

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form T-1

March 2010

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

Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act,
MUST be submitted with this form.

Check Applicable Boxes:

- ☒ Oil Lease: No. of Oil Wells 1 **
☐ Gas Lease: No. of Gas Wells _____ **
☐ Gas Gathering System: _____
☒ Saltwater Disposal Well - Permit No.: D25996
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: CBCGA Buffalo

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

Effective Date of Transfer: 7/19/2012

KS Dept of Revenue Lease No.: 2333226 142916

Lease Name: Benjegerdes

Sec. 19 / 20 Twp. 27 R. 16 ☒ E ☐ W

Legal Description of Lease: NE of sec. 19
NW 4 of sec 20

County: Wilson

Production Zone(s): _____

Injection Zone(s): Arbuckle

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Surface Pit Permit No.: _____
(API No. if Drill Pit, WO or Haul)

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

Past Operator's License No. 31911 Exp. 7/30/99

Past Operator's Name & Address: H&M Production, LLC
7230 W. 162nd St., Ste. A, Stillwater, KS 66085

Title: _____

Contact Person: Stephen Allee

Phone: _____

Date: _____

Signature: Signature Not Available
Oil + Gas Lease Attached

New Operator's License No. 33539

New Operator's Name & Address: Cherokee Wells, LLC
5201 Camp Bowie Blvd., Ste. 200

Fort Worth, TX 76107

Title: Office Manager

Contact Person: Jens Hansen

Phone: 817-626-9898

Oil / Gas Purchaser: Southeastern Kansas Pipeline & Transmission Co.

Date: 7/19/2012

Signature: Jacy Miller

Acknowledgment of Transfer: The above request for transfer of injection authorization, surface pit permit # _____ 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.

Cherokee Wells LLC is acknowledged as
the new operator and may continue to inject fluids as authorized by
Permit No.: D-25996 Recommended action: Need
5 yrs of UIC's 2006-2011
Date: 2-4-13 Cheryl L. Beyer
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 2/01/13 PRODUCTION 2-14-13 UIC 2-14-13
Mail to: Past Operator _____ New Operator 2-14-13 District 3 2-14-13

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

233322
142916

* Lease Name: Benjegerdes

* Location: 19/20-27-16E

[illegible]

* 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
**CERTIFICATION OF COMPLIANCE WITH THE
KANSAS SURFACE OWNER NOTIFICATION ACT**

Form KSONA-1
July 2010
Form Must Be Typed
Form must be Signed
All blanks must be Filled

This form must be submitted with all Forms C-1 (Notice of Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); T-1 (Request for Change of Operator Transfer of Injection or Surface Pit Permit); and CP-1 (Well Plugging Application). Any such form submitted without an accompanying Form KSONA-1 will be returned.

Select the corresponding form being filed: ☐ C-1 (Intent) ☐ CB-1 (Cathodic Protection Borehole Intent) ☒ T-1 (Transfer) ☐ CP-1 (Plugging Application)

OPERATOR: License # 33539
Name: Cherokee Wells, LLC
Address 1: 5201 Camp Bowie Blvd.
Address 2: Suite 200
City: Fort Worth State: TX Zip: 76107 + _____
Contact Person: Jens Hansen
Phone: (817) 626-9898 Fax: (817) 624-1374
Email Address: jens@4916campbowie.com

Well Location:
_____ Sec. 19 / 20 Twp. 27 S. R. 16 ☒ East ☐ West
County: Wilson
Lease Name: Benjegerdes Well #: 19-64 & 20-1

If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:

NE4 of section 19, & NW4 of section 20, both in township 27s, range 16e

Surface Owner Information:

Name: Andrew Engelman
Address 1: 17454 2000 Road
Address 2: _____
City: Benedict State: KS Zip: 66714 + 2058

When filing a Form T-1 involving multiple surface owners, attach an additional sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the county, and in the real estate property tax records of the county treasurer.

If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary non-binding estimates. The locations may be entered on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.

