

FOR KCC USE:

EFFECTIVE DATE: 9-15-99
DISTRICT # 1
SGA? Yes No

FORM C-1 7/91
FORM MUST BE TYPED
FORM MUST BE SIGNED
ALL BLANKS MUST BE FILLED

State of Kansas
NOTICE OF INTENTION TO DRILL
Must be approved by the K.C.C. five (5) days prior to commencing well

Expected Spud Date September 30 1999
month day year

Spot NE - NW - NE Sec 30 Twp 32 S, Rg 18 X East West
N/2

OPERATOR: License # 3882
Name: SAMUEL GARY JR. & ASSOCIATES, INC.
Address: 1670 BROADWAY, SUITE 3300
City/State/Zip: DENVER, CO 80202-4838
Contact Person: TOM FERTAL
Phone: (303) 831-4673

160 feet from North line of Section
1950 feet from East line of Section
IS SECTION REGULAR IRREGULAR?
(NOTE: Locate well on the Section Plat on Reverse Side)

CONTRACTOR: License #: 5929
Name: Duke Drilling Co.

County: Comanche
Lease Name: Griffith Farms Well #: 30-2
Field Name: Wildcat
Is this a Prorated/Spaced Field? yes no

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

Target Formation(s): Arbuckle
* Nearest Lease or unit boundary: 1480'
Ground Surface Elevation: Est 2125' feet MSL

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

Water well within one-quarter mile: yes no
Public water supply well within one mile: yes no
Depth to bottom of fresh water: 110'
Depth to bottom of usable water: 240

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

Surface Pipe by Alternate: 1 2
Length of Surface Pipe Planned to be set: 650'
Length of Conductor pipe required: NA
Projected Total Depth: 6200'
Formation at Total Depth: Arbuckle
Water Source for Drilling Operations: well farm pond other

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 a 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 WITH 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: September 3, 1999 Signature of Operator or Agent: Thomas Fertal Title: Senior Geologist

FOR KCC USE:
API # 15- 033-21034 0000
Conductor pipe required NONE feet
Minimum surface pipe required 260 feet per Alt.
Approved by: JK 9-10-99
This authorization expires: 3-10-2000
This authorization void if drilling not started within 6 months of effective date.)
Spud date: _____ Agent: _____

09-07-1999

30 32 18W

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.

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 _____

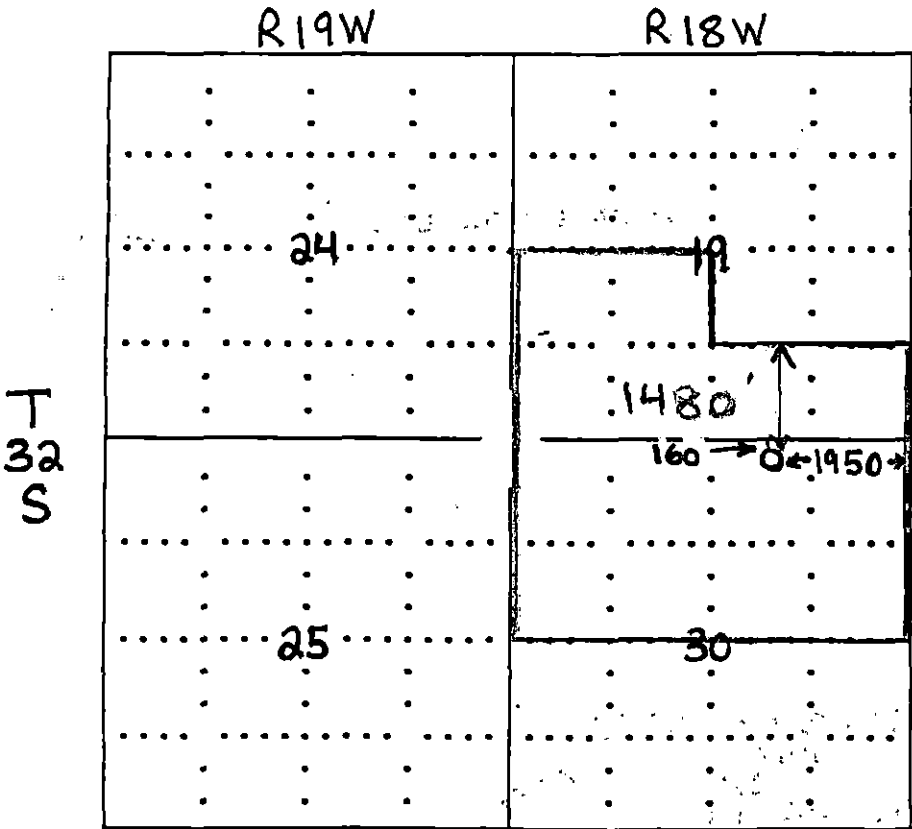
LOCATION OF WELL: COUNTY _____
 _____ feet from south/north line of section
 _____ feet from east/west line of section
 SECTION _____ TWP _____ RG _____

