

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form T-1  
July 2014

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 \_\_\_\_\_ \*\*
- 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: \_\_\_\_\_

KS Dept of Revenue Lease No.: \_\_\_\_\_

Lease Name: \_\_\_\_\_

\_\_\_\_\_ Sec. \_\_\_\_\_ Twp. \_\_\_\_\_ R. \_\_\_\_\_  E  W

Legal Description of Lease: \_\_\_\_\_

County: \_\_\_\_\_

Production Zone(s): \_\_\_\_\_

Injection Zone(s): \_\_\_\_\_

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 Section

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

Past Operator's License No. \_\_\_\_\_

Contact Person: \_\_\_\_\_

Past Operator's Name & Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

New Operator's License No. \_\_\_\_\_

Contact Person: \_\_\_\_\_

New Operator's Name & Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Oil / Gas Purchaser: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

**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 \_\_\_\_\_ PRODUCTION \_\_\_\_\_ UIC \_\_\_\_\_



KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form KSONA-1

July 2014

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

*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 # \_\_\_\_\_

Name: \_\_\_\_\_

Address 1: \_\_\_\_\_

Address 2: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_\_\_\_\_

Contact Person: \_\_\_\_\_

Phone: ( \_\_\_\_\_ ) \_\_\_\_\_ Fax: ( \_\_\_\_\_ ) \_\_\_\_\_

Email Address: \_\_\_\_\_

Well Location:

\_\_\_\_ - \_\_\_\_ - \_\_\_\_ - \_\_\_\_ Sec. \_\_\_\_ Twp. \_\_\_\_ S. R. \_\_\_\_  East  West

County: \_\_\_\_\_

Lease Name: \_\_\_\_\_ Well #: \_\_\_\_\_

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

**Surface Owner Information:**

Name: \_\_\_\_\_

Address 1: \_\_\_\_\_

Address 2: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_\_\_\_\_

*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: \_\_\_\_\_ Signature of Operator or Agent: \_\_\_\_\_ Title: \_\_\_\_\_

## ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS THAT:

That the undersigned, Quail Run Oil & Gas, LLC, a Kansas limited liability company, joined by James R. Perkins Energy, LLC, a Kansas limited liability company and Bar M Holdings, LLC, a Kansas limited liability company ("*Assignors*"), and further joined by its contract operator, Perkins Oil Enterprises, Inc., a Kansas corporation ("*Operator*"), hereby sell, transfer, assign and convey unto Kodiak Energy, LLC, a Kansas limited liability company ("*Assignee*"), all of *Assignors*' right, title and interest in and to the following described oil and gas lease, to wit:

LESSOR:	The Wolfe Family Revocable Living Trust
LESSEE:	Clark Energy, LLC
DATE:	October 19, 2007
RECORDED:	Book 138, Page 584
PROPERTY:	W/2 of Section 23, Township 32S, Range 12E, Chautauqua County, Kansas
WI ASSIGNED:	100%
NRI ASSIGNED:	.875000

together with the wells and equipment located thereon.

*Assignee* agrees to assume and perform all regulatory obligations with respect to the oil and gas lease and the wells and facilities located thereon. Transfer of the wells shall be accomplished by filing of appropriate form T-1's with the Kansas Corporation Commission.

The lease is currently held by the payment of shut-in royalty, last remittance to Lessor of \$1,600 paid April 1, 2018.

*Assignors* shall pay all taxes assessed against the lease and equipment for 2018 and prior years, and *Assignee* shall pay all taxes for 2019 and subsequent years.

This Assignment is effective for all purposes as of December 31, 2018 at 11:59 o'clock P.M.

"ASSIGNORS"

Quail Run Oil & Gas, LLC

By: 

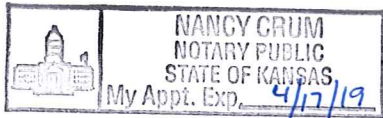
James R. Perkins, Manager

James R. Perkins Energy, LLC, Member



STATE OF KANSAS )  
 ) SS:  
COUNTY OF ELK )

The foregoing Assignment was signed and acknowledged before me on January 31, 2019, by E. Wayne Willhite, Trustee of the E. Wayne Willhite and Eugena L. Willhite Revocable Trust U/A November 29, 2007, as a member of Quail Run Oil & Gas, LLC, a Kansas limited liability company.

