

## KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

Form T-1 April 2004 Form must be Typed Form must be Signed All blanks must be Filled

# REQUEST FOR CHANGE OF OPERATOR TRANSFER OF INJECTION OR SURFACE PIT PERMIT

Check Applicable Boxes:	1
Oil Lease: No. of Oil Wells**	Effective Date of Transfer: 12/22/05
✓ Gas Lease: No. of Gas Wells 1 **	KS Dept of Revenue Lease No.: 200833
Gas Gathering System:	Lease Name: Crase A #1
Saltwater Disposal Well - Permit No.:	
Spot Location: feet from N / S Line	
feet from	Legal Description of Lease: C-SW-SEC 4-24S-31W
Enhanced Recovery Project Permit No.:	
Entire Project: Yes No	County: Finney
Number of Injection Wells**	Production Zone(s): Chase
Field Name:	
** Side Two Must Be Completed.	Injection Zone(s):
Surface Pit Permit No.: (API No. if Drill Pit, WO or Haul)	feet from N / S Line of Section
Type of Pit: Emergency Burn Settling	Haul-Off Workover Drilling
Past Operator's License No. 33600	Contact Person: R. Chase Evans / RECEIVED
Past Operator's Name & Address: Evans Energy, LLC	Phone: 316-794-2101 DEC 2 8 2005
2400 S 183rd W Goddard, KS 67052	Date: 12/22/05
Title: Managing Member	Signature: R Chase Euro KCC WICHITA
New Operator's License No. 5086	Contact Person: Walter Innes Phillips ~
	316 - 263 - 22/13
New Operator's Name & Address: Pintail Petroleum, LTD	r none.
225 N Market St. Suite 300	Oil / Gas Purchaser:
Wichita, KS 67202	Date: 12/23/2005
Title: President	Signature: Walty Juny y hells
Acknowledgment of Transfer: The above request for transfer of injection noted, approved and duly recorded in the records of the Kansas Corpor Corporation Commission records only and does not convey any ownership	ration Commission. This acknowledgment of transfer pertains to Kansas
is acknowleged as the	is acknowleged as the
new operator and may continue to inject fluids as authorized by	new operator of the above named lease containing the surface pit
Permit No.: Recommended action:	permitted by No.:
Date:	Date:
Authorized Signature	Authorized Signature
DISTRICT EPR /2-2405	PRODUCTION JAN 0 9 2006 UIC 1-6-06
Mail to: Past Operator New Operator	District



#### Side Two

#### Must Be Filed For All Wells

Lease Nam	e: Crase A #1		Location:	C-SW-SEC 4-24S-31W	
Well No.	AP! No. (YR DRLD/PRE '67)	Footage from (i.e. FSL = Feet	Section Line from South Line)	Type of Well (Oil/Gas/INJ/WSW)	Well Status (PROD/TA'D/Abandoned)
1	15-055-2011700-00 15-055 <del>00816</del>	1250' Circle	1250' Circle	GAS	TA'D
		FSL/FNL	FEL/FWL		
		FSL/FNL	FEL/FWL		
		FSL/FNL	FEL/FWL		
		FSL/FNL	FEL/FWL		
		FSL/FNL	FEL/FWL	4-10-10-10-10-10-10-10-10-10-10-10-10-10-	
		FSL/FNL	FEL/FWL		<u> </u>
		FSL/FNL	FEL/FWL		
		FSL/FNL	FEL/FWL		
			FEL/FWL		
		the test of age to community in	FEL/FWL	m me e e e e e e e e e e e e e e e e e	
	-				
•				· Martin Martin Park and a service of the latest and a ser	
	<i>t</i>	a c			
		FSL/FNL	FEL/FWL		
		FSL/FNL	FEL/FWL	•	

A separate sheet may be attached if necessary

<sup>\*</sup> When transferring a unit which consists of more than one lease please file a separate side two for each lease. If a lease covers more than one section please indicate which section each well is located.

