

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 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: _____

**** Side Two Must Be Completed.**Effective Date of Transfer: 7/21/2011

KS Dept of Revenue Lease No.: _____

Lease Name: Ballard B_____ Sec. 29 Twp. 33 R. 13 ☒ E ☐ WLegal Description of Lease: NW1/4; N2SW1/4 of Sec29-33-13ECounty: Chautauqua **KCC WICHITA**Production Zone(s): _____ **FEB 12 2014**Injection Zone(s): _____ **RECEIVED**Surface Pit Permit No.: _____
(API No. if Drill Pit, WO or Haul)_____ feet from ☐ N / ☐ S Line of Section_____ feet from ☐ E / ☐ W Line of SectionType of Pit: ☐ Emergency ☐ Burn ☐ Settling ☐ Haul-Off ☐ Workover ☒ DrillingPast Operator's License No. New Lease - See Attached

Contact Person: _____

Past Operator's Name & Address: _____

Phone: _____

Title: _____

Date: _____

Signature: _____

New Operator's License No. 4448Contact Person: James R. PerkinsNew Operator's Name & Address: Perkins Oil Enterprises Inc.Phone: 620-374-2133

P.O. Box 707

Oil / Gas Purchaser: MacLaskey Oilfield Services

Howard, KS 67349

Date: 7/7/2011 originalTitle: OwnerSignature: James R. Perkins

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.

_____ 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 2-18-14 PRODUCTION 3-13-14 UIC 2-19-14
Mail to: Past Operator _____ New Operator _____ District _____

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

* Lease Name: Ballard B

* Location: NW/4 N/2 SW/4 - NE/4 N/2 SE/4 SW/4 SE/4

[illegible]

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.

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

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

Form KSONA-1
January 2014
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 # 4448
Name: Perkins Oil Enterprises Inc
Address 1: P.O. Box 707
Address 2: _____
City: Howard State: KS Zip: 67349 + _____
Contact Person: James R. Perkins
Phone: (620) 374-2133 Fax: (620) 374-2134
Email Address: jrperkins@sktc.net

Well Location:
_____ Sec. 29 Twp. 33 S. R. 13 ☒ East ☐ West
County: Chautauqua
Lease Name: Ballard B Well #: 1,2,3

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

NW1/4 + N2SW1/4 of Sec. 29-33-13E

Surface Owner Information:

Name: Mac O Chee Farms LP
Address 1: P.O. Box 707
Address 2: _____
City: Howard State: KS Zip: 67349 + _____

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 must provide the name and address of the surface owner by filling out the top section of this form and 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: 2/11/2014 Signature of Operator or Agent: [Signature] Title: President

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

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STATE OF KANSAS }
Chautauqua County } ss \$24.00 ✓
This instrument was filed for
record this 21 day of July,
2011 at 3:35 o'clock PM and
duly recorded in book 155
of records on page 187

Laura C. Beier
REGISTER OF DEEDS

OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this 7th day of July, 2011, by and between MAC-O-CHEE FARMS, L.P., hereinafter called Lessor (whether one or more), and JAMES R. PERKINS ENERGY, LLC and BAR M HOLDINGS, LLC, hereinafter called Lessee (whether one or more), as to their respective undivided interests as hereinafter set forth:

1. That the said Lessor, for and in consideration of TEN OR MORE DOLLARS cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let exclusively unto Lessee, for the sole and only purposes of investigating, exploring by geophysical and other means, drilling, producing, saving, taking, owning, gathering, transporting, storing, handling, processing, treating, and marketing oil and liquid hydrocarbons (including, but not limited to, distillates and condensates) and all gases (including, but not limited to, casing head gas, methane gases from coals and shales, helium and all other constituents and substances produced therewith) and; to the extent reasonably necessary or convenient to enable Lessee to carry out said purposes, including the dewatering for production of any gases, the right of constructing, operating and maintaining pipelines, flowlines, gathering lines, compressors, tank batteries, electric lines, roadways, metering facilities and equipment, facilities for the injection of water, other fluids and gaseous substances into subsurface strata, and other facilities, structures, and equipment required by Lessee for said purposes; all of the following described land, together with any reversionary rights and after acquired interest therein, situated in the County of Chautauqua, State of Kansas described as follows, to wit:

The Northwest Quarter (NW/4) and the North Half of the Southwest Quarter (N/2 SW/4) of Section 29, T33S, R13E, Chautauqua County, Kansas, except 10 Acres, more or less, in the Southwest Corner described at commencing at the Southwest Corner of the North Half of the Southwest Quarter of said Section 29, running thence East 272', thence Northeasterly to a point 369' East of the West line of the Southwest Quarter of said Section 29, thence West 79', thence North 574', thence West 290', thence South 1320', more or less, to the point of beginning,

The Northeast Quarter (NE/4), the North Half of the Southeast Quarter (N/2 SE/4) and the Southwest Quarter of the Southeast Quarter (SW/4 SE/4) of Section 30, T33S, R13E, Chautauqua County, Kansas,

less and except the wellsite of any abandoned well(s) existing on this land on the date of this lease that is not claimed by Lessee, and containing 510 acres, more or less (herein called leased premises).

2. This lease shall remain in full force for a term of **one (1) year** from this date, and as long thereafter as oil or gas, or either of them, is produced from the leased premises or acreage pooled therewith, or the leased premises are being developed or operated, including dewatering operations, or are otherwise perpetuated as provided herein.