Select one of the following:

- ☒ I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this form; 2) if the form being filed is a Form C-1 or Form CB-1, the plat(s) required by this form; and 3) my operator name, address, phone number, fax, and email address.
- ☐ I have not provided this information to the surface owner(s). I acknowledge that, because I have not provided this information, the KCC will be required to send this information to the surface owner(s). To mitigate the additional cost of the KCC performing this task, I acknowledge that I am being charged a \$30.00 handling fee, payable to the KCC, which is enclosed with this form.

If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.

I hereby certify that the statements made herein are true and correct to the best of my knowledge and belief.

Date: 7/27/2012 Signature of Operator or Agent: Nancy Miller Title: Office Manager

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

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OPERATOR: License # 33539
Name: Cherokee Wells, LLC
Address 1: 5201 Camp Bowie Blvd.
Address 2: Suite 200
City: Fort Worth State: TX Zip: 76107 + _____
Contact Person: Jens Hansen
Phone: (817) 626-9898 Fax: (817) 624-1374
Email Address: jens@4916campbowie.com

Well Location:
_____ Sec. ^{19/20} Twp. 27 S. R. 16 ☒ East ☐ West
County: Wilson
Lease Name: Benjegerdes Well #: 19-64 & 20-1

If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:

NE4 of section 19, & NW4 of section 20, both in township 27s, range 16e

Surface Owner Information:

Name: Bruce Engelman
Address 1: 21827 Reno Road
Address 2: _____
City: Buffalo State: KS Zip: 66717 + 7512

When filing a Form T-1 involving multiple surface owners, attach an additional sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the county, and in the real estate property tax records of the county treasurer.

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I hereby certify that the statements made herein are true and correct to the best of my knowledge and belief.

Date: 7/27/2012 Signature of Operator or Agent: Nancy Miller Title: Office Manager

**(including any act preparatory to drilling such as obtaining a permit, surveying a drill site, staking a drill site, building roads and clearing a drill site also qualifies as operations as long as such operation(s) is being continuously prosecuted within 90-day timeframe),

3. Lessee covenants and agrees to pay the following royalties: (a) To deliver to the credit of Lessor into storage tanks or into the pipeline to which Lessee may connect its wells, one-eighth ($1/8^{\text{th}}$) of the oil produced and saved from said lands, Lessor's interest to bear one-eighth ($1/8^{\text{th}}$) of the cost of treating oil to render it marketable pipeline oil, or from time to time, at the option of Lessee, Lessee may sell the oil produced and saved from said land and pay Lessor one-eighth ($1/8^{\text{th}}$) of the net amount realized by Lessee, computed at the wellhead; (b) To pay Lessor on gas produced from said lands (1) when sold by Lessee, one-eighth ($1/8^{\text{th}}$) of the net amount realized by Lessee, computed at the wellhead, or (2) when used by Lessee for purposes other than those specified in Paragraph numbered 7 of this Lease, one-eighth ($1/8^{\text{th}}$) of the net market value at the wellhead of the gas so used. As used in this Lease, the term "net amount realized by Lessee, computed at the wellhead" shall mean the gross proceeds received by Lessee from the sale of oil and gas minus post-production costs incurred by Lessee between the wellhead and the point of sale, and the term "net market value at the wellhead" shall mean the current market value (at the time of production) of the gas at a market point where gas produced in the general area is commonly purchased and sold, minus the post-production costs that would be incurred by Lessee between the wellhead and such market point in order to realize that market value. As used in this Lease, the term "post-production costs" shall mean all cost and expenses of: (a) treating and processing oil and/or gas to separate and remove non-hydrocarbons including but not limited to water, carbon dioxide, hydrogen sulfide and nitrogen, and (b) separating liquid hydrocarbons from gas, other than condensate separated at the well, and (c) transporting oil and/or gas, including but not limited to transportation between the wellhead and any production or treating facilities, and transportation to the point of sale, and (d) compressing gas for transportation and delivery purposes, and (e) metering oil and/or gas to determine the amount sold and/or the amount used by Lessee for purposes other than those specified in Paragraph numbered 7 of this Lease, and (f) sales charges, commissions and fees paid to third parties (whether or not affiliated) in connection with the sale of the gas, and (g) any and all other costs and expenses of any kind or nature incurred in regard to the gas, or the handling thereof, between the wellhead and the point of sale. Lessee may use its own pipelines and equipment to provide such treating, processing, separating, transportation, compression and metering services, or it may engage others to provide such services; and if Lessee uses its own pipelines and/or equipment, post-production costs shall include reasonable depreciation and amortization expenses relating to such facilities, together with Lessee's cost of capital and a reasonable return on its investment in such facilities. Prior to payment of royalty, Lessor shall execute a Division Order certifying Lessor's interest in production. Lessee may pay all taxes and fees levied upon the oil and/or gas produced, including, without limitation, severance taxes, privilege and surveillance fees, and deduct a proportionate share of the amount so paid from any monies payable to Lessor hereunder.

