

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 3 **
☐ Gas Lease: No. of Gas Wells _____ **
☐ Gas Gathering System: _____
☐ Saltwater Disposal Well - Permit No.: _____
Spot Location: _____ feet from ☐ N / ☐ S Line
_____ feet from ☐ E / ☐ W Line
☐ Enhanced Recovery Project Permit No.: _____
Entire Project: ☐ Yes ☐ No
Number of Injection Wells _____ **

Field Name: BREDFELDT WEST

**** Side Two Must Be Completed.**

Effective Date of Transfer: JANUARY 21, 2010

KS Dept of Revenue Lease No.: 127210 *VUB*

Lease Name: SCHULTZ A

_____ Sec. 13 Twp. 18S R. 10 ☐ E ☒ W

Legal Description of Lease: NW/4 OF 13-18S-10W (160 ACRES)

County: RICE

Production Zone(s): ARBUCKLE

Injection Zone(s): ARBUCKLE

Surface Pit Permit No.: NONE

(API No. if Drill Pit, WO or Haul)

Type of Pit: ☐ Emergency ☐ Burn ☐ Settling ☐ Haul-Off ☐ Workover ☐ Drilling *OK*

Past Operator's License No. _____

Past Operator's Name & Address: Landowner

Title: _____

Contact Person: _____

Phone: _____

Date: _____

Signature: New Lease **KCC WICHITA**

New Operator's License No. 34320

New Operator's Name & Address: LASSO ENERGY LLC

PO BOX 465 CHASE, KS 67524

USA

Title: PRESIDENT

Contact Person: ALISHA GRAHAM

Phone: 713-383-6601

Oil / Gas Purchaser: NCRA

Date: JANUARY 21, 2010

Signature: Alisha Graham

Acknowledgment of Transfer: The above request for transfer of injection authorization, surface pit permit # NONE has been noted, approved and duly recorded in the records of the Kansas Corporation Commission. This acknowledgment of transfer pertains to Kansas Corporation Commission records only and does not convey any ownership interest in the above injection well(s) or pit permit.

_____ is acknowledged as the
new operator and may continue to inject fluids as authorized by
Permit No.: _____. Recommended action: _____

Date: _____

Authorized Signature

_____ is acknowledged as the
new operator of the above named lease containing the surface pit
permitted by No.: _____

Date: _____

Authorized Signature

DISTRICT _____ EPR 2-3-10 PRODUCTION 2/10/10 UIC 28-10
Mail to: Past Operator _____ New Operator _____ District _____

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

012110_Schultz_A.pdf

* Location: NW/4 OF 13-18S-10W

A separate sheet may be attached if necessary

* 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.

KCC WICHITA

AGREEMENT, Made and entered into the 1st day of December, 2009, by and between: BRUCE D. KELSO, whose mailing address is 1125 SOUTH MAIN, P.O. BOX 467, CHASE, KANSAS 67524 hereinafter called Lessee (whether one or more) and ROGER PLAUTZ AND WANDA F. PLAUTZ, HUSBAND AND WIFE hereinafter called Lessor.

Lessor, in consideration of TEN AND NO/100 DOLLARS (\$10.00) and other valuable consideration valuable 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 constituent products. Injecting gas, water, other fluids, and air into subsurface strata, laying pipelines, storing 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 RICE COUNTY, KANSAS, described as follows to-wit:

THE NORTHWEST QUARTER (NW/4) OF SECTION THIRTEEN (13), TOWNSHIP EIGHTEEN (18) SOUTH, RANGE TEN (10) WEST, RICE COUNTY, KANSAS.

ALSO SEE EXHIBIT "A" ATTACHED HEREIN

In Section 13, Township 18, Range 10 and containing 160 acres, more or less and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term on ONE (1) years(s) 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 with which said land is pooled

Must start operations within 60 days.

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 manufacturing of any products therefrom, ONE-EIGHTH (1/8) at the market price at the well head, (but, as 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 payments to be made monthly. Where gas from a well producing gas only is not sold or used, Lessee may pay or tender as a royalty (shut in fee) of One Hundred Dollars (\$100.00) per year per gas well on the subject lease 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 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 and rentals herein provided shall be paid the Lessor only in the proportion which his/her interest bears to the whole and undivided fee. However, such rental shall be increased at the next succeeding rental anniversary after any reversion occurs to cover the interest acquired.