3. In consideration of these premises Lessee covenants and agrees:

(a) To deliver to the credit of Lessor, as royalty, fifteen percent (15%) part of the oil produced and saved from the leased premises, said payments to be made monthly.

(b) To pay Lessor, as royalty, for gas of whatsoever nature or kind (with all of its constituents) produced and sold, fifteen percent (15%) of the proceeds at the wellhead, or when used off the leased premises (unless for development, operation, gathering or processing thereof) or used on the leased premises by Lessee for any purpose other than the development, operation, gathering, or processing thereof or used in the manufacture of any products therefrom, fifteen percent (15%) of the market value of the gas at the well, said payments to be made monthly.

The proceeds from the sale of gas at the well, or the market value of gas at the well, shall be the amount paid by the gas purchaser at such well to the Lessee. If the purchaser is an affiliate of the Lessor, the proceeds or market value of the gas shall not be less than an amount equal to the proceeds received by such affiliate for the gas from its buyer, less: (a) such affiliate's expenses (including overhead and taxes) for gathering, transporting, processing and marketing the gas; and (b) such affiliate's reasonable return on investment on its assets used in gathering, transporting, processing and marketing the gas.

An "affiliate" shall mean a corporation in which the Lessor owns more than 50% of the outstanding voting stock, a limited liability company in which the Lessor owns more than 50% of the voting membership interests, or partnership in which the Lessor receives more than 50% of the allocations of income, expenses and losses.

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- (c) To bury all pipelines associated with this lease below normal plow depth.
- (d) To pay for damages caused by Lessee's operations to the leased premises.
- (e) To avoid drilling a well closer than 300 feet to the house(s) now existing on said premises.

(f) To provide availability for Lessor's free use of gas for domestic purposes only in the principal dwelling located on the leased premises from a gas well on the leased premises by Lessor making his own connections with the well at his expense, all in a manner approved by Lessee, with the use of such gas at the sole risk and expense of Lessor. Lessor, including Lessor's users of such gas for domestic purposes, shall save, hold harmless, defend and indemnify Lessee from any claim asserted against Lessee arising out of or in connection with Lessor's use of such gas, and for any act or omission by Lessee related to the use of such gas.

4. When gas is not being sold or used and a gas well capable of producing in paying quantities is shut in or has commenced dewatering operations on the leased premises or on acreage pooled therewith, whether or not said well has theretofore actually produced, and there is no current production of oil or gas or operations on the leased premises or acreage pooled therewith sufficient to keep this lease in force beyond its primary term, this lease shall, nonetheless, remain in full force and effect, and it will be deemed that gas is being produced in paying quantities if Lessee pays or tenders \$10.00 per net mineral acre annually as shut-in royalty, at the end of each yearly period during which such gas is not sold or used. The Lease shall not be extended for more than two (2) years by the payment of shut-in royalty.

5. Lessee is hereby granted the right at any time and from time to time to unitize the leased premises or any portion thereof, as to all strata or any stratum or strata, with any other lands as to all strata or any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate. However, no unit for the production primarily of oil shall embrace more than 160 acres, or for the production primarily of gas with or without distillate more than 640 acres; provided that if any governmental regulation shall prescribe a spacing pattern for the development of the field or allocate a producing allowable based on acreage per well, then any such unit may embrace as much additional acreage as may be so prescribed or as may be used in such allocation of allowable. Lessee shall file written unit designations in the county in which the leased premises are located. Operations upon and production from the unit shall be treated as if operations were upon or such production were from the leased premises whether or not the well or wells are located thereon. The entire acreage within a unit shall be treated for all purposes as if it were covered by and included in this lease except that the royalty on production from the unit shall be as below provided, and except that in calculating the amount of any shut in gas royalties, only the part of the acreage originally leased and then actually embraced by this lease shall be counted. In respect to production from the unit, lessee shall pay lessor, in lieu of other royalties thereon, only such proportion of the royalties stipulated herein as the amount of his acreage placed in the unit, or his royalty interest therein on an acreage basis, bears to the total acreage in the unit.

6. This is a paid up lease. In consideration of the cash down payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. All of Lessee's operations shall be conducted at the sole cost, risk and expense of Lessee, and Lessee agrees to indemnify, defend and hold Lessor harmless from any and all claims, liens, demands, judgments and liabilities of whatsoever nature arising out of Lessee's operations. At all times during the term of this lease, Lessee shall carry and require all contractors performing work under this lease to carry insurance to protect all relevant parties from loss or liability in accordance with amounts and coverages normally carried by prudent operators in similar operations in the area.

7. If, at the expiration of the primary term of this lease, there is no well on the leased premises which is capable of producing oil or gas in paying quantities, but Lessee is then engaged in drilling or reworking operations, then this lease shall continue in force so long after the primary term as drilling or reworking operations are being conducted on said land and drilling or reworking operations shall be considered to be conducted if not more than one-hundred-twenty (120) consecutive days shall lapse between the completion or abandonment of a well and the beginning of operations for the drilling or reworking of the well or another well whether such completion or abandonment occurred during or after the primary term.