4. If any well, capable of producing oil and/or gas located on the leased lands, or on lands pooled or communitized with all or part of the leased lands, is at any time shut-in and production therefrom is not sold or used off the premises, nevertheless such shut-in well(s) shall be considered a well(s) producing oil and/or gas and this lease will continue in force while such well(s) is shut-in, whether before or after expiration of the primary term. Lessee shall use reasonable diligence to market oil and/or gas capable of being produced from such shut-in well(s), but shall be under no obligation to re-inject or re-cycle gas, or to market such oil and/or gas under terms, conditions, or circumstances which in Lessee's judgment are uneconomic or otherwise unsatisfactory. In the absence of a producing well on the leased lands, or on lands pooled or communitized with all or part of the leased lands, and a shut-in well or wells exist, Lessee shall be obligated to pay or tender to Lessor at the above address, shut-in royalties, within 60 days after expiration of each period one year in length (annual period) during which such well(s) is shut-in, as royalty, the sum of \$5.00 multiplied by the number of acres subject to this lease, provided, however, that if production from said well or wells is sold or used off the premises before the end of any such period, or, if at the end of any such annual period this lease is being maintained in force and effect other than by reason of such shut-in well, Lessee shall not be obligated to pay or tender said sum of money for that annual period for shut-in well(s) on the leased lands. This shut-in royalty payment may be made in currency, draft or check, at the option of Lessee, and the depositing of such payment in any post office, with sufficient postage and property addressed to Lessor, within 60 days of the expiration of the annual period shall be deemed sufficient as herein provided.

5. If this lease covers less than the entire undivided interest in the oil and gas in said land (whether Lessor's interest is herein specified or not), then the royalties, shut-in royalties and any extension payment pursuant to Paragraph numbered 15 below shall be paid to Lessor only in the proportion which the interest in oil and gas covered by this lease bears to the entire undivided interest herein.

6. If Lessee is prevented from, or delayed in commencing, continuing, or resuming operations, or complying with its express or implied obligations hereunder by circumstances not reasonably within Lessee's control, this lease shall not terminate and Lessee shall not be liable in damages so long as said circumstances continue (the "period of suspension"). These circumstances include, but are not limited to the following: conflict with federal, state or local laws, rules, regulations and executive orders; acts of God; strikes; lockouts; riots; wars; improper refusal or undue delay by any governmental agency in issuing a necessary approval, license or permit applied for by Lessee; equipment failures; and inability to obtain materials in the open market or to transport said

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materials. If the period of suspension commences more than 90 days prior to the end of the primary term of this lease, then that period of suspension shall be added to the primary term. If the period of suspension commences less than 90 days prior to the end of the primary term or at any time after the primary term, then this lease shall not terminate if Lessee shall commence or resume operations within 90 days after the end of the period of suspension.

7. Lessee shall have the right to use, free of cost, gas, oil and water produced on said lands for Lessee's operation thereon except water from the wells of Lessor. When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth. No well shall be drilled nearer than 200 feet to any 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 lands. The amount of such damage payment shall be based upon the fair market value of actual crops destroyed. 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.