- 1) Lessee shall have the right to use, free of cost, gas, produced on said land for Lessee's operation thereon.
- 2) Lessee shall bury Lessee's pipe line below plow depth when requested by lessor.
- 3) Lessee is not permitted to use any fresh surface water without prior written consent of Lessor
- 4) No well shall be drilled near than two hundred (200) feet to the house or barn now on said premises, without written consent of Lessor.
- 5) Lessee shall pay for damages to the subject surface land owner caused by its operation on said land of five hundred dollars (\$500.00) per location, to be paid prior to making location. Upon completion of drilling operation, the land will be restored to its original condition as is reasonably possible.
- 6) Lessee shall pay for crop damage due to drilling operations.
- 7) Lessee shall have the right at any time to remove or use all machinery and fixtures placed on said oil and gas lease and 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 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 assigned portion or portions arising subsequent to the date of assignment.

Lessee may at anytime execute and deliver to Lessor or place or 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 obligation 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 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 is such failure is the result of, any such Law, Order, rule and 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 under-signed 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 not exceeding 320 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the country 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/her acreage placed in the unit or his/her royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

Seismographic operations shall be permitted subject to payment of One Hundred Dollars (\$100.00) per shot hole additional cost, to be paid prior to seismic operations. Further, no seismic operations shall be conducted during or after weather conditions that would cause rutting or other damage to Lessor's surface. If damage does occur, Lessor will be compensated accordingly.

This lease is further subject to the terms of the attached Exhibit B.
IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written

Roger Plautz

ROGER PLAUTZ (Seal)

Date: 12-16-09

Wanda F. Plautz

WANDA F. PLAUTZ (Seal)

Date: 12-16-2009

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Original Compared with Record

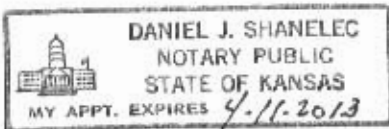
ACKNOWLEDGEMENT FOR ROGER PLAUTZ

RECEIVED
JAN 22 2010
KCC WICHITA

STATE OF KANSAS §
COUNTY OF RICE §

Be it remember that on this 16th day of December, 2009 before me, the undersigned, a Notary Public, duly commissioned, in and for the county and state aforesaid, came ROGER PLAUTZ, personally known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

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



[Signature]
Notary Public

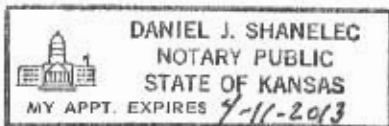
My Commission Expires:

ACKNOWLEDGEMENT FOR WANDA F. PLAUTZ

STATE OF KANSAS §
COUNTY OF RICE §

Be it remember that on this 16th day of December, 2009 before me, the undersigned, a Notary Public, duly commissioned, in and for the county and state aforesaid, came WANDA F. PLAUTZ, personally known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

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



[Signature]
Notary Public

My Commission Expires:

Document #: 200903437
STATE OF KANSAS
COUNTY OF RICE
This Instrument was filed on: 12/17/2009
At: 1:50:00 PM and duly recorded in
Book: Oil & Gas 148 Page: 95
Fees: \$32
[Signature]
Rice Co., Register of Deeds

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AFFIDAVIT OF NON-PRODUCTION

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KCC WICHITA

STATE OF KANSAS §

COUNTY OF RICE §

Roger Plautz and Wanda F. Plautz, husband and wife, of lawful age, being first duly sworn oath, deposes and says:

THAT WE are familiar with the following described property as the owner of the surface and minerals subject to outstanding life estates in and to the following property:

THE NORTHWEST QUARTER (NW/4) OF SECTION THIRTEEN (13), TOWNSHIP EIGHTEEN (18) SOUTH, RANGE TEN (10) WEST, RICE COUNTY, KANSAS AND CONTAINING 160 ACRES, MORE OR LESS AND ALL ACCRETIONS THERETO.