NUMBER OF ACRES ATTRIBUTABLE TO WELL _____
 QTR/QTR/QTR OF ACREAGE _____

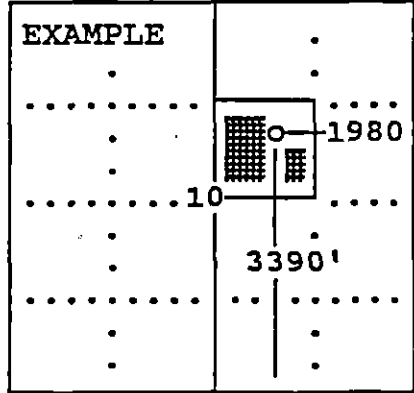
IS SECTION _____ REGULAR or _____ IRREGULAR
IF SECTION IS IRREGULAR, LOCATE WELL FROM NEAREST CORNER BOUNDARY.

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.)



*1480' = distance to the nearest lease
 (see attached sketch to lease)*



SEWARD CO.

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

RECEIVED
 JUN 10 1938
 DEPT. OF REVENUE
 OIL & GAS DIVISION

15-033-21034-0000

OIL AND GAS LEASE

(PAID UP)

AGREEMENT, Made and entered into this 7th day of January 19 98 by and between Griffith Farms, Inc., a Kansas Corporation, 208 West Walnut, Coldwater, KS 67029

Samuel Gary Jr. & Associates, Inc. Party of the first part, hereinafter called lessor (whether one or more), and 1670 Broadway, #3300, Denver, CO 80202 Party of the second part, hereinafter called lessee (whether one or more).

WITNESSETH, That lessor, in consideration of One Dollar, 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 lessee for the sole and only purpose of exploring by geophysical and other methods, mining and operating for oil (including, but not limited to distillate and condensate), gas (including casinghead gas and helium and all other constituents), and for laying pipelines, 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, and all right, title and interest in and to any and all easements, roads, alleys, railroad rights-of-way, rivers, waterways or canals within or adjoining said land,

including any accretions or bature lands attributable thereto, situated in the County of Comanche, State of Kansas described as follows:

Section 19: Lot 3(36.55), lot 4(36.85), E 1/2 SW 1/4, S 1/2 SE 1/4, and Section 30: Lot 1(37.05), Lot 2(37.15), E 1/2 NW 1/4, NE 1/4,

of Section XXXXXXXXX, Township 32 South, Range 18 West, and containing 547.60 acres, more or less

It is agreed that this lease shall remain in force for a term of three years from date (herein called primary term) and as long thereafter as oil or gas, or either of them is produced from said land or operations are conducted thereon as hereinafter prescribed.

- In consideration of the premises the said lessee covenants and agrees: 1. To deliver to the credit of lessor free of cost, in the pipe line to which it may connect its wells, the 1/8th part of all oil (including but not limited to condensate and distillate) produced and saved from the leased premises. 2. To pay lessor for gas of whatsoever nature or kind (with all of its constituents) produced and sold or used off the leased premises or used in the manufacture of products therefrom, 1/8th of the gross proceeds received for the gas sold, used off the premises or in the manufacture of products therefrom, but in no event more than 1/8th of the actual amount received by the lessee, said payments to be made monthly. During any period (whether before or after expiration of the primary term hereof) when gas is not being so sold or used and the well or wells are shut in and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, lessee shall pay or tender to the royalty owners a royalty of \$1.00 per year per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of 90 days from the date such well is shut in, and thereafter on the anniversary date of this lease during the period such well is shut in. When such payment or tender is made, it will be considered that gas is being produced within the meaning of the entire lease.