8. For the purpose of oil and gas development and production under this lease, Lessor does hereby grant to Lessee the right to pool or communitize said premises, or any part thereof, with other lands to comprise an oil development unit of not more than forty (40) acres, more or less, and/or a gas development unit of not more than one hundred sixty (160) acres, more or less, but Lessee shall in no event be required to drill more than one well on said unit. Lessee's recording in the Register of Deeds office within the county or counties in which said unit is situated, an instrument identifying the unit so created, will create each unit. If such well or wells as contemplated by this clause are not drilled on the leased premises said well or wells shall nevertheless be deemed to be upon the leased premises within the meaning of all covenants, expressed or implied, in this lease and Lessor shall participate in the royalty, as detailed in Paragraph numbered 3, from such oil and/or gas development unit in the proportion that the number of acres owned by the Lessor within the limitations of such development unit bears to the total number of acres included therein.

9. This lease is subject to laws and to rules, regulations and orders of any governmental agency having jurisdiction, from time to time in effect, pertaining to well spacing, pooling, unitization, uniform spacing plans, drilling or production units, or use of material and equipment.

10. If Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall give written notice to Lessee specifically describing Lessee's non-compliance. Lessee shall have 30 days from receipt of such notice to commence, and shall thereafter pursue with reasonable diligence, such action as may be necessary or proper to satisfy such obligation of Lessee, if any, with respect to Lessor's notice. Neither the service of said notice nor the doing of any acts by Lessee in response thereto shall be deemed an admission or create a presumption that Lessee has failed to perform all its obligations hereunder. No judicial action may be commenced by Lessor for forfeiture of this lease or for damages until after said 30 day period. Lessee shall be given a reasonable opportunity after a final court determination to prevent forfeiture by discharging its express or implied obligation as established by the court. If this lease is canceled for any cause, it shall, nevertheless remain in force and effect as to (a) sufficient acreage around each well as to which there are operations, so as to constitute a drilling or maximum allowable unit under applicable governmental regulations, such acreage to be designated by Lessee in such shape as then existing spacing rules permit and (b) any part of said land included in a pooled or unitized unit on which there are operations. Lessee shall also have such easements on said land as are necessary or convenient for operations on the acreage so retained.

11. 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. Notwithstanding any other actual or constructive knowledge of Lessee, no change in the ownership of the lands or assignment of royalties or other monies shall be binding on the Lessee until thirty (30) days after Lessee has been furnished with a written transfer or assignment or a true copy thereof that has been properly filed for record and that shall be necessary in the opinion of Lessee to establish the validity of such change of ownership or division of interests. No change or division in the ownership of said lands, royalties or other monies, or any part thereof, however accomplished, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, rights and obligations relating to the location and drilling of wells and the measurement of production. Upon assignment by Lessee, its successors or assigns, the assignor shall be released from, and the assignee shall assume, the responsibility to fulfill the conditions and to perform the covenants of this lease, express or implied, with regard to the interest assigned. Breach of any covenant or failure to fulfill any condition by an owner of any part of the leasehold interest created by this lease shall not defeat or affect the rights of the owner(s) of any other part.

12. Lessor expressly grants to Lessee the right to inject water, brine or other fluids produced from these leased premises into the subsurface strata for disposal. The injection of water, brine, or other fluids into subsurface strata shall be made only into strata below those furnishing domestic fresh water.

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13. Lessor agrees that the Lessee shall have the right at any time to redeem for Lessor, by payments, any mortgage, 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 rights of dower and homestead in the premises herein described, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made as recited herein.


14. Lessee may at any time surrender this lease as to all or any part of the lands covered thereby, by delivering or mailing a release thereof to the Lessor, if lease is not recorded, or by placing a release thereof of record in the proper county, if lease is recorded; and if surrendered only as to a part of said lands, any delay rentals or acreage payments which may thereafter be payable hereunder shall be reduced proportionately.

15. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

FOR ADDITIONAL PROVISION TO THIS LEASE SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

IN TESTIMONY WHEREOF WE SIGN, this the 19th day of August, 2009.