AFFIANTS knows of his and her own knowledge that there was oil and gas obtained from the following described lease:

Oil and gas lease dated December 15, 2003, from Roger Plautz and Wanda F. Plautz, husband and wife, et al., Lessors, to Kurt J. Strube d/b/a/ K.J.S. Oil, Lessee, recorded in Book 136, Page 782, Register of Deeds Office, Rice County, Kansas.

AFFIANTS knows of his and her own knowledge, however that production of oil and/or gas has ceased and the affiant claims said lease has expired by its terms.

FURTHER AFFIANT SAITH NOT.

Roger Plautz

ROGER PLAUTZ (Seal)

Date: 12-16-09

Wanda F. Plautz

WANDA F. PLAUTZ (Seal)

Date: 12-16-2009

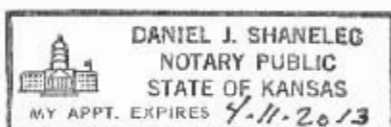
ACKNOWLEDGEMENT FOR ROGER PLAUTZ

STATE OF KANSAS §

COUNTY OF RICE §

Be it remember that on this 16th day of December, 2009 before me, the undersigned, a Notary Public, duly commissioned, in and for the county and state aforesaid, came ROGER PLAUTZ, personally known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

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



[Signature]
Notary Public

My Commission Expires:

Document #: 200903436 grc
STATE OF KANSAS
COUNTY OF RICE
This Instrument was filed on: 12/17/2009
At: 1:50:00 PM and duly recorded in
Book: Oil & Gas 148 Page: 94
Fees: \$8
Blenda Hunt
Rice Co., Register of Deeds

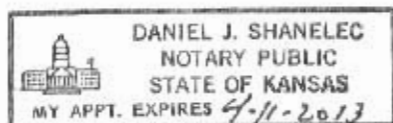
ACKNOWLEDGEMENT FOR WANDA F. PLAUTZ

STATE OF KANSAS §

COUNTY OF RICE §

Be it remember that on this 16th day of December, 2009 before me, the undersigned, a Notary Public, duly commissioned, in and for the county and state aforesaid, came WANDA F. PLAUTZ, personally known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

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



[Signature]
Notary Public

My Commission Expires:

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Original Compared with Record