## Kansas Corporation Commission Oil & Gas Conservation Division

# REQUEST FOR CHANGE OF OPERATOR TRANSFER OF INJECTION OR SURFACE PIT PERMIT

Form T-1 April 2004 Form must be Typed Form must be Signed All blanks must be Filled

Check Applicable Boxes:	
Oil Lease: No. of Oil Wells	Effective Date of Transfer: 12/22/05
✓ Gas Lease: No. of Gas Wells 1	KS Dept of Revenue Lease No.: 200833
Gas Gathering System:	
Saltwater Disposal Well - Permit No.:	Lease Name: Crase A #1
Spot Location:feet from N / S Line	<u>Apx NW SE SE Sec. 4 Twp. 24S R 31 EV W</u>
feet from E / W Line	Legal Description of Lease: SEC 4-24S-31W
Enhanced Recovery Project Permit No.:	
Entire Project: Yes No	County: Finney
Number of Injection Wells**	
Field Name:	Production Zone(s): Chase
** Side Two Must Be Completed.	Injection Zone(s):
Surface Pit Permit No.: (API No. If Drill Pit, WO or Haul)	feet fromN /S Line of Section
	Heul-Off Workeyer Drilling
Type of Pit: Emergency Burn Settling	Haul-Off Workover Drilling
Past Operator's License No. 33600	Contact Person: R. Chase Evans RECEIVED
Past Operator's Name & Address: Evans Energy, LLC	Phone: 316-794-2101
2400 S 183rd W Goddard, KS 67052	JAN 1.3 2008
	Date: 12/22/05 Signature: R Muse Em KCC WICHITA
Title: Managing Member	Signature: R (Muss ( ) )
New Operator's License No. 5086	Contact Person: Walter Innes Phillips
146W Operator's License 140,	
New Operator's Name & Address: Pintail Petroleum, LTD	Phone: 316-263-2243
225 N Market St. Suite 300	Oil / Gas Purchaser:
Wichita, KS 67202	Date: 12/23/2005
Title: President	Signature: Welty Juny & hellis.
Acknowledgment of Transfer: The above request for transfer of injection	n authorization, surface pit permit # has been
noted, approved and duly recorded in the records of the Kansas Corpo	oration Commission. This acknowledgment of transfer pertains to Kansas
Corporation Commission records only and does not convey any ownershi	p interest in the above injection well(s) or pit permit.
is acknowleged as the	is acknowleged as the
new operator and may continue to inject fluids as authorized by	new operator of the above named lease containing the surface pit
Permit No.: Recommended action:	
, Kaconinianda scioni	permitted by No.:
Date:	Date:
Authorized Signature	Authorized Signature
DISTRICTEPR	PRODUCTION UIC
Mail to: Past Operator New Operator	District

#### Must Be Flied For All Wells

* Lease Name:			* Location: _	NW SE SE SEC 4-24S-31W		
Well No.	API No. (YR DRLD/PRE '67)		Section Line from South Line)	Type of Well (Oil/Gas/INJ/WSW)	Well Status (PROD/TA'D/Abandoned	
1	15-055-20117 00-00	1250' Circle	1250' Circle	GAS	TA'D	
		FSL/FNL	FEL/FWL			
	A-1700 - 1700 -	FSL/FNL	FEL/FWL	-	***************************************	
		FSL/FNL	FEL/FWL			
		FSL/FNL	FEL/FWL			
	-	FSL/FNL	FEL/FWL			
				W ·		
		EQL/ENI	EEL/EVA/L		RECEIVED	
		FSUFINE	FEL/FVVL		JAN 1 3 2006	
	• · · · · · · · · · · · · · · · · · · ·	FSL/FNL	FEL/FWL		KCC WICHITA	
		FSL/FNL	FEL/FWL			
		FSL/FNL	FEL/FWL			
		FSL/FNL	FEL/FWL			
		FSL/FNL	FEL/FWL			
· .			FEL/FWL	· · · · · · · · · · · · · · · · · · ·		
			FEL/FWL	-		
1		FSL/FNL	FEL/FWL	-		
***		FSL/FNL	FEL/FWL			
		FSL/FNL	FEL/FWL		****	
		FSL/FNL	FEL/FWL			

#### A separate sheet may be attached if necessary

<sup>\*</sup> When transferring a unit which consists of more than one lease please file a separate side two for each lease. If a lease covers more than one section please indicate which section each well is located.

### RECEIVED

JAN 2 6 2006

## **KCC WICHITA**

271 52

December 2005

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

63U (Rev. 1993)

AGREEMENT, Made and entered into the ...