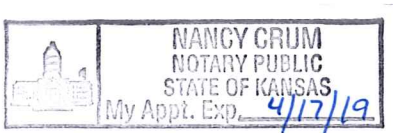


Nancy Crum  
NOTARY PUBLIC

My Appointment Expires:  
4/17/19

STATE OF KANSAS )  
 ) SS:  
COUNTY OF ELK )

The foregoing Assignment was signed and acknowledged before me on January 31, 2019, by James R. Perkins, Manager of James R. Perkins Energy, LLC, a Kansas limited liability company.

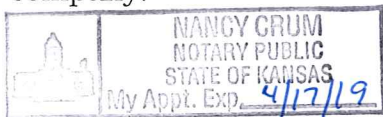


Nancy Crum  
NOTARY PUBLIC

My Appointment Expires:  
4/17/19

STATE OF KANSAS )  
 ) SS:  
COUNTY OF ELK )

The foregoing Assignment was signed and acknowledged before me on January 31, 2019, by John Black, Manager of Bar M Holdings, LLC, a Kansas limited liability company.



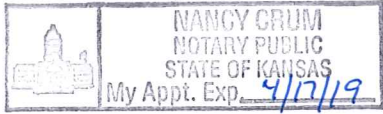
Nancy Crum  
NOTARY PUBLIC

My Appointment Expires:  
4/17/19



STATE OF KANSAS )  
 ) SS:  
COUNTY OF ELK )

The foregoing Assignment was signed and acknowledged before me on January 31, 2019, by James R. Perkins, President of Perkins Oil Enterprises, Inc., a Kansas corporation.

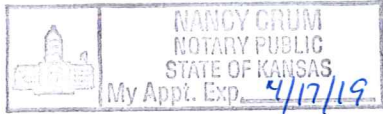


Nancy Crum  
NOTARY PUBLIC

My Appointment Expires:  
4/17/19

STATE OF KANSAS )  
 ) SS:  
COUNTY OF ELK )

The foregoing Assignment was signed and acknowledged before me on January 31, 2019, by Buddy Finney, Manager/Member of Kodiak Energy, LLC, a Kansas limited liability company.



Nancy Crum  
NOTARY PUBLIC

My Appointment Expires:  
4/17/19

**KCC OIL/GAS REGULATORY OFFICES**

**Inspection Date:** 03/28/2019      **District:** 3      **Incident Number:** 6452

- New Situation       Lease Inspection
- Response to Request       Complaint
- Follow-up       Field Report

**Operator License No:** 4448      **API:**      **Q3:**      **Q2:**      **Q1:**  
**Operator Name:** Perkins Oil Enterprises      **SEC** 23    **TWP** 32    **RGE** 12    **RGEDIR:** E  
**Address:** PO Box 707      **FSL:**  
**City:** Howard      **FEL:**  
**State:** KS      **Zip Code:** 67349      **Lease:** Wolfe      **Well No.:** Lease  
**Phone contact:** 620-374-2133      **County:** Cq

**Reason for Investigation:**

Request from Central Office ( Deanna Garrison).

**Problem:**

T-1 was filed on this lease from Perkins Oil Enterprises, Inc. (KLN#4448) to Kodiak Energy, LLC. (KLN#35461)

**Persons contacted:**

District #3 Staff, Buddy Finney/representative for Kodiak Energy, LLC.,

**Findings:**

On March 28, 2019 I went to the above mentioned lease to do a lease inspection. I found the two wells that were on the T-1 from Perkins Oil Enterprises, Inc.'s to Kodiak Energy, LLC. One injection well (Wolfe #1A, 15-019-20725-00-01) and one producer (Wolfe #1, 15-019-21612-00-00). I also found nine other wells within the lease description that were above ground. Two of which that had api numbers (Rissman #5, 15-019-25636-00-00 & Rissman #4, 15-019-25626-00-00). The other seven wells of these nine I could not find any information on. I also found two wells that were below ground level and appear to have been plugged. One of these wells (Rissman #3, 15-019-25625-00-00) had a plugging report and the other one I could not find any information on it. I contacted the operator (Kodiak Energy, LLC.) that the two wells on the T-1 are being transferred to and talked to him about it. All he knew about were the two wells on the T-1. He sent me a copy of the original lease. I attached a copy of the lease and a gps map of the wells I located on the lease.

**Actions / Recommendation**

**Follow-up Required**

**Deadline Date:**

Turn my findings into John Almond for review and forward them to Central Wichita office.