DART CHEROKEE BASIN OPERATING COMPANY, LLC

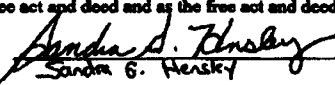

By: Roger M. McKinley, Vice President and of
Dart Oil & Gas Corporation
Its: Sole Member and Manager

ACKNOWLEDGMENT

STATE OF MICHIGAN)
COUNTY OF INGHAM)

On this 19th day of AUGUST, 2009, before me the undersigned a Notary Public in and for said county, in the State aforesaid personally appeared Roger M. McKinley, Vice President of Land of Dart Oil & Gas Corporation, Sole Member and Manager for Dart Cherokee Basin Operating Company, LLC to me known as the person described in and who executed the foregoing instrument and acknowledged that they had executed the same as their free act and deed and as the free act and deed of said Corporation.

SANDRA S. HENSLY
NOTARY PUBLIC, STATE OF MI
COUNTY OF CLINTON
MY COMMISSION EXPIRES MAY 17, 2013
ACTING IN COUNTY OF Ingham


Sandra S. Hensley
Notary Public
Clinton County, Michigan
My Commission Expires: May 17, 2013
Acting in Ingham County, Michigan

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EXHIBIT "A"

ATTACHED TO AND HERBY MADE A PART OF that certain Oil and Gas Lease dated the 19th day of August, 2009, by and between Dart Cherokee Basin Operating Company, LLC, as Lessor, and Domestic Energy Partners Partnership #1, as Lessee.

IN THE EVENT THAT THE TERMS AND CONDITIONS SET FORTH IN THIS EXHIBIT CONFLICT WITH THE OIL AND GAS LEASE TO WHICH THE EXHIBIT IS ATTACHED, THE TERMS AND CONDITIONS OF THIS EXHIBIT SHALL GOVERN.

16. Continuous Development:

(a) If this Lease is maintained beyond the expiration of the Primary Term by production or otherwise, it will remain in force as to all acreage and depths as long as there is no lapse of more than 180 days between the completion of one well and the commencement of the actual drilling of another well. The commencement of actual drilling means the penetration of the surface with a drilling rig capable of drilling to the anticipated total depth of the well. After a well is commenced, drilling operations must continue in a good and workmanlike manner in a good faith effort to reach the anticipated total depth with no cessation of operations for more than 90 consecutive days. For the purpose of computing the time for the commencement of actual drilling of a well, each well will be deemed to have been completed on the date of the release of the drilling rig from the drillsite. The permitted time between wells shall be cumulative so that if a well is commenced prior to the date it is required to be commenced, the number of days prior to the date on which the well should have been commenced shall be added to the time permitted for the next succeeding well.

(b) If at any time the maximum time for the commencement of the actual drilling of a well expires without the commencement of the well, or upon the expiration of the Primary Term if the Lease is not maintained by continuous drilling, this Lease will terminate except as to the Retained Tract (defined below) surrounding any well that is then producing in paying quantities or deemed to be producing in paying quantities by virtue of payment of shut-in royalties, and as to each Retained Tract, the Lease will then terminate as to all depths below the stratigraphic equivalent of the base of the deepest producing formation on the Retained Tract. The Lease will be treated as a separate lease with respect to each Retained Tract and will continue so long as production in paying quantities continues from the tract. If production from a Retained Tract ceases from any cause, this Lease will terminate as to that tract unless Lessee commences operations for drilling or reworking on the tract within 90 days after the cessation of production, in which case the Lease as to that tract will continue in force as long as the operations are prosecuted with no cessation of more than 90 consecutive days, and if they result in production, so long thereafter as there is production from the tract.

(c) The land assigned to a well for the purposes of this section is referred to as a "Retained Tract." A Retained Tract for a well may shall be (i) forty (40) acres around each vertical well producing oil in paying quantities, (ii) one hundred sixty (160) acres around each vertical well producing or capable of producing gas in paying quantities. Such acreage shall be selected by Lessee and designated by Lessee by instrument executed and recorded in Wilson County, Kansas where the pooled lands are located within 90 days after completion of an oil and or gas well.

(d) A gas well that thereafter becomes an oil well will hold only the acreage permitted for an oil well, and Lessee must file in the county records a redesignation of the tract as an oil well tract. If Lessee fails to timely file a document required by this paragraph after 30 days prior written notice from Lessor, then Lessor may do so, and the filing will bind Lessee.