#### OIL AND GAS LEASE

14th

by and between	nne D. Cr	ase as In	stee of the	e Dan and	wone Crase I	rust dated Dece	mper 8, 2004
whose mailing address is 231	9 Yosem:	ite Pkwy	. Garden	City, KS	67846-3864	hereinafter o	alled Lessor (whether one or more),
		leum, Lto					, , , , , , , , , , , , , , , , , , ,
414			300, Wich	ita, KS	67202		, hereinafter caller Lessee:
	Ten ar	od More-					
of investigating, exploring by get constituent products, injecting gas and things thereon to produce, say products manufactured therefrom	ophysical and on water, other if ye, take care of, and housing s	other means, pr fluids, and air in , treat, manufacti and otherwise ca	ospecting drilling, to subsurface strature, process, store ing for its emplo	, mining and op- ta, laying pipe lir and transport sa yees, the followi	erating for and producir nes, storing oil, building id oil, liquid hydrocarbor ng described land, toget	ig oil, liquid hydrocarbo tanks, power stations, te is, gases and their respec her with any reversionar	) in hand paid, receipt of which usively unto lessee for the purpose one, all gases, and their respective elephone lines, and other structures titve constituent products and other yrights and after-acquired interest,
therein situated in County of	Finne	ey		State of	Kansas		described as follows to-wit:
	right, Section		nd intere	st in an	d under		
		<b>.</b>				640	
In Sectionaccretions thereto.	, Township _	24 S	Range	31 W	and containing _	640	acres, more or less, and all
Subject to the provisions as oil, liquid hydrocarbons, gas of In consideration of the pr	emises the said	i lessee covenan	ts and agrees:				mary term"), and as long thereafter spooled.
at the market price at the well, () premises, or in the manufacture (	but, as to gas s of products the year per net	old by lessee, ir refrom, said pay	no event more the	han one-eighth ( e monthly, When	<li>6) of the proceeds receive gas from a well produ</li>	ed by lessee from such cing gas only is not sol	products therefrom, one-eighth (%), sales), for the gas sold, used off the d or used, lessee may pay or tender at gas is being produced within the
	ereof, the lessee	e shall have the	right to drill such	well to complet	ion with reasonable dili	gence and dispatch, and	ence to drill a well within the term if oil or gas, or either of them, be at mentioned.
	s interest in th	e above describ	ed land than the	entire and undi	-		s herein provided for shall be paid
Lessee shall have the rigi					r lessee's operation there	on, except water from th	ne wells of lessor.
When requested by lessor	, lessee shall b	ury lesecc's pipe	lines below plow	depth.			
No well shall be drilled n				•	thout written consent of	lessor.	
Lessee shall pay for dame		-		-			
Lessee shall have the rigi							
executors, administrators, succes	sors or assignation written transfe	s, but no chang er or aesignmen	e in the ownersh for a true copy th	ip of the land of hereof. In case le	r assignment of rentals	or royalties shall be bi	hereof shall extend to their heirs, nding on the lessee until after the shall be relieved of all obligations
Lessee may at any time surrender this lease as to such po						n or portions of the abo	ve described premises and thereby

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 lande herein described, and agrees that the lessee shall have the right at any tinic to redeem for lessor, by payment any morigages, 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, 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 well be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein spacified, 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.

If the leased premises are now or shall hereafter be owned in severalty or in separate tracts, the premises may nevertheless be developed and operated as one lease, and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire lessed acreage. There shall be no obligation on the part of the lessee to offset wells on separate

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KCC WICHTAnsas Blue Print

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

63U (Rev. 1993)