3. For all purposes of this lease, the word "operations" shall mean operations (whether conducted before or after the expiration of the primary term) for any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas or associated substances, allowing no more than 90 consecutive days between any cessation of operations or production, if occurring after expiration of the primary term or within 90 days prior to such expiration, and commencement of subsequent operations. Lessee is hereby granted the right at any time and from time to time to unitize the leased premises or any portion or portions thereof as to all strata or any stratum or strata, with any other lands as to all strata or any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate. However, no unit for the production primarily of oil shall embrace more than 40 acres, or for the production primarily of gas with or without distillate more than 640 acres (plus a tolerance of no more than 10% in either instance); provided that if any governmental regulation shall prescribe a spacing pattern for the development of the field or allocate a producing allowable based on acreage per well, then any such unit may embrace as much additional acreage as may be prescribed or as may be used in such allocation of allowable. Lessee shall file written unit designations in the county in which the leased premises are located. Operations upon and production from the unit shall be treated as if such operations were upon or such production were from the leased premises whether or not the well or wells are located thereon. The entire acreage within a unit shall be treated for all purposes as if it were covered by and included in this lease except that the royalty on production from the unit shall be as below provided. In respect to production from the unit, Lessee shall pay Lessor, in lieu of other royalties thereon, only such proportion of the royalties 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 in the unit.

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 shall be paid to the lessor 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 its operations thereon, except water from wells of lessor. When requested by the 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 all 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 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. However, no change or division in ownership of the land or royalties shall enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land or royalties shall be binding on the lessee until after the lessee has been furnished with a true copy of the written transfer or assignment (recorded, or recordable). 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.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules and 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 such failure is the result of any such Law, Order, Rule or Regulation.

This lease shall be effective as to each lessor on execution hereof as to his or her interest and shall be binding on those signing notwithstanding some of the lessors above named may not join in the execution hereof. The word "lessor" as used in this lease means the party or parties who execute this lease as lessor, although not named above.

Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to lessor, or by placing a release or record in the proper County.

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.

It is hereby agreed that Lessee shall contact Lessor prior to entering leased premises.



IN TESTIMONY WHEREOF, this instrument is executed as of the date first above mentioned. ATTEST

by: William R. Griffith

Griffith Farms, Inc. by: Ralph Griffith

Tax ID 48-0848088

PHOTOCOPIED Entering STATE OF KANSAS, COMANCHE COUNTY } ss This instrument was filed for Record on the 20 day of March 19 98 at 1: o'clock P. m and duly recorded In Book 86 Page 817 Fees \$8.00 Register of Deeds

Lessor

STATE OF OKLAHOMA, } ss.
County of

(ACKNOWLEDGMENT FOR INDIVIDUAL)

Before me, the undersigned, a Notary Public, in and for said County and State, on this.....day of....., 19....., personally appeared
.....
personally known to me 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 official signature and affixed my official seal the day and year first above written.

My commission expires..... Notary Public

STATE OF OKLAHOMA, } ss.
County of

(ACKNOWLEDGMENT FOR INDIVIDUAL)

Before me, the undersigned, a Notary Public, in and for said County and State, on this.....day of....., 19....., personally appeared
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County of

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| | | | | | | | | | | | | |
|----------|-------------------|------|----|---------------------|--|-----------------------------|---|--|--------------|--------|--|---|
| No. | Oil and Gas Lease | FROM | TO | Date, 19..... | Section, Township, Range, County, Oklahoma | No. of Acres..... Term..... | STATE OF OKLAHOMA, } ss. County of | This instrument was filed for record on the.....day of, 19..... at.....o'clock.....M., and duly recorded in book.....page.....of the records of this office. | County Clerk | Deputy | Record and Mail to: SAMUEL GARY JR. AND ASSOCIATES, INC. 1670 BROADWAY, SUITE 9300 DENVER, COLORADO 80202 | Burkhardt Printing & Stationery Co., Tulsa, Okla. |
|----------|-------------------|------|----|---------------------|--|-----------------------------|---|--|--------------|--------|--|---|

STATE OF OKLAHOMA, KANSAS } ss.
County of Comanche.....

(ACKNOWLEDGMENT FOR CORPORATION)

On this.....day of January..... A. D., 1998, before me, the undersigned, a Notary Public, in and for the County and State aforesaid, personally appeared Ralph Griffith, President Griffith Farms Inc.

to me known to be the identical person... who subscribed the name of the maker thereof to the foregoing instrument as its President -
and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary deed of such corporation, for the uses and purposes therein set forth.

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

My commission expires 6-5-2001 Robin H. Allen Notary Public