8. If, after the expiration of the primary term, at any time, or from time to time, there is no production from Lessee's well(s), and there is no well on the leased premises which is capable of producing oil or gas in paying quantities and there are no drilling or reworking operations being conducted on the leased premises, this lease shall continue in effect if, within 365 days from the date of cessation of production or drilling or reworking operations, Lessee restores the capability of a well to produce in paying quantities, or if Lessee has commenced additional drilling or reworking operations or other operations designed to restore production, and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then this lease shall remain in force as long as such production continues.

9. If said Lessor owns a less interest in the leased premises then the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid to the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee. If the leased premises are now or hereafter owned in severalty or in separate tracts, the premises, nevertheless, may be developed and operated as an entirety, and the royalties shall be paid to each separate owner in the proportion that the acreage owned by him bears to the entire lease area. There

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shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may hereafter be divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks for the oil or gas produced from such separate tracts.

10. 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 its heirs, executors, administrators, successors or assigns. However, no change in or division of the ownership of the right to receive royalties, delay rentals or other payment to Lessors hereunder, whether such change is by assignment, partition or otherwise, shall operate to increase or enlarge the obligation or to diminish the rights of Lessee hereunder. No change in the ownership of the land or assignment of royalties shall be binding on Lessee until after Lessee has been furnished with a written transfer or deed or a true copy thereof. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission on the part of any other leasehold owner. 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.

11. For the consideration first stated above, Lessor conditionally grants to Lessee an easement and right of way as provided herein. The use of such easement and right of way are conditioned upon Lessee first paying or tendering to Lessor the sum of TEN DOLLARS (\$10.00) per rod. Such payment or tender may be made at any time while this Lease is in effect. Such easement and right of way are described as follows: Lessor grants to Lessee a strip of land three rods wide for the purpose of laying, constructing, operating, inspecting, maintaining, repairing, replacing and removing a pipeline or pipelines for the transportation of water, brines, oil, gas and other substances, and electric line(s), at a location or locations to be determined by Lessee, on, in, over and through the land described hereinabove. The centerline of such easement and right of way shall be the center of the pipeline(s) and/or electric line(s) as actually laid. Lessee will consult with Lessor on course, route and direction of lines so as to minimize interference with surface use by Lessor. Such pipeline(s) and electric line(s) shall be buried when reasonably possible below plow depth. Lessee shall pay for damages to growing crops, fences or other structures of Lessor that are caused by the construction, maintenance and operation of such pipeline(s) and electric line(s). Lessee shall have the right of ingress and egress to and from the premises for all purposes necessary to exercise of the rights granted herein. This easement and right of way shall be construed as if conveyed by separate instrument, without regard to the oil and gas Lease or the term thereof; provided, however, that if use of such easement and right of way is not actually commenced within the term of said oil and gas Lease or extension or renewal thereof then this easement and right of way and all rights granted thereunder shall cease and terminate on the date said oil and gas lease expires. This easement and right of way are independent of, and in addition to, and are not a substitute for, the rights of Lessee under said Lease, which rights are not hereby diminished or affected, it being understood that this easement and right of way provides for transporting products mentioned herein which may be produced, obtained, stored or transported upon or across lands adjacent thereto or in the vicinity thereof. The easement and right of way granted herein are a covenant running with the land and shall extend to Lessee and Lessee's successors and assigns, and shall remain in force for the term of said oil and gas Lease and as long thereafter as such easement and right of way are used by Lessee, its successors and assigns, for the purposes herein mentioned.

12. For the consideration first stated above, Lessor conditionally grants to Lessee a license, easement and right of way as provided herein. The use of such license, easement and right of way are conditioned upon Lessee first paying or tendering to Lessor the sum of FIVE HUNDRED DOLLARS (\$500.00) and a like amount annually on each twelve (12) month anniversary thereafter. The first such payment or tender may be made at any time while this Lease is in effect. If such payment is not timely made, this license, easement and right of way shall not terminate unless Lessee fails to make or tender such payment within thirty (30) days after receipt of written notice of default given by Lessor to Lessee by certified mail, return receipt requested. Such license, easement and right of way are described as follows: Lessor grants to Lessee the right and license to use a newly drilled well or re-complete an existing well upon the above described land and to use same for disposing of waters, brines, and other substances produced from wells owned or operated by Lessee located on said land and upon lands adjacent to or in the vicinity thereof, together with an easement and right-of-way approximately one (1) square acre around such well, the center of which shall be the borehole of the disposal well, and an easement and right of way on a strip of land three rods wide to install, repair, operate and remove such lines, pipes, pumps, centerline of said three-rod easement and right of way shall be the center of the pipe line(s) and/or electric line(s) as actually laid. Lessee will consult with Lessor on course, route and direction of lines and the location of new well(s) so as to minimize interference with surface use by Lessor. Any pipeline(s) and electric line(s) shall be buried when reasonably possible below plow depth. Lessee shall pay for damages to growing crops, fences or other structures of Lessor that are caused by the construction, maintenance and operation of such well, pipeline(s) and electric line(s). Lessee shall have the right of ingress and egress to and from the premises for all purposes necessary to the exercise of the rights granted herein. Lessee shall have the right at any time to remove from the disposal well any and all equipment associated therewith, it being understood that the same shall be and remain personal property, whether or not affixed to the realty; and upon cessation of use of said well, Lessee shall clean up the area with reasonable diligence and dispatch, and shall restore the area as nearly as reasonably possible to its original condition. This license, easement and right of way shall be construed as if granted by separate instrument, without regard to the oil and gas Lease or the term thereof; provided, however, that if a disposal well is not commenced within the term of said oil and gas Lease or extension or renewal thereof then this license, easement and right of way and all rights granted thereunder shall cease and terminate on the date said oil and gas Lease expires. This license, easement and right of way are independent of, and in addition to, and are not a substitute for, the rights of Lessee under said Lease, which rights are not hereby diminished or affected, it being understood that this license, easement and right of way provides for transportation and disposal of substances which may be produced, obtained, stores or transported upon or across lands adjacent thereto or in the vicinity thereof. The license, easement and right