17. Offset Wells: In the event a well (an "offsetting well") producing oil or gas is completed on adjacent or nearby land and is draining the Land, Lessee must, within 90 days after the initial production from the offsetting well, commence operations for the drilling of an offset well on the Land and must diligently pursue those operations to the horizon in which the offsetting well is producing, or at the option of Lessee: (i) execute and deliver to Lessor a release in recordable form of the acreage nearest to the offsetting well; or (ii) pay Lessor as a royalty each month a sum equal to the royalty that would be payable under this Lease if the production from the offsetting well had come from the Land. A well that is considered to be draining the subject leased lands under the terms of this provision shall be one which is situated on adjoining lands within 330 feet of the outside boundary of the leased premises. In the event acreage is released pursuant to (i) above, the release will cover a size and shape so as to permit the drilling of a well to the producing formation and the creation of a unit surrounding the well in compliance with the field rules for the field in which the offsetting well is located, but if there are no field rules, in compliance with the statewide rules of the Kansas Corporation Commission.

18. Assignments: Lessor is granting rights to Lessee that Lessor would not grant to others. Therefore, prior written approval of Lessor is required for any assignment or sub-lease which conveys operating rights under this Lease

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by Lessee. Lessor's approval shall not be unreasonably withheld. All assignments and subleases which convey operating rights must require the assignee or sublessee to assume all of Lessee's obligations under this Lease, but Lessee will remain liable for its obligations regardless of any assignment or sublease by it. No consent shall be required, however, with respect to partial assignments of the lease to Lessee's working interest partners, or assignments which do not involve operating rights. A true copy of any assignments made by Lessee or assignee of Lessee shall be furnished to Lessor.

19. No Warranties: Lessor makes no warranty of any kind, expressed or implied, with respect to title to the Land, except it is expressly agreed and understood that in the event of failure of title or partial failure of title, a reimbursement or partial reimbursement of the bonus or other payments made hereunder by Lessee to Lessor shall be made by Lessor to Lessee, not to exceed the amount of such bonus or other payments. By acceptance of this Lease, Lessee acknowledges that it has been given full opportunity to investigate and has conducted sufficient investigation to satisfy itself as to the title to the Land, and Lessee assumes all risk of title failures. If Lessor owns an interest in the Land less than the entire fee simple estate, then the royalties payable hereunder will be reduced proportionately. Lessee, at its option, may discharge any tax, mortgage, or other lien on the Land, and in the event Lessee does so, Lessee will have the option of applying the royalties accruing to Lessor toward payment of it. Lessor shall have and hereby retains a first lien upon all oil and gas produced from the lease premises, or lands pooled therewith, and attributable to the undivided interest covered hereby, to secure the payment of all royalty and other amounts that may become due hereunder to Lessor.

20. Insurance: At all times while this Lease is in force, Lessee shall acquire and maintain insurance covering all of its operations on the Land, including any work performed on its behalf by contractors, subcontractors, and others. The policies shall include coverage for comprehensive general liability for bodily injury and property damage, blowout and loss of well coverage, and coverage for any damage to the environment, including coverage for the cost of clean-up and surface remediation. The coverage shall be in the minimum amount of \$5,000,000. Lessee shall furnish a certificate from the issuing insurance company or companies evidencing the coverage.

21. Indemnity: LESSEE AGREES TO INDEMNIFY AND HOLD HARMLESS LESSOR, AND LESSOR'S REPRESENTATIVES, SUCCESSORS, AND ASSIGNS AGAINST ALL EXPENSES, CLAIMS, DEMANDS, LIABILITIES, AND CAUSES OF ACTION OF ANY NATURE FOR INJURY TO OR DEATH OF PERSONS AND LOSS OR DAMAGE TO PROPERTY, INCLUDING, WITHOUT LIMITATION, ATTORNEY FEES, EXPERT FEES, AND COURT COSTS, CAUSED BY LESSEE'S OPERATIONS ON THE LAND OR LESSEE'S MARKETING OF PRODUCTION FROM THE LAND OR ANY VIOLATION OF ANY ENVIRONMENTAL REQUIREMENTS BY LESSEE. AS USED IN THIS PARAGRAPH, THE TERM "LESSEE" INCLUDES LESSEE, ITS AGENTS, EMPLOYEES, SERVANTS, CONTRACTORS, AND ANY OTHER PERSON ACTING UNDER ITS DIRECTION AND CONTROL, AND ITS INDEPENDENT CONTRACTORS. LESSEE'S INDEMNITY OBLIGATIONS SURVIVE THE TERMINATION OF THIS LEASE.