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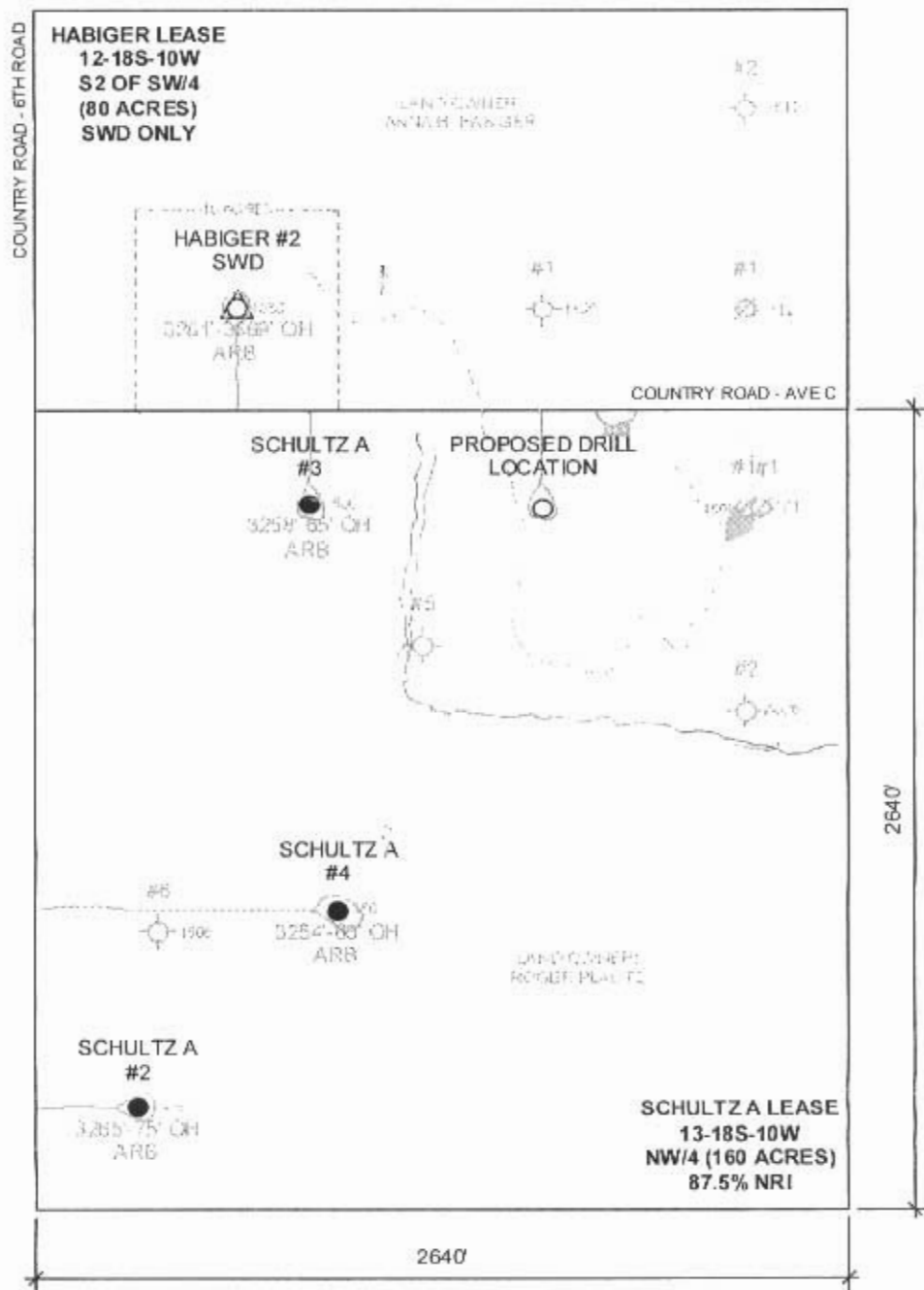
JAN 22 2010

KCC WICHITA

EXHIBIT "A"

(SCHULTZ A LEASE)

THE NORTHWEST QUARTER (NW/4) OF SECTION THIRTEEN (13), TOWNSHIP EIGHTEEN (18) SOUTH, RANGE TEN (10) WEST, RICE COUNTY, KANSAS AND CONTAINING 160 ACRES, MORE OR LESS AND ALL ACCRETIONS THERETO.



LASO SCHULTZ A LEASE
RICE COUNTY, KANSAS

ROGER PLAUTZ
670 AVENUE E
BUSHTON, KS 67427
620-582-3300

NO CROP CIRCLES
SCALE: 1" = 500'

ANNA H. HABIGER
265 AVENUE C
BUSHTON, KS 67427

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JAN 22 2010

KCC WICHITA

EXHIBIT B

This Exhibit is attached to and made a part of that certain Oil and Gas Lease dated December 1, 2009, made by and between Roger Plautz and Wanda F. Plautz, husband and wife (Lessor) and Bruce D. Kelso (Lessee), which lease covers the NW/4 of Section 13, Township 18 South, Range 10 West, Rice County, Kansas.