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of way granted herein are a covenant running with the land and shall extend to Lessee and Lessee's successors and assigns, and shall remain in force for the term of said oil and gas Lease and as long thereafter as such license, easement and right of way are used by Lessee, its successors and assigns, for the purposes herein mentioned.

13. Lessee may at any time and from time to time surrender this lease as to all or any part of the leased premises by delivering or mailing a release thereof to Lessor, or by placing a release of record in the proper county, and thereafter Lessee shall be relieved of all obligations accruing hereunder as to the portion of the leased premises so surrendered. This lease shall continue in full force and effect as to all of the leased premises not surrendered. Lessee shall have the right to use, free of cost, gas, oil and water produced on the leased premises for Lessee's operations thereon, except water from wells of Lessor, or from ponds of Lessor without Lessor's consent. Lessee shall have the right at any time to remove all equipment and fixtures placed on the leased premises, including the right to draw and remove casing.

14. In the event the Lessor, at any time, considers that operations are not being conducted in compliance with this lease or that Lessee is otherwise in breach of, or in non-compliance with, any term of this lease, either express or implied, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach or non-compliance hereof, and Lessee shall have 60 days after receipt of such notice in which to commence any operations or other activities that are then legally necessary to comply with the requirements hereof. No default of Lessee with respect to any well or part of the leased premises shall impair Lessee's rights as to any other well or part of the leased premises.

15. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and producing of wells, and the price of oil, gas and other substances covered hereby. When drilling, reworking, producing or other operations are prevented or delayed by such laws, rules, regulations or orders, or by operation of force majeure, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse water conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and if such prevention or delay shall occur during the primary term the period of such prevention or delay shall be added to the primary term hereof. If any such prevention or delay should commence after the primary term hereof, Lessee shall have a period of 120 days after the termination of such period of prevention or delay within which to commence or resume drilling, producing or other operations hereunder, and this lease shall remain in force during such period and thereafter in accordance with the other provisions of this lease. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, producing or other operations are so prevented, delayed or interrupted.

16. Lessor hereby grants and warrants to the Lessee all of the rights granted to the Lessee under this lease and warrants that Lessor has merchantable title to the leased premises, subject to mortgages and easements of record, and that Lessor has full and exclusive right to lease the same. Lessor further warrants and agrees to defend the title to the leased premises 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 leased premises, in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof. Lessee may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty, shut-in royalty, or rentals accruing hereunder.


17. This lease shall be effective as to each Lessor on execution hereof as to its interest and shall be binding on those signing, regardless of whether it is signed by any other Lessor party. This lease shall at all times and in all respects be subject to valid orders, rules, and regulations of any duly constituted authority having jurisdiction of the subject matter hereof. This instrument contains the entire agreement of the parties and it may not be changed or modified except by subsequent written agreement signed by both parties.

18. The interests of the parties "Lessee" inter se are as tenants in common in undivided interests in the lease working interest, as follows:

<u>Lessee</u>	<u>Working Interest %</u>	<u>Net Revenue Interest</u>
James R. Perkins Energy, LLC	87.5%	.743750
Bar M Holdings, LLC	12.5%	.106250
	100.0%	.850000

IN WITNESS WHEREOF, this lease agreement is signed and executed on the day and year first above written:

MAC-O-CHEE FARMS, L.P.

By: 
Title: President Perkins Development Inc
General Partner

KCC WICHITA

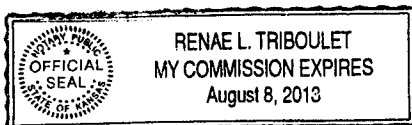
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STATE OF KANSAS)
) SS:
COUNTY OF Elk)

BE IT REMEMBERED that on this 7th day of July, 2011, before me, a Notary Public, in and for the County and State aforesaid, came James R. Perkins Pres of Mac-O-Chee Farms, L.P., a limited partnership organized and existing under and by virtue of the laws of the State of Kansas, and who is personally known to me to be such officer and who is personally known to me to be the same person who executed, as such officer, the within instrument of writing on behalf of said company, and such person duly acknowledged the execution of the same to be the act and deed of said company.