**Photo's Taken:** 0

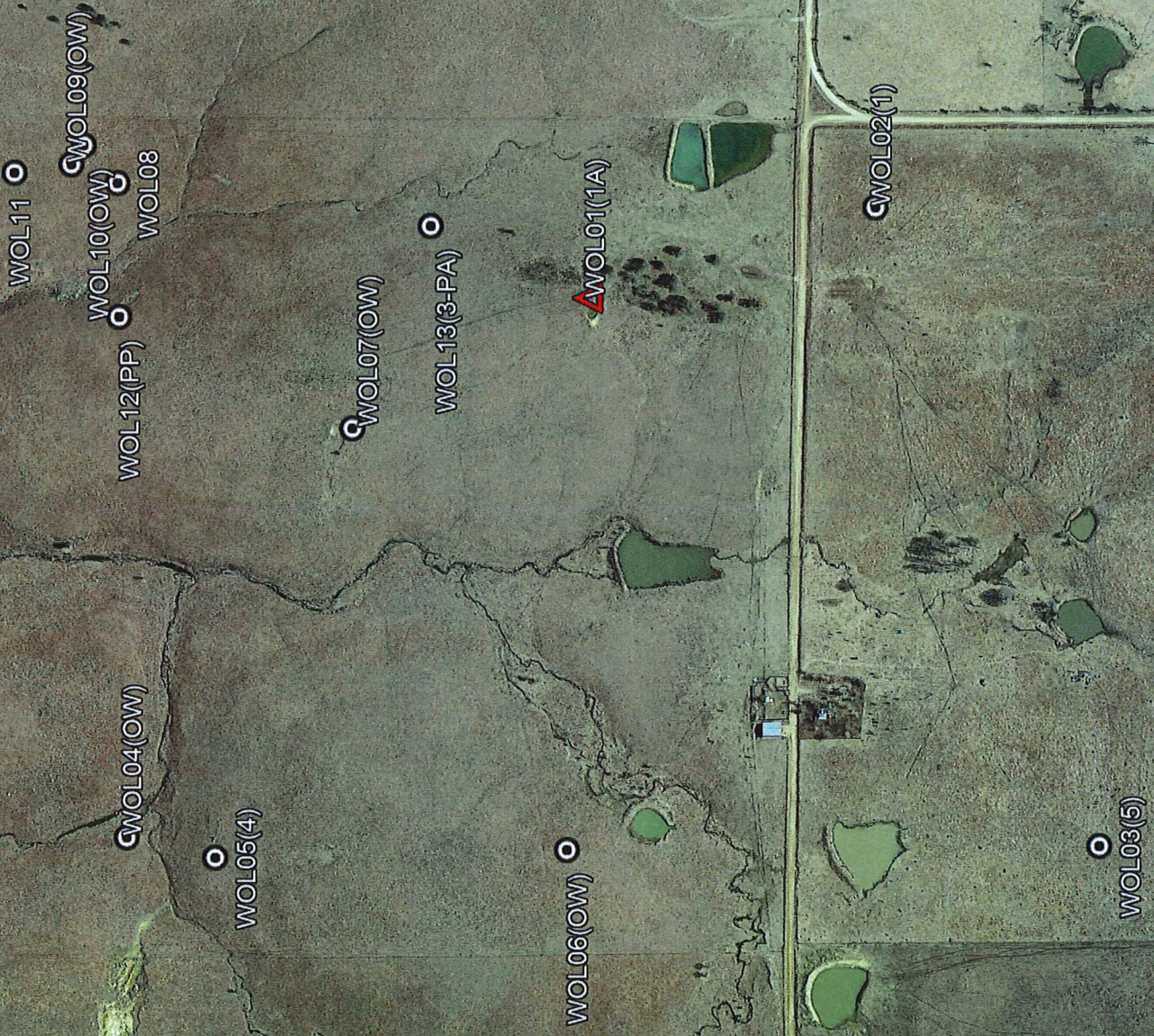
- RBDMS     KGS     TA DB    **Report Prepared By:** Duane A. Sims
- T1 DBF     District Files     Courthouse    **Position:** E.C.R.S.