1. In the event of a conflict or inconsistency, the terms and provisions set forth on this Exhibit shall control and be deemed to supersede the printed terms of the Lease.
2. Lessee shall notify Lessor and Lessor's farm and pasture tenants, if any, prior to commencing any operations on the leased premises.
3. Roads constructed by Lessee shall be located so as to minimize interference with the use of the surface. Lessee shall consult with Lessor regarding the location of all roads built on the leased premises. Lessor and Lessee must agree on the location of any cut in a fence prior to the fence being cut. Lessee shall construct proper and sufficient braces at any point where a fence is to be cut, prior to cutting. Braces shall be constructed so that slack will not develop in existing fences. Lessor and Lessee must agree on the location and type of cattle guards and gates installed by Lessee (which installation shall be at the sole cost of Lessee) in each fence that is crossed by Lessee. Cattle guards and gates shall remain on the leased premises following termination of this lease and shall become the property of Lessor. During the term of this lease all cattle guards and gates installed or used by Lessee shall be cleaned, maintained, repaired, and/or replaced as needed, by Lessee, at its sole cost and expense.
- 3a. Lessee shall construct a sufficient dike around any tank battery and shall fence off pumping units, tank batteries, and other equipment to restrain livestock in pastures or on cultivated ground used for grazing.
4. Lessee shall conduct all its operations in such a manner that causes the least inconvenience and interference with Lessor's use of the surface. All surface locations selected by Lessee, including without limitation locations of tank batteries, roads, and pipelines, shall be at locations approved by Lessor, which approval shall not be unreasonably withheld. Lessee shall not build or place structures on the surface except those ordinarily associated with drilling sites and tank batteries without the prior written consent of Lessor. No well shall be drilled nearer than 500 feet from a house, barn, or other building now on the leased premises without the prior written consent of Lessor.
5. Lessee shall keep all drill sites, well locations, tank battery areas, and other portions of the surface of the leased premises used by Lessee free of weeds, noxious vegetation, and debris, and Lessee shall keep the entire surface free of debris generated by or resulting from Lessee's operations. While debris may be temporarily stored in pits, Lessee shall not leave, abandon, or cover over any debris at the termination of operations or this lease, but shall remove all such debris from the leased premises.

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6. All pipelines, flow lines, power lines, and other lines which Lessee may place on cultivated land shall be buried so that the top of the line is more than 48 inches below the surface of the ground. All lines laid on uncultivated land shall be buried so that the top of the line is more than 36 inches below the surface of the ground. When any such lines are buried or any pits are dug Lessee shall keep the topsoil separated so that the topsoil is replaced at the surface. Parts of the surface disturbed for pipelines, pits, and the like shall be restored to the same contour and condition as previously existed as soon as possible.
7. Lessee shall have the right to remove all of its machinery, equipment, and fixtures located on the leased premises, including the right to withdraw and remove all casing, up to the date of the expiration of the primary term of this lease and for a period of six months after the termination of this lease, if it has been perpetuated beyond its primary term. From and after that date all machinery, equipment, and fixtures located on the leased premises shall be deemed owned by Lessor. Nothing herein shall be construed as relieving Lessee of its obligation to clean up and restore the property.
8. Lessee shall pay Lessor for all damages caused by Lessee's operations to the land, growing crops (including grass), and any and all improvements located on the leased premises, including but not limited to damages from the laying of pipelines, travel of heavy equipment, and ditching. Such payment shall be on the basis of \$1,000.00 for each drilling location and \$500.00 for each tank battery location plus actual crop damages to be paid by Lessee and split by Lessor and Lessor's farm tenant, if any, according to the tenancy agreement. The fixed payments set forth above shall be paid prior to the commencement of operations on the leased premises.
9. All surface pits constructed by Lessee shall be lined with plastic or other impermeable material to prevent contamination of the soil and waters in, on, and under the leased premises.
10. Lessee shall, in the event of a salt water or oil spill, commence and complete containment and cleanup operations as soon as possible after discovery of such spill, and pay all damages caused thereby.
11. Upon the completion of a producing well Lessee shall remove the contents of and fill in any pits not necessary for the operation of the well, remove all debris, and restore the surface around the well to its original condition insofar as practicable, including grading and leveling, leaving the land suitable for its previous agricultural use.
12. Upon the termination of this lease or upon the abandonment of any well site, tank battery location, road, or other facility, Lessee shall remove its machinery, equipment, and fixtures, plug the well, remove the contents of and fill in any pits, remove all debris, remove all caliche, gravel or other substance which may have been placed at the site, and restore the surface to its original contour and condition, including grading and leveling, leaving the land suitable for its previous agricultural use.