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



Renae L. Triboulet
Printed Name: Renae L. Triboulet
NOTARY PUBLIC

My Appointment Expires:
8-8-2013

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FEB 12 2014
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KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form T-1

March 2010

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- ☐ Gas Lease: No. of Gas Wells _____ **
- ☐ Gas Gathering System: _____
- ☐ Saltwater Disposal Well - Permit No.: D-20859
- Spot Location: 1485 feet from ☐ N / ☒ S Line
- 5080 feet from ☒ E / ☐ W Line
- ☐ Enhanced Recovery Project Permit No.: _____
- Entire Project: ☐ Yes ☐ No
- Number of Injection Wells _____ **

Field Name: Frasier**** Side Two Must Be Completed.**Effective Date of Transfer: 7/21/2011KS Dept of Revenue Lease No.: N/ALease Name: Ballard BSec. 29 Twp. 33 R. 13 ☒ E ☐ WLegal Description of Lease: NW1/4, N2SW1/4, Sec29-33-13ECounty: Chautauqua**KCC WICHITA**

Production Zone(s): _____

Injection Zone(s): Big Sand Sand**FEB 12 2014****RECEIVED**

Surface Pit Permit No.: _____

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

_____ feet from ☐ N / ☐ S Line of Section_____ feet from ☐ E / ☐ W Line of SectionType of Pit: ☐ Emergency ☐ Burn ☐ Settling ☐ Haul-Off ☐ Workover ☒ DrillingPast Operator's License No. New Lease - See Attached

Contact Person: _____

Past Operator's Name & Address: _____

Phone: _____

Title: _____

Date: _____

Signature: _____

New Operator's License No. 4448Contact Person: James R. PerkinsNew Operator's Name & Address: Perkins Oil Enterprises Inc.Phone: 620-374-2133

P.O. Box 707

Oil / Gas Purchaser: Maclaskey Oilfield Services

Howard, KS 67349

Date: 7/7/2011 originalTitle: OwnerSignature: James R. Perkins

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.

Perkins Oil Enterprises Inc is acknowledged as
the new operator and may continue to inject fluids as authorized by
Permit No.: D-20859 . Recommended action: Please
Schedule MIT w/ Dist #3 ASAP
Date: 2-19-14 Cheryl H. Seay
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 2-18-14 PRODUCTION MAR 07 2014 UIC 2-19-14
Mail to: Past Operator 2-19-14 New Operator 2-19-14 District (3) 2-19-14

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

* Location: NW/4 N/2 SW/4 - NE/4 N/2 SE/4 SW/4 SE/4

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* 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
January 2014
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 # 4448
Name: Perkins Oil Enterprises Inc
Address 1: P.O. Box 707
Address 2:
City: Howard State: KS Zip: 67349 +
Contact Person: James R. Perkins
Phone: (620) 374-2133 Fax: (620) 374-2134
Email Address: jrperkins@sktc.net

Well Location:
_____-_____-_____- Sec. 29 Twp. 33 S. R. 13 ☒ East ☐ West
County: Chautauqua
Lease Name: Ballard B Well #: 1,2,3

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

NW1/4 + N2SW/4 of Sec. 29-33-13E

Surface Owner Information:

Name: Mac O Chee Farms LP
Address 1: P.O. Box 707
Address 2:
City: Howard State: KS Zip: 67349 +

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.

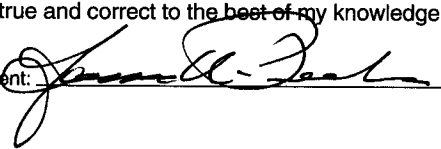
If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary 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 must provide the name and address of the surface owner by filling out the top section of this form and 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: 2/11/2014 Signature of Operator or Agent:  Title: President

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STATE OF KANSAS }
Chautauqua County } ss \$24.00✓
This instrument was filed for
record this 21 day of July,
2011 at 3:35 o'clock PM and
duly recorded in book 155
of records on page 187
Laura C. Bacon
REGISTER OF DEEDS

OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this 7th day of July, 2011, by and between MAC-O-CHEE FARMS, L.P., hereinafter called Lessor (whether one or more), and JAMES R. PERKINS ENERGY, LLC and BAR M HOLDINGS, LLC, hereinafter called Lessee (whether one or more), as to their respective undivided interests as hereinafter set forth:

1. That the said Lessor, for and in consideration of TEN OR MORE DOLLARS cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let exclusively unto Lessee, for the sole and only purposes of investigating, exploring by geophysical and other means, drilling, producing, saving, taking, owning, gathering, transporting, storing, handling, processing, treating, and marketing oil and liquid hydrocarbons (including, but not limited to, distillates and condensates) and all gases (including, but not limited to, casing head gas, methane gases from coals and shales, helium and all other constituents and substances produced therewith) and; to the extent reasonably necessary or convenient to enable Lessee to carry out said purposes, including the dewatering for production of any gases, the right of constructing, operating and maintaining pipelines, flowlines, gathering lines, compressors, tank batteries, electric lines, roadways, metering facilities and equipment, facilities for the injection of water, other fluids and gaseous substances into subsurface strata, and other facilities, structures, and equipment required by Lessee for said purposes; all of the following described land, together with any reversionary rights and after acquired interest therein, situated in the County of Chautauqua, State of Kansas described as follows, to wit:

The Northwest Quarter (NW/4) and the North Half of the Southwest Quarter (N/2 SW/4) of Section 29, T33S, R13E, Chautauqua County, Kansas, except 10 Acres, more or less, in the Southwest Corner described at commencing at the Southwest Corner of the North Half of the Southwest Quarter of said Section 29, running thence East 272', thence Northeasterly to a point 369' East of the West line of the Southwest Quarter of said Section 29, thence West 79', thence North 574', thence West 290', thence South 1320', more or less, to the point of beginning,

The Northeast Quarter (NE/4), the North Half of the Southeast Quarter (N/2 SE/4) and the Southwest Quarter of the Southeast Quarter (SW/4 SE/4) of Section 30, T33S, R13E, Chautauqua County, Kansas,

less and except the wellsite of any abandoned well(s) existing on this land on the date of this lease that is not claimed by Lessee, and containing 510 acres, more or less (herein called leased premises).