# Wolfe Lease 23-32-12E CQ Co.

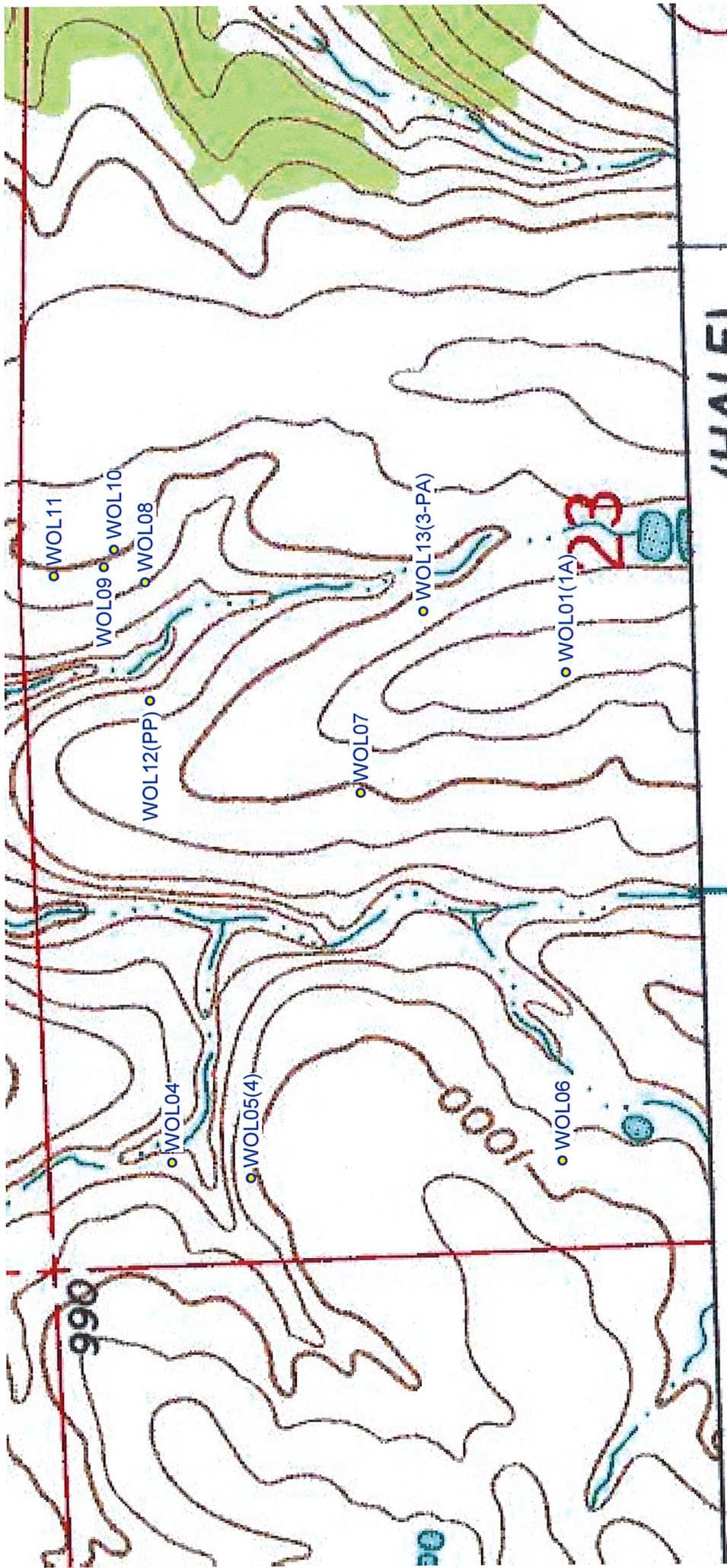
## Legend

-  Injection Well
-  Oil Well



2000 ft



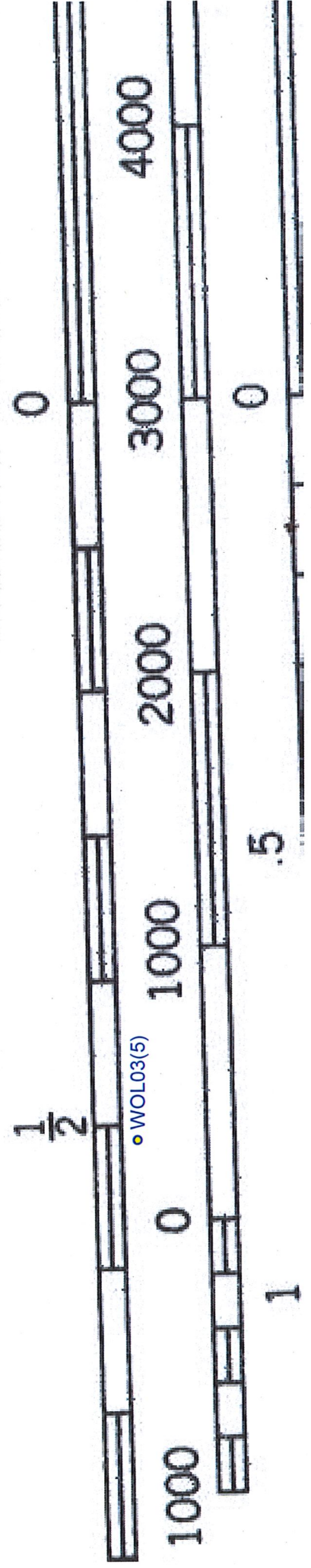


(HALE)