#### OIL AND GAS LEASE

				1.5%	•
AGREEMENT. Made an	d entered into the14th	day of	December 200	5	
by and betweenArle		-			
by and between ALL	ene Argrini, a s.	ingre person			
whose mailing address is _23	15 N. Campus Dr	., Garden City, K	S 67578	hereinafter calle	d Lessor (whether one or more),
and Pintai	l Petroleum, Lt	d.			
	Market. Suite	300, Wichita, KS	67202		, hereinafter caller Lessee:
Lessor, in consideration of	f Ten and More-	of the agreements of the lessee he	Dollars (\$1	0.00 + more	) in hand paid, receipt of which
of investigating, exploring by ge	ophysical and other means, p	prospecting drilling, mining and of	perating for and producing	oil, liquid hydrocarbons	all gases, and their respective
and things thereon to produce, as	ive, take care of, treat, manufac	into subsurface strata, laying pipe i cture, process, store and transports	aid oil, liquid hydrocarbons,	gases and their respective	constituent products and other
products manufactured therefron	a, and housing and otherwise of	caring for its employees, the follow	ring described land, together	r with any reversionary ri	ghts and after-acquired interest,
therein situated in County of	Filley	State o	f Name of the state of the stat		described as follows to-wit:
Δ11 mt	right, title :	and interest in a	nd under		
	Section 4				
Q	. 500020 1			*	
:					•
In Sectionaccretions thereto,	, Township 24 S	, Range31_W	and containing	640	acres, more or less, and all
Subject to the provisions	herein contained, this lease a	hall remain in force for a term of	TWO (2) years from	this date (called "primar	y term"), and as long thereafter
as oil, liquid hydrocarbons, gas	or other respective constituent	products, or any of them, is produc	ced from said land or land w	vith which said land is po	oled.
•	remises the said lessee covens	ints and agrees: the pipe line to which lessee may c	onnect wells on said land th	ne equal one-eighth (%) ne	urt of all oil produced and saved
from the leased premises.					
at the market price at the well, or premises, or in the manufacture	(but, as to gas sold by lessee, of products therefrom, said po er year per net mineral acre re	ind produced and sold, or used off in no event more than one-eighth ayments to be made monthly. Who etained hereunder, and if such pa	(場) of the proceeds received ere gas from a well producing	by lessee from such sale ag gas only is not sold or	s), for the gas sold, used off the used, lessee may pay or tender
This lease may be main	tained during the primary ter	rm hereof without further paymen	t or drilling operations. If t	he lessee shall commenc	to drill a well within the term

f this lease or any extension thereof, the leasee shall have the right to drill such well to completion with reasonable diligence and diepatch, and if oil or gas, 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 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 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 privilegs 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 rentals 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 avelence of the surface of the s 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, 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 lesse or any portion thereof with other land, leass 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. Lesses 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 acreages 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 spacified, lessor shall raceive 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.

If the lessed premises are now or shall hereafter be owned in severalty or in separate tracts, the premises may nevertheless be developed and operated as one lease, and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. There shall be no obligation on the part of the leasee to offset wells on separate

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

63U (Rev. 1993)

#### OIL AND GAS LEASE

Reorder No. 09-115

Reorder No. 09-115

Reorder No. 09-115

AGREEMENT, Made and entered into the 14th day of December 2005	
by and between David E. Crase and Edna R. Crase, husband and wife	
David E. Crase and Edna R. Crase Trust. TR/U/T/A/ DTD 03/04/96	
whose mailing address is 2500 N. 16 Mile Rd. Garden City, KS 67846 hereinafter called Leesor (whether one or n and Pintail Petroleum, Ltd.	nore),
225 N. Market, Suite 300, Wichita, KS 67202 hereinafter caller La	:ssee:
Lessor, in consideration of Ten and More————————————————————————————————————	pose ctive tures other
therein situated in County of Finney State of Kansas described as follows to	-wit:
All my right, title and interest in and under all of Section 4	
In Section, Township 24 S Range 31 W and containing 640 acres, more or less, are accretions thereto.	
Subject to the provisions herein contained, this lease shall remain in force for a term of TWO (2) years from this date (called "primary term"), and as long there 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.	after
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 (1/4) part of all oil produced and a from the leased premises.	aved
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-eightly at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (1/2) of the proceeds received by lessee from such sales), for the gas sold, used of 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 to 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 meaning of the preceding paragraph.	ff the ender
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 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 the 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.	term m, be
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 the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee.	paid
Lessee shall have the right to use, free of cost, gas, oll and water produced on said land for lesses's operation thereon, except water from the wells of lessor.	
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 l	heire
executors, administrators, successors or assigns, but no change in the ownership of the land or assignsment of rentals or royalties shall be binding on the lessee until after lessee has been furnished with a written transfer or assignment or a true copy thereof. In case lessee assigns this lesse, in whole or in part, lessee shall be relieved of all obligations.	r the

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

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 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, 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 lesse 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 lesse or any portion thereof with other land, lease or lesses 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 acress 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 secute in writing record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acresage. The entire acresage 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 lesse, whether the well or wells be located on the premises covered by this lesse or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of ths 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.