2. This lease shall remain in full force for a term of **one (1) year** from this date, and as long thereafter as oil or gas, or either of them, is produced from the leased premises or acreage pooled therewith, or the leased premises are being developed or operated, including dewatering operations, or are otherwise perpetuated as provided herein.

3. In consideration of these premises Lessee covenants and agrees:

(a) To deliver to the credit of Lessor, as royalty, fifteen percent (15%) part of the oil produced and saved from the leased premises, said payments to be made monthly.

(b) To pay Lessor, as royalty, for gas of whatsoever nature or kind (with all of its constituents) produced and sold, fifteen percent (15%) of the proceeds at the wellhead, or when used off the leased premises (unless for development, operation, gathering or processing thereof) or used on the leased premises by Lessee for any purpose other than the development, operation, gathering, or processing thereof or used in the manufacture of any products therefrom, fifteen percent (15%) of the market value of the gas at the well, said payments to be made monthly.

The proceeds from the sale of gas at the well, or the market value of gas at the well, shall be the amount paid by the gas purchaser at such well to the Lessee. If the purchaser is an affiliate of the Lessor, the proceeds or market value of the gas shall not be less than an amount equal to the proceeds received by such affiliate for the gas from its buyer, less: (a) such affiliate's expenses (including overhead and taxes) for gathering, transporting, processing and marketing the gas; and (b) such affiliate's reasonable return on investment on its assets used in gathering, transporting, processing and marketing the gas.

An "affiliate" shall mean a corporation in which the Lessor owns more than 50% of the outstanding voting stock, a limited liability company in which the Lessor owns more than 50% of the voting membership interests, or partnership in which the Lessor receives more than 50% of the allocations of income, expenses and losses.

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- (c) To bury all pipelines associated with this lease below normal plow depth.
- (d) To pay for damages caused by Lessee's operations to the leased premises.
- (e) To avoid drilling a well closer than 300 feet to the house(s) now existing on said premises.
- (f) To provide availability for Lessor's free use of gas for domestic purposes only in the principal dwelling located on the leased premises from a gas well on the leased premises by Lessor making his own connections with the well at his expense, all in a manner approved by Lessee, with the use of such gas at the sole risk and expense of Lessor. Lessor, including Lessor's users of such gas for domestic purposes, shall save, hold harmless, defend and indemnify Lessee from any claim asserted against Lessee arising out of or in connection with Lessor's use of such gas, and for any act or omission by Lessee related to the use of such gas.

4. When gas is not being sold or used and a gas well capable of producing in paying quantities is shut in or has commenced dewatering operations on the leased premises or on acreage pooled therewith, whether or not said well has theretofore actually produced, and there is no current production of oil or gas or operations on the leased premises or acreage pooled therewith sufficient to keep this lease in force beyond its primary term, this lease shall, nonetheless, remain in full force and effect, and it will be deemed that gas is being produced in paying quantities if Lessee pays or tenders \$10.00 per net mineral acre annually as shut-in royalty, at the end of each yearly period during which such gas is not sold or used. The Lease shall not be extended for more than two (2) years by the payment of shut-in royalty.

5. Lessee is hereby granted the right at any time and from time to time to unitize the leased premises or any portion thereof, as to all strata or any stratum or strata, with any other lands as to all strata or any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate. However, no unit for the production primarily of oil shall embrace more than 160 acres, or for the production primarily of gas with or without distillate more than 640 acres; provided that if any governmental regulation shall prescribe a spacing pattern for the development of the field or allocate a producing allowable based on acreage per well, then any such unit may embrace as much additional acreage as may be so prescribed or as may be used in such allocation of allowable. Lessee shall file written unit designations in the county in which the leased premises are located. Operations upon and production from the unit shall be treated as if operations were upon or such production were from the leased premises whether or not the well or wells are located thereon. The entire acreage within a unit shall be treated for all purposes as if it were covered by and included in this lease except that the royalty on production from the unit shall be as below provided, and except that in calculating the amount of any shut in gas royalties, only the part of the acreage originally leased and then actually embraced by this lease shall be counted. In respect to production from the unit, lessee shall pay lessor, in lieu of other royalties thereon, only such proportion of the royalties stipulated herein as the amount of his acreage placed in the unit, or his royalty interest therein on an acreage basis, bears to the total acreage in the unit.

6. This is a paid up lease. In consideration of the cash down payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. All of Lessee's operations shall be conducted at the sole cost, risk and expense of Lessee, and Lessee agrees to indemnify, defend and hold Lessor harmless from any and all claims, liens, demands, judgments and liabilities of whatsoever nature arising out of Lessee's operations. At all times during the term of this lease, Lessee shall carry and require all contractors performing work under this lease to carry insurance to protect all relevant parties from loss or liability in accordance with amounts and coverages normally carried by prudent operators in similar operations in the area.

7. If, at the expiration of the primary term of this lease, there is no well on the leased premises which is capable of producing oil or gas in paying quantities, but Lessee is then engaged in drilling or reworking operations, then this lease shall continue in force so long after the primary term as drilling or reworking operations are being conducted on said land and drilling or reworking operations shall be considered to be conducted if not more than one-hundred-twenty (120) consecutive days shall lapse between the completion or abandonment of a well and the beginning of operations for the drilling or reworking of the well or another well whether such completion or abandonment occurred during or after the primary term.