6758 II NE

• WOL02(1)

SCALE 1:24 000



• WOL03(5)

; Style File: C:\Program Files\ATM7Pro\SETTINGS\DefUsrAnno.HWP written 4/19/2019 9:25:15 AM

<Line W=2>

37.25132200 -96.06608900 NAD83; WOL01(1A); INJ-AC 1A 4.5C.5LSV  
37.24879500 -96.06508200 NAD83; WOL02(1); GAS-AC 1 7SC4.5C2TRPJ  
37.24680700 -96.07216900 NAD83; WOL03(5); GAS-AB 5 4.5C2TR  
37.25544100 -96.07205600 NAD83; WOL04; OIL-PP 10SC2THFopen  
37.25465300 -96.07228500 NAD83; WOL05(4); GAS-AB 4 4.5Copen  
37.25152000 -96.07220700 NAD83; WOL06; GAS-AB 8.5SC2CVLP  
37.25342800 -96.06750700 NAD83; WOL07; GAS-AB 10SC2CHFopen  
37.25552300 -96.06477100 NAD83; WOL08; GAS-AB 2.5CSV  
37.25593300 -96.06456100 NAD83; WOL09; GAS-AB 12DPHFopen; Date=20190423\_142149\_636  
37.25582500 -96.06434900 NAD83; WOL10; GAS-AB 10DPHFopen  
37.25643800 -96.06465100 NAD83; WOL11; GAS-AB 2.5Copen  
37.25551200 -96.06625400 NAD83; WOL12(PP); OIL-PO METALBELOWGRD2"PIPE&RODSPIT; Date=20190423\_142104\_068  
37.25273700 -96.06526100 NAD83; WOL13(3-PA); GAS-PO 3 ME  
; End ATMGPS 3/29/2019 10:23:47 AM



## OIL AND GAS LEASE

STATE OF KANSAS )  
 Chautauqua County ) ss \$32.00/  
 This instrument was filed for record this 22 day of October,  
 2007 at 2:15 o'clock PM and duly recorded in book 138 of  
 records on page 584 *Rama C. Beeson*  
 REGISTER OF DEEDS

THIS AGREEMENT, made and entered into this 19 day of Oct., 2007,  
 by and between DEAN M. WOLFE AND SANDRA L. WOLFE, AS TRUSTEES OF THE WOLFE FAMILY  
 REVOCABLE LIVING TRUST DATED OCTOBER 30, 2003, hereinafter called Lessor  
 (whether one or more), and CLARK ENERGY, LLC, a Kansas limited liability  
 company, hereinafter called Lessee, does witness:

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, demise, 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, casinghead 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 WEST HALF (W/2) OF SECTION 23, TOWNSHIP 32 SOUTH, RANGE 12, EAST OF THE 6<sup>TH</sup>  
 P.M. and containing 320 acres, more or less.

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, (herein called the "leased  
 premises").

2. This lease shall remain in full force for a term of three (3) years  
 from this date, and as long thereafter as oil or gas, or either of them, is  
 produced from the leased premises, 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, one-eighth (1/8)  
 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, one-eighth (1/8) 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, one-eighth (1/8) 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.

OIL AND GAS LEASE

3. To bury all pipelines associated with this lease below normal plow depth.

4. To pay for damages caused by Lessee's operations to the leased premises.

5. No well shall be drilled nearer than 300 feet to the dwelling or barn, any other improvement and ponds, if any, located on the leased premises, without the written consent of Lessor.

6. 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, 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 sufficient to keep this lease in force beyond the 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 \$5.00 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.

7. 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.

8. 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.

9. Lessee shall pay for damages caused by its operations to growing crops and pastura on the leased premises. If Lessor and Lessee cannot agree as to the amount of damages, a third party acceptable to Lessor and Lessee and knowledgeable of the value of growing crops shall determine the amount of damages. Lessee shall pay to Lessor the sum of \$500.00 per well site and per tank battery as agreed-upon location damages. Lease roads shall be no wider than seventeen (17) feet and there shall be no more than one (1) lease road to each well. All wells and tank batteries shall have cattle-proof fences surrounding the same. Lessee shall exercise due diligence in addressing oil and/or salt-water spills and Lessee shall use due diligence in all development and production activities so as to minimize damage to the real estate.