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13. There shall be no pooling or unitization of the leased premises by Lessee without the written consent of Lessor. Any pooling or unitization authorized by Lessor shall be subject to all State and Federal Laws and/or Rules and Regulations.
14. Lessee may not conduct drilling operations in an established alfalfa field without the prior written consent of Lessor, which consent shall not be unreasonably withheld.
15. In the event that the leased premises are leveled, graded, or recontoured for soil conservation purposes, Lessee shall lower all existing pipelines, flow lines, power lines, and other lines as necessary to comply with the depth requirements of paragraph 6, at no cost to Lessor.
16. Lessee shall indemnify and hold Lessor harmless from all claims, causes of action, and expenses, including attorney fees, arising by reason of Lessee's operations on the leased premises.
17. Lessee shall not be permitted to use any well drilled on the leased premises as a salt water disposal well without the written consent of Lessor and without compensating Lessor for the use thereof, at such amount as Lessor shall determine.
18. Lessee may not use fresh water obtained from or under the leased premises for any purpose, including re-pressuring, pressure maintenance, cycling, or secondary recovery operations, without the express written consent of Lessor. Lessor shall have the privilege of purchasing any water well drilled by Lessee on the premises by paying to Lessee the reasonable salvage value of the casing, prior to abandonment of said well by Lessee.
19. In addition to the other provisions set forth herein, Lessee shall pay all damages caused by Lessee in investigating, exploring by geophysical and other means, drilling, or operating for production of oil or gas upon any of the subject land that is enrolled in the Conservation Reserve Program, including but not limited to all liquidated damages, all repayment of annual payments, all repayment of cost share for cover crop, all repayment for cost share for grass seed and planting thereof, and any and all payments of penalty or interest together with all loss of payments through the Conservation Reserve Program. These payments are in addition to other damage provisions provided in the lease or in this Exhibit.
20. Lessee agrees to conduct its operations in strict compliance with all federal, state and local environmental health and safety laws and will protect, indemnify, hold harmless, and defend Lessor against any claim, demand, cost, liability, loss or damage suffered by Lessor, including reasonable attorney fees and litigation costs, arising out of or associated in any way with activities conducted by Lessee (or those having a contractual relationship with Lessee) on or impacting the leased land. Lessee's indemnity also includes any environmental problems associated with oil and gas exploration, drilling, development, production, treating, storage, transportation, marketing, processing, abandonment, and related activities at any site existing on the

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leased land as of the effective date of this lease. Lessee's obligations created hereby are continuing obligations which will continue in effect, and be enforceable by Lessor, even after the lease terminates or otherwise ceases to burden the leased land.

RECEIVED
JAN 22 2010
KCC WICHITA

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ORIGINAL

SALT WATER DISPOSAL AGREEMENT

RECEIVED

JAN 22 2010

KCC WICHITA

THIS AGREEMENT, Made and entered into the 1st day of December, 2009, by and between: BRUCE D. KELSO, whose mailing address is 1125 SOUTH MAIN, P.O. BOX 467, CHASE, KANSAS 67524 hereinafter called Lessee (whether one or more) and ANNA HEINZ HABIGER, A WIDOW, WHOSE ADDRESS IS 265 AVENUE C, BUSHTON, KANSAS 67427 hereinafter called Lessor.

WHEREAS, Lessor is the owner of the following described land, to-wit:

THE SOUTH HALF OF THE SOUTHWEST QUARTER (NW/4) OF SECTION TWELVE (12), TOWNSHIP EIGHTEEN (18) SOUTH, RANGE TEN (10) WEST, RICE COUNTY, KANSAS AND CONTAINING 80 ACRES, MORE OR LESS AND ALL ACCRETIONS THERETO.

AND, WHEREAS, Lessee seeks to dispose of salt water co produced with oil and gas from the Schultz A Lease into the Habiger #2 salt water disposal well located S2 SW/4 SW/4 of 12-18S-10W, Rice County, Kansas.

AND, WHEREAS, Lessee must first repair the casing leak on the Habiger #2 salt water disposal well and successfully pass a mechanical integrity test (MIT) on the said well with the Kansas Corporation Commission.