8. If, after the expiration of the primary term, at any time, or from time to time, there is no production from Lessee's well(s), and there is no well on the leased premises which is capable of producing oil or gas in paying quantities and there are no drilling or reworking operations being conducted on the leased premises, this lease shall continue in effect if, within 365 days from the date of cessation of production or drilling or reworking operations, Lessee restores the capability of a well to produce in paying quantities, or if Lessee has commenced additional drilling or reworking operations or other operations designed to restore production, and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then this lease shall remain in force as long as such production continues.

9. If said Lessor owns a less interest in the leased premises then the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid to the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee. If the leased premises are now or hereafter owned in severalty or in separate tracts, the premises, nevertheless, may be developed and operated as an entirety, and the royalties shall be paid to each separate owner in the proportion that the acreage owned by him bears to the entire lease area. There

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shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may hereafter be divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks for the oil or gas produced from such separate tracts.

10. 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 its heirs, executors, administrators, successors or assigns. However, no change in or division of the ownership of the right to receive royalties, delay rentals or other payment to Lessors hereunder, whether such change is by assignment, partition or otherwise, shall operate to increase or enlarge the obligation or to diminish the rights of Lessee hereunder. No change in the ownership of the land or assignment of royalties shall be binding on Lessee until after Lessee has been furnished with a written transfer or deed or a true copy thereof. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission on the part of any other leasehold owner. 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.

11. For the consideration first stated above, Lessor conditionally grants to Lessee an easement and right of way as provided herein. The use of such easement and right of way are conditioned upon Lessee first paying or tendering to Lessor the sum of TEN DOLLARS (\$10.00) per rod. Such payment or tender may be made at any time while this Lease is in effect. Such easement and right of way are described as follows: Lessor grants to Lessee a strip of land three rods wide for the purpose of laying, constructing, operating, inspecting, maintaining, repairing, replacing and removing a pipeline or pipelines for the transportation of water, brines, oil, gas and other substances, and electric line(s), at a location or locations to be determined by Lessee, on, in, over and through the land described hereinabove. The centerline of such easement and right of way shall be the center of the pipeline(s) and/or electric line(s) as actually laid. Lessee will consult with Lessor on course, route and direction of lines so as to minimize interference with surface use by Lessor. Such pipeline(s) and electric line(s) shall be buried when reasonably possible below plow depth. Lessee shall pay for damages to growing crops, fences or other structures of Lessor that are caused by the construction, maintenance and operation of such pipeline(s) and electric line(s). Lessee shall have the right of ingress and egress to and from the premises for all purposes necessary to exercise of the rights granted herein. This easement and right of way shall be construed as if conveyed by separate instrument, without regard to the oil and gas Lease or the term thereof; provided, however, that if use of such easement and right of way is not actually commenced within the term of said oil and gas Lease or extension or renewal thereof then this easement and right of way and all rights granted thereunder shall cease and terminate on the date said oil and gas lease expires. This easement and right of way are independent of, and in addition to, and are not a substitute for, the rights of Lessee under said Lease, which rights are not hereby diminished or affected, it being understood that this easement and right of way provides for transporting products mentioned herein which may be produced, obtained, stored or transported upon or across lands adjacent thereto or in the vicinity thereof. The easement and right of way granted herein are a covenant running with the land and shall extend to Lessee and Lessee's successors and assigns, and shall remain in force for the term of said oil and gas Lease and as long thereafter as such easement and right of way are used by Lessee, its successors and assigns, for the purposes herein mentioned.

12. For the consideration first stated above, Lessor conditionally grants to Lessee a license, easement and right of way as provided herein. The use of such license, easement and right of way are conditioned upon Lessee first paying or tendering to Lessor the sum of FIVE HUNDRED DOLLARS (\$500.00) and a like amount annually on each twelve (12) month anniversary thereafter. The first such payment or tender may be made at any time while this Lease is in effect. If such payment is not timely made, this license, easement and right of way shall not terminate unless Lessee fails to make or tender such payment within thirty (30) days after receipt of written notice of default given by Lessor to Lessee by certified mail, return receipt requested. Such license, easement and right of way are described as follows: Lessor grants to Lessee the right and license to use a newly drilled well or re-complete an existing well upon the above described land and to use same for disposing of waters, brines, and other substances produced from wells owned or operated by Lessee located on said land and upon lands adjacent to or in the vicinity thereof, together with an easement and right-of-way approximately one (1) square acre around such well, the center of which shall be the borehole of the disposal well, and an easement and right of way on a strip of land three rods wide to install, repair, operate and remove such lines, pipes, pumps, centerline of said three-rod easement and right of way shall be the center of the pipe line(s) and/or electric line(s) as actually laid. Lessee will consult with Lessor on course, route and direction of lines and the location of new well(s) so as to minimize interference with surface use by Lessor. Any pipeline(s) and electric line(s) shall be buried when reasonably possible below plow depth. Lessee shall pay for damages to growing crops, fences or other structures of Lessor that are caused by the construction, maintenance and operation of such well, pipeline(s) and electric line(s). Lessee shall have the right of ingress and egress to and from the premises for all purposes necessary to the exercise of the rights granted herein. Lessee shall have the right at any time to remove from the disposal well any and all equipment associated therewith, it being understood that the same shall be and remain personal property, whether or not affixed to the realty; and upon cessation of use of said well, Lessee shall clean up the area with reasonable diligence and dispatch, and shall restore the area as nearly as reasonably possible to its original condition. This license, easement and right of way shall be construed as if granted by separate instrument, without regard to the oil and gas Lease or the term thereof; provided, however, that if a disposal well is not commenced within the term of said oil and gas Lease or extension or renewal thereof then this license, easement and right of way and all rights granted thereunder shall cease and terminate on the date said oil and gas Lease expires. This license, easement and right of way are independent of, and in addition to, and are not a substitute for, the rights of Lessee under said Lease, which rights are not hereby diminished or affected, it being understood that this license, easement and right of way provides for transportation and disposal of substances which may be produced, obtained, stores or transported upon or across lands adjacent thereto or in the vicinity thereof. The license, easement and right