10. If said Lessor owns a less interest in the leased premises than the entire and undivided fee simple estate therein, then the royalties and rentals



## OIL AND GAS LEASE

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 area of the leased premises. There 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.

9. 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.

10. For the consideration first stated above, Lessor conditionally grants to Lessee an easement and right of way as provided herein. Lessee may exercise this conditional grant at any time while this lease is in effect. If so exercised by Lessee, 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 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

## OIL AND GAS LEASE

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.

11. For the consideration first stated above, Lessor conditionally grants to Lessee a license, easement and right of way as provided herein. Lessee may exercise this conditional grant at any time while this lease is in effect. If so exercised by Lessee, the use of such license, easement and right of way are conditioned upon Lessee first paying or tendering to Lessor the sum of ONE THOUSAND DOLLARS (\$1000.00) and a like amount annually on each twelve (12) month anniversary thereafter. Lessee may elect to cease the use of such grants, and if so elected, said annual payments shall no longer be required. Provided, however, should such election be made and at a subsequent time Lessee elect to re-commence use of such grants, then and in that event Lessee shall pay or tender said sum to Lessor, and thereafter Lessee shall be entitled to the use of such grants for an additional twelve (12) month period or periods, as aforesaid. 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 located on said land and upon lands adjacent to or in the vicinity thereof, together with an easement and right-of-way of 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, equipment, machinery, electric lines and other appliances as Lessee shall deem suitable for the operation of such disposal well. The 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,

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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, stored or transported upon or across lands adjacent thereto or in the vicinity thereof. The license, 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 license, easement and rights-of-way are used by Lessee, its successors and assigns, for the purposes herein mentioned.

12. 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.

13. 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.

14. 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 weather 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

## OIL AND GAS LEASE

drilling, producing or other operations are so prevented, delayed or interrupted.

15. 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.

16. Before any new wells are drilled in that part of the South Half of the Southwest Quarter that is cultivated and/or is used as mow land, Lessee must obtain the express written approval from Lessor, which approval shall not be unreasonably withheld.

17. Should Lessee desire to sell all or part of their working interest in and to this lease, or any part thereof, prior to making any such sale, Lessee shall first offer such lease, or part thereof, as the case may be, to Lessor. If Lessor is willing and able to match the price and terms offered to Lessee by any bona fide third party purchaser, then Lessee and Lessor shall consummate said sale and transfer as among them. Upon receiving notice from Lessee of an intended sale, Lessor shall have ten (10) days from the date notice is received to elect to purchase the lease, or part thereof, as the case may be, for the price and on the terms offered to Lessee by said third party purchaser. If Lessor fails to give notice to Lessee within said ten (10) day period, Lessee may then proceed to sell said lease or part thereof, as the case may be. Notice as set forth herein may be made by certified mail or by personal delivery. Notice to one Member of Lessee shall constitute notice to Lessee, and notice to either Dean M. Wolfe or Sandra L. Wolfe shall constitute notice to Lessor. This provision shall be considered as a "right of First Refusal" provision of this oil and gas lease. This right extends to Dean M. Wolfe and Sandra L. Wolfe, husband and wife, as joint tenants with the right of survivorship and not as tenants in common.

18. 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.

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

OIL AND GAS LEASE

Dean M. Wolfe  
DEAN M. WOLFE  
TRUSTEE

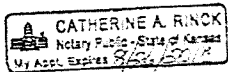
Sandra L. Wolfe  
SANDRA L. WOLFE  
TRUSTEE

ACKNOWLEDGMENT

STATE OF KANSAS  
COUNTY OF Chautauque ss

Before me, the undersigned, a Notary Public, in and for said County and State, on this 9 day of October, 2008, personally appeared Dean M. Wolfe and Sandra L. Wolfe, as Trustees of the Wolfe Family Revocable Living Trust dated October 20, 2003, lessor shown above who are personally known to me or who displayed satisfactory evidence of their identity to me, and they duly acknowledged the execution of the above and foregoing Oil and Gas Lease.

WITNESS my hand and official seal the day and year first above written.

 CATHERINE A. RINCK  
Notary Public - State of Kansas  
My Assn. Expires 8/24/2011

Catherine A. Rinck  
NOTARY PUBLIC

My app't. expires: 8/24/2011