If the leased premises are now or shall hereafter be owned in severalty or in separate tracts, the premises may nevertheless be developed and operated as one lease, and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. There shall be no obligation on the part of the leases to offset wells on separate

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### JAN 26 2006

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## **KCC WICHITA**

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

63U (Rev. 1993)

#### OIL AND GAS LEASE

Reorder No. 09-115 Kansas Blue Print 700 8. Broedway PO Box 793 Wichts, KS 67201-0793 316-264-9344-254-5105 fax www.kbp.com · kbp@kbp.com

					***
AGREEMENT, Made as	nd entered into the14th	day of	December 200°	<u>.                                    </u>	
y and betweenTer	rry A. Algrim and	Carla L. Algrim	, husband and	wife	
		• .			
·					
hose mailing address is 906	6 E. Edward, Garde	en City, KS 678	46	hereinafter call	ed Lessor (whether one or more
nd Pinta:	il Petroleum, Ltd.				•
225 N	. Market, Suite 30	0. Wichita. KS	67202		
					, hareinafter caller Lesse
Lessor, in consideration	of <u>Ten and More</u> e royaltles herein provided and of th		Dollars (\$1	0.00 + more	) in hand paid, receipt of whic
f investigating, exploring by g	geophysical and other means, prosp	ecting drilling, mining and op	erating for and producing (	oil, liquid hydrocarbons	, all gases, and their respectiv
onstituent products, injecting go	gas, water, other fluids, and air into a save, take care of, treat, manufacture	subsurface strata, laying pipe lis	nes, storing oil, building tan	ks, power stations, telep	hone lines, and other structure
products manufactured therefrom	m, and housing and otherwise carin	g for its employees, the followi	ng described land, together		
herein situated in County of	Finney	State of	Kansas		described as follows to-wi
	y right, title and	i interest in an	a unaer		
all of	f Section 4				
n Section	Township 24 S	Range 31 W	, and containing	640	acres, more or less, and a
ccretions thereto.					
Subject to the provisions oil, liquid hydrocarbons, gas	s herein contained, this lease shall or other respective constituent prod	remain in force for a term of ± ucts, or any of them, is produce	years from		ry term"), and as long thereaft coled.
	premises the eaid lesees covenants				,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
1st. To deliver to the c	credit of leseor, free of cost, in the p	ipe line to which lessee may co	nnect wells on said land, th	e equal one-eighth (%) p	art of all oil produced and save
rom the leased premises.					
at the market price at the well,	gas of whatsoever nature or kind ; , (but, as to gas sold by lessee, in no	event more than one-eighth (	(4) of the proceeds received	by lessee from such sal	es), for the gas sold, used off th
premises, or in the manufacture as royalty One Dollar (\$1.00) p	e of products therefrom, eaid payme per year per net mineral acre retain	ents to be made monthly. When	e gas from a well producing	g gas only is not sold o	r used, lessee may pay or tende as is being produced within th
neaning of the preceding parag	graph.				
of this lease or any extension th	intained during the primary term h thereof, the lessee shall have the rig	the to drill such well to complete	tion with reasonable diliger	ice and dispatch, and if	oil or gas, or either of them, b
	s lease shall continue and be in force ess interest in the above described				
he said lessor only in the propo	ortion which lessor's interest bears t	to the whole and undivided fee.			
	ight to use, free of cost, gas, oil and		r lessee's operation thereon,	except water from the	vells of lessor.
	or, lessee shall bury lessee's pipe lin nearer than 200 feet to the house or		thout written consent of les	•••	
	mages caused by lessee's operations			or.	
	ight at any time to remove all mach			ight to draw and remove	casing.
If the estate of either p	party hereto is assigned, and the	privilege of assigning in whole	or in part is expressly all	owed, the covenants he	reof shall extend to their heir
executors, administrators, succe lessee has been furnished with	essors or assigns, but no change i a written transfer or assignment or tion or portions arising subsequent	n the ownership of the land o a true copy thereof. In case le	r assignment of rentals or	royalties shall be bind	ng on the lessee until after th
ssee has been furnished with	a written transfer or assignment or	' a true copy thereof. In case le	er assignment of rentals or ssee assigns this Isase, in w	hole or in part, lessee al	ng on the lessee until after the sail be relieved of all obligations

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 tinic 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, 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 640 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.

If the lessed premises are now or shall hereafter be owned in severalty or in separate tracts, the premises may nevertheless be developed and operated as one lesse, and all royalties accruing hereunder shall be divided