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of way granted herein are a covenant running with the land and shall extend to Lessee and Lessee's successors and assigns, and shall remain in force for the term of said oil and gas Lease and as long thereafter as such license, easement and right of way are used by Lessee, its successors and assigns, for the purposes herein mentioned.

13. Lessee may at any time and from time to time surrender this lease as to all or any part of the leased premises by delivering or mailing a release thereof to Lessor, or by placing a release of record in the proper county, and thereafter Lessee shall be relieved of all obligations accruing hereunder as to the portion of the leased premises so surrendered. This lease shall continue in full force and effect as to all of the leased premises not surrendered. Lessee shall have the right to use, free of cost, gas, oil and water produced on the leased premises for Lessee's operations thereon, except water from wells of Lessor, or from ponds of Lessor without Lessor's consent. Lessee shall have the right at any time to remove all equipment and fixtures placed on the leased premises, including the right to draw and remove casing.

14. In the event the Lessor, at any time, considers that operations are not being conducted in compliance with this lease or that Lessee is otherwise in breach of, or in non-compliance with, any term of this lease, either express or implied, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach or non-compliance hereof, and Lessee shall have 60 days after receipt of such notice in which to commence any operations or other activities that are then legally necessary to comply with the requirements hereof. No default of Lessee with respect to any well or part of the leased premises shall impair Lessee's rights as to any other well or part of the leased premises.

15. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and producing of wells, and the price of oil, gas and other substances covered hereby. When drilling, reworking, producing or other operations are prevented or delayed by such laws, rules, regulations or orders, or by operation of force majeure, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse water conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and if such prevention or delay shall occur during the primary term the period of such prevention or delay shall be added to the primary term hereof. If any such prevention or delay should commence after the primary term hereof, Lessee shall have a period of 120 days after the termination of such period of prevention or delay within which to commence or resume drilling, producing or other operations hereunder, and this lease shall remain in force during such period and thereafter in accordance with the other provisions of this lease. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, producing or other operations are so prevented, delayed or interrupted.

16. Lessor hereby grants and warrants to the Lessee all of the rights granted to the Lessee under this lease and warrants that Lessor has merchantable title to the leased premises, subject to mortgages and easements of record, and that Lessor has full and exclusive right to lease the same. Lessor further warrants and agrees to defend the title to the leased premises 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 leased premises, in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof. Lessee may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty, shut-in royalty, or rentals accruing hereunder.

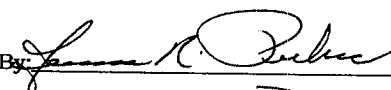
17. This lease shall be effective as to each Lessor on execution hereof as to its interest and shall be binding on those signing, regardless of whether it is signed by any other Lessor party. This lease shall at all times and in all respects be subject to valid orders, rules, and regulations of any duly constituted authority having jurisdiction of the subject matter hereof. This instrument contains the entire agreement of the parties and it may not be changed or modified except by subsequent written agreement signed by both parties.

18. The interests of the parties "Lessee" inter se are as tenants in common in undivided interests in the lease working interest, as follows:

<u>Lessee</u>	<u>Working Interest %</u>	<u>Net Revenue Interest</u>
James R. Perkins Energy, LLC	87.5%	.743750
Bar M Holdings, LLC	<u>12.5%</u>	<u>.106250</u>
	100.0%	.850000

IN WITNESS WHEREOF, this lease agreement is signed and executed on the day and year first above written:

MAC-O-CHEE FARMS, L.P.

By: 

Title: President Perkins Development Inc
General Partner

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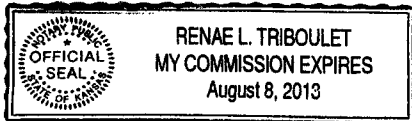
STATE OF KANSAS

COUNTY OF Elk

) SS:

BE IT REMEMBERED that on this 7th day of July, 2011, before me, a Notary Public, in and for the County and State aforesaid, came James R. Perkins Pres of Mac-O-Chee Farms, L.P., a limited partnership organized and existing under and by virtue of the laws of the State of Kansas, and who is personally known to me to be such officer and who is personally known to me to be the same person who executed, as such officer, the within instrument of writing on behalf of said company, and such person duly acknowledged the execution of the same to be the act and deed of said company.

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



Renae L. Triboulet
Printed Name: Renae L. Triboulet
NOTARY PUBLIC

My Appointment Expires:
8-8-2013

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