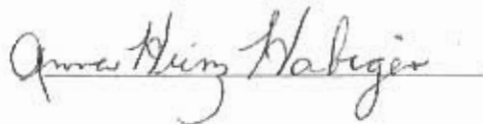
NOW, THEREFORE, for and in the considerations of the sum of Ten NO/100 Dollars (\$10.00) and other valuable consideration, the parties agree as follow:

1. The Lessee shall have the right to repair, operate and maintain said Habiger #2 salt water disposal well (SWDW) for the disposal of salt water co produced from the three to four or more oil producing wells operated by Lessee on the offsetting Schultz A Lease.
2. The parties agree that the site location of the Habiger #2 salt water disposal well (SWDW) is the center of the S2 SW/4 SW/4 of said Section 12, and that Lessee shall have use of so much of land surrounding the SWDW as may be needed for the operation of the said disposal well.
3. This Agreement shall be binding upon the party hereto, their successors and assigns.
4. This Agreement may be signed and notarized and transmitted by facsimile (FAX) and be as valid as the original signed Agreement.
5. This Agreement shall continue in effect for so long as the Lessee is using the SWDW. Lessee shall have the right to terminate this Agreement at anytime upon 60 days notice to Lessors. Upon termination Lessee shall have the right to remove its casing and equipment and agrees to restore the premises to its original condition, as nearly as practicable.
6. Lessee shall pay Lessor for any damage caused by its operations pursuant to this Agreement, and agrees to comply with all of the rules and regulations of the Kansas Corporation Commission (KCC).
7. Should Lessee be in default in performing any of its obligations under this Agreement, including the payment of rental, then Lessor shall give Lessee written notice default and Lessee shall have a period of thirty (30) days from the date such notice is recieved in which to correct the same, or commence correction thereof. If the same is not corrected within such period of time or progress is not being made by Lessee to correct the same, then, at the option of Lessor, this Agreement may be terminated.
8. As consideration for the right to dispose of water pursuant to this Agreement, Lessee shall pay Lessor the sum of \$1,200.00 per year due January 31st of each year payable to Anna Heinz Habiger, whose address is 265 Avenue C, Bushton, Kansas 67427.
9. Lessee shall only dispose of water produced from the Schultz A Lease located south of the Habiger #2 SWDW. See Exhibit "A" attached hereto.
10. Lessee shall have the right to install its disposal facilities, including water tanks, on the said land near the well bore, and run lines, as required, from that site to the said SWDW.
11. Lessee shall have the right to lay water lines as needed if the currently lines are damaged or inadequate.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

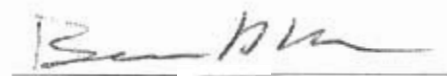
"LESSOR"

Anna Heinz Habiger



"LESSEE"

Bruce D. Kelso



RECEIVED
JAN 22 2010
KCC WICHITA

ACKNOWLEDGEMENT FOR ANNA HEINZ HABIGER

STATE OF KANSAS §

COUNTY OF RICE §

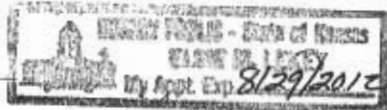
Be it remembered that on this 18th day of Dec. before me, the undersigned, a Notary Public, duly commissioned, in and for the county and state aforesaid, came ANNA HEINZ HABIGER, personally known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

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

Elise M. Lekey
Notary Public

My Commission Expires:

8/29/2012



ACKNOWLEDGEMENT FOR BRUCE D. KELSO

STATE OF KANSAS §

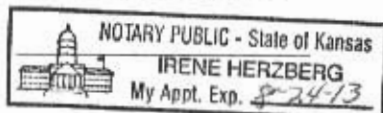
COUNTY OF RICE §

Be it remembered that on this 21st day of December before me, the undersigned, a Notary Public, duly commissioned, in and for the county and state aforesaid, came BRUCE D. KELSO, personally known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

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

Irene Herzberg
Notary Public

My Commission Expires:



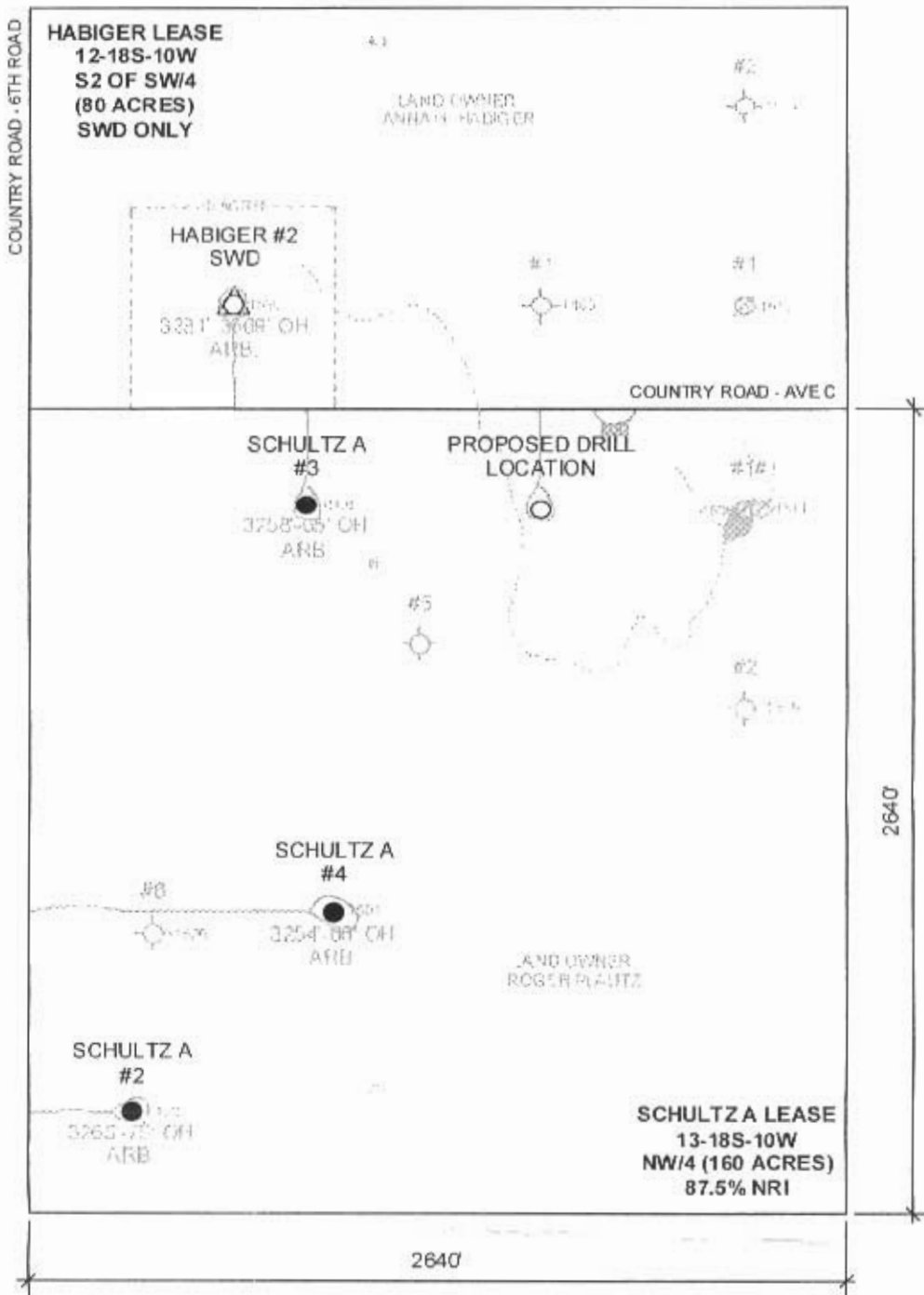
RECEIVED
JAN 22 2011

EXHIBIT "A"

KCC WICHITA

(HABIGER #2 SWD WELL ONLY)
S2 SW/4 SW/4

THE SOUTH HALF OF THE SOUTHWEST QUARTER (NW/4) OF SECTION TWELVE (12),
TOWNSHIP EIGHTEEN (18) SOUTH, RANGE TEN (10) WEST, RICE COUNTY, KANSAS
AND CONTAINING 80 ACRES, MORE OR LESS AND ALL ACCRETIONS THERETO.



**LASO SCHULTZ A LEASE
RICE COUNTY, KANSAS**

ROGER PLAUTZ
670 AVENUE E
BUSHTON, KS 67427
620-562-3300

NO CROP CIRCLES
SCALE: 1" = 500'

ANNA H. HABIGER
265 AVENUE C
BUSHTON, KS 67427