall be used, said payments to be made **monthly**.

If no well be commenced on said land within or before the **22nd** day of **October**, 19**36**, this lease shall terminate as to both parties, unless the lessor or co-lessees that shall direct pay or tender to the leasee or to the leasee's credit in the Bank of **Bank of [Name]** in the sum of **Ten Hundred Forty & No/100--** DOLLARS, which shall continue as the

depository regardless of changes in the ownership of said land, the term of **12** months from said date, in the manner and upon the payment of which the termination of a well may be further deferred for periods of the same number of months successively. And it is understood and agreed that the covenants herein set forth herein, the leasee's option of extending that period as aforesaid, and any and all other rights conferred. 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 first rental period for which rental has been paid, this lease shall terminate as to both parties, unless the leasee or as in favor the expiration of said twelve months shall resume the payment of rentals in the same amount and in the same manner as to be provided herein. And it is agreed that upon the expiration of the payment of rentals as above provided, that the ten preceding paragraph herein, governing the payment of rentals and the effect thereof, shall continue in force in 1934 as though there had been no interruption in the rental payments.

If said lessor or co-lessees have reserved in the above described land then the surface and underlie for similar wells thereon, then the royalties and rentals herein provided shall be paid the leasee, with the interest thereon, for the whole and undivided fee.

Leasee shall have the right to use, free of cost, any oil, gas, and water produced on said land for its operations thereon, except water from wells of leasee.  
 When commenced by leasee, leasee shall have the pipe lines below pipe depth.  
 No well shall be drilled nearer than 200 feet to the house or barn upon said premises, without the written consent of the lessor.  
 Leasee shall not be chargeable caused by its operations to stoppage except on said lands.  
 Leasee 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 leasee shall commence to drill a well within the term of this lease or any extension thereof, the leasee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if all or any, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years herein first mentioned.

If the estate of either party herein is succeeded, and the privilege of no change in title or in part is expressly allowed. The covenants herein shall extend to their heirs, executors, administrators, successors or assigns, and an assignee in the ownership of the land or assignment of royalty or any other shall in binding on the leasee until the leasee has been furnished with a written instrument in assignment of a true copy thereof and it is hereby agreed in the event this lease shall be assigned as to a part or parts of the above described tract and the assignee or assignees of such part or parts shall fall or make default in the payment of the percentage part of the gross proceeds from the same, such default shall not operate to defeat or affect this lease or so far as it covers a part or parts of said lands which the said leasee or any assignee thereof shall owe the payment of said rental.

Leasee hereby warrants and agrees to defend the title to the lands herein described and agrees that the Leasee shall have the right at any time to recover the benefit by payment, any mortgages, taxes or other liens on the above described lands, in the event of default or payment by leasee, and be subrogated to the rights of the holder thereof.

Whereof witness our hand as of the day and year first above written,  
 WITNESSETH:  
**J. H. McKee (SEAL)**  
**Alice McKee (SEAL)**  
**Flora J. Crouch (SEAL)**  
**A. T. Crouch (SEAL)**  
**Emma Bell Johnson (SEAL)**  
**Harry Johnson (SEAL)**  
**William J. McKee (SEAL)**  
**Minnie McKee (SEAL)**  
**Bliza J. Carpenter (SEAL)**  
**Lloyd Carpenter (SEAL)**  
**John Charles McKee (SEAL)**  
**Christine McKee (SEAL)**  
**C. U. Shaffer**

RECORDED  
 6-1-36  
 13163376211