22. Miscellaneous Provisions:

(a) In the event this Lease expires for any reason as to all or any part of the Land, Lessee shall promptly furnish Lessor with a written, recordable release covering all of the Land or that portion of the Land to be released.

(b) Nothing in this Lease negates the usual implied covenants imposed upon Lessee.

(c) Lessee will conduct all operations hereunder in compliance with the rules of the Kansas Corporation Commission and federal and state environmental laws and regulations. Lessee will give Lessor at least five days prior notice in writing before conducting drilling, recompletion, or reworking operations on the Land. Lessee shall furnish to Lessor copies of applications to drill, daily drilling reports, well tests, completion reports, plugging records, and production reports (all of which information Lessor will keep confidential and will not disclose to any third party). Lessor will have the right to inspect and take samples of all cores and cuttings and witness the taking of all logs and drill stem tests, and Lessee agrees to furnish Lessor with copies of all logs and surveys taken promptly after taking them. Lessee will divulge to Lessor correct information as requested by Lessor as to each well, the production therefrom, and such technical information as Lessee may acquire. Lessor has the right to be present when wells or tanks are gauged and production metered and has the right to examine all run tickets and to have full information as to production and runs and to receive copies of all run tickets upon request. All information obtained by Lessor hereunder shall remain strictly confidential.

(d) The term "production" means production in paying quantities. No obligation of Lessee to pay money under this Lease will be excused or delayed by reason of Force Majeure. Paragraph headings are used in this Lease for convenience only and are not to be considered in the interpretation or construction of this Lease. The execution or ratification by Lessor of any division order, gas contract, or any other document will not alter any provision of this Lease unless the intent to do so is expressly stated in the document. Lessee agrees to furnish to Lessor a copy of each title

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JUL 23 2012
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opinion or report obtained by Lessee that covers all or any part of the Land. Lessee shall promptly furnish Lessor a copy of each curative document obtained by Lessee and or its agent(s).

(e) Lessor shall have the right to inspect all records of Lessee relating to this Lease, operations conducted on the Lease, the sale and marketing of production from the Lease, and the payment of royalties, including the right to audit Lessee's books insofar as they relate to the foregoing. All information obtained by Lessor hereunder shall remain strictly confidential.

(f) This Lease is binding upon and for the benefit of Lessor, Lessee, and their respective heirs, personal representatives, successors, and assigns.

23. Royalty Rate: It is understood and agreed between Lessor and Lessee that the royalty rate of one-eighth (1/8) provided for in paragraph three (3) of this Oil and Gas Lease will escalate when and if Lessee is successful in negotiating a lesser royalty rate than currently exists in the Oil and Gas Leases outlined below with other Lessors owning oil and gas minerals under the lands subject to this lease. Lessor has, or will assign its working interest in said leases outlined below. Said Oil and Gas Leases provide for a royalty rate of one hundred percent (100%). Lessee herein agrees that should said Oil and Gas Leases be amended, or should new leases be acquired that provide for a royalty rate higher than one-eighth (1/8), but less than or equal to twenty percent (20%), Lessee will amend this Oil and Gas Lease to provide for a like royalty rate as the highest royalty rate re-negotiated on any of the below listed Lessors' interests. This provision will remain applicable during the term of this lease and any of the below listed leases, including any extensions or renewals thereof.

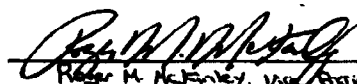
<u>Lessor</u>	<u>Lessee</u>	<u>Recording Information</u>
Engleman, Bruce & Joy	Dart Cherokee Basin Operating Co., LLC	Bk 310, Pg 155, Wilson Co., KS
Spartan Operating Co., LLC	Dart Cherokee Basin Operating Co., LLC	Bk 310, Pg 128, Wilson Co., KS
H&M Productions, LLC	Dart Cherokee Basin Operating Co., LLC	Bk 310, Pg 124, Wilson Co., KS

24. Entire Agreement: This Oil and Gas Lease, including this Exhibit "A" attached hereto, constitutes the entire agreement between the parties concerning the subject matter herein, superseding all negotiations, prior discussion and prior agreements and understandings relating to the subject matter.

25. Notwithstanding anything to the contrary contained herein, the term "capable of producing" in paragraph four (4) of this lease for shut-in royalty purposes, is hereby deemed to mean a well that has been (1) drilled to a depth necessary to encounter oil and gas formations pursuant to paragraph 22.C. herein; (2) logged by both the driller and logging company; and (3) surface casing and production casing has been cemented in the well bore. No well drilled hereunder may be shut in longer than three (3) years.

SIGNED FOR IDENTIFICATION:

LESSOR:


Roger M. McKinley, Vice President of Land

LESSEE:

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ASSIGNMENT OF CONTRACTUAL OPERATING RIGHTS

STATE OF TEXAS }
 }ss.
COUNTY OF TARRANT }

KNOW ALL MEN BY THESE PRESENTS:

That, **Blue Jay Operating, LLC** ("Blue Jay"), whose address is 4916 Camp Bowie Blvd., Suite 204, Fort Worth, Texas 76107, hereinafter referred to as "Assignor," for and in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby assign, transfer and convey all of Assignor's contractual operating rights in and under its Kansas Corporation Commission (KCC) Operator's License # 33342, unto **Cherokee Wells, LLC**. ("Cherokee") under its KCC Operator's license # 33539, with its offices at 4916 Camp Bowie Blvd., Suite 200, Fort Worth, Texas, hereinafter referred to as "Assignee," insofar and only insofar as such assigned contractual operating rights shall cover the wells and their related facilities listed on the attached forms, which includes operations for Domestic Energy Partners, Texas Capitalization Resources Group, Inc., Heavy Petroleum Partners, LLC, Bella Wickford, Inc. and One Industries, Inc. Blue Jay does hereby also assign unto Cherokee all its rights precedent to the KCC's rules and regulations concerning the 36-month record license renewal fee structure pursuant to K.S.A. 55-155 and K.A.R 82-3-120.

Cognizance is hereby made and notice served to all third parties that the management of Cherokee Wells, LLC is the same as Blue Jay Operating, LLC. Assignee further agrees to conduct all operations in a good and workman like manner and to comply and conform to all the rules and regulations of the KCC.

Cognizance is also hereby made and notice served to all third parties that Blue Jay, effective December 31, 2006, shall no longer be contract operator for the entities and companies hereinabove named.

ASSIGNOR:
DOMESTIC ENERGY PARTNERS, Partnership #1

BY: 
Its' Managing Partner

ASSIGNEE:
CHEROKEE WELLS, LLC

By: _____
Its' Managing Member

STATE OF TEXAS }

COUNTY OF TARRANT }

Before me, the undersigned, a Notary Public, on this 7th day of December, 2013 personally appeared **Robert L. Patton, Jr.**, to me known to be the identical person who subscribed the name of **DOMESTIC ENERGY PARTHERS, Partnership#1** to the foregoing instrument as its Managing Partner and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

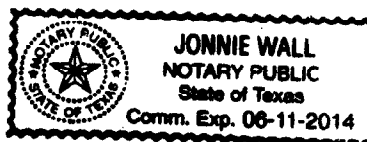
Given under my hand and seal of office the day and year last above written.

Notary Public

Jonnie Wall

My Commission Expires:

6/11/2014



STATE OF TEXAS }

COUNTY OF TARRANT }

Before me, the undersigned, a Notary Public, on this 27th day of December, 2006, personally appeared **Robert DeFeo**, to me known to be the identical person who subscribed the name of **CHEROKEE WELLS, LLC**, to the foregoing instrument as its Managing Member, and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and 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.

Notary Public

My Commission Expires: