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SUSAN M HUBBELL RECORDER OF DEEDS:

Remento: Superior Title Services, Inc. P.O. Box 30130 Edinand, OK 73003



Date Recorded: 5/9/2013 8:20:00 AM

## OIL AND GAS LEASE

(Paid Un)

AGREEMENT, Made and entered into this 11th day of April . 2013, by and between

T.eucar. Address: Walter E. Kruckenberg a/k/a Gene Kruckenberg, a single man

7317 NE State Highway K42, Isabel, KS 67065-6500

party of the first part, hereinafter called lessor (whether one or more) and, Unit Petroleum Company, P. O. Box 702500, Tulsa. OK 74170-2500, party of the second part, heremafter called Lessee.

WITNESSETH: That the said lessor, for and in consideration of Ten (\$10.00) and More Dollars, cosh in hand paid, receipt of which is hereby acknowledged and of the royalties herein provided and of the covenants and agreements hereinafter contained on the part of the lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto the said lessee, for the sole and only purpose of exploring by geophysical and other methods, mining and operating for oil (including but not limited to distillate and condensate), gas (including easinghead gas and all other constituents) and for laying pipe lines, and building tanks and structures thereon, to produce, save and take care of said products, all that certain tract of land, together with any reversionary rights therein, situated in the County of Kingman State of Konsas described as follows, to-wit:

> Lot 1, Lot 2, Lot 5, and Lot 6 a/d/a N/2 NE/4, SE/4 NE/4, NW/4 SE/4, SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

of Section 6, Township 30 South Range 10 West . 6th P.M. and containing 159,2600 acres, more or less. It is agreed that this lease shall remain in force for a term of three (3) years from date (herein called primary term) and as long thereafter as oil or gas, or either of them, is produced from said land or land with which said land is pooled by the lessee.

In consideration of the premises the said lessee covenants and agrees:

1st. To deliver in-kind to lessor, at the well, or to the credit of lessor into the pipeline or storage tank to which the well may be connected, the \_\_\_\_\_\_\_\_ part of all oil (including condensate) produced and saved from the leased premises. In lieu thereof, leasee shall have the option, at any time, to self lessor's oil, in which case lessor's royalty shall be based on lessee's net proceeds at the lease, or to purchase lessor's oil for the value of such oil at the lease. In any event, lessor's interest shall be free of all costs of production, but shall bear its proportionate part of production and similar taxes, and shall share proportionately with lessee in any costs to market, transport, or condition the oil.

2nd. To pay lessor for gas (including easinghead gas, all gaseous substances, and all constituents thereof) produced and sold from the leased premises. \_\_\_3/16th \_\_part of the net proceeds at the lease from the sale of such gas, after deducting leason's proportionate part of production and other similar taxes; lesson's interest to be free of all costs of production, but to bear proportionately with lessee any costs incurred by lessee to market the gas, to deliver the gas to a market off the leased premises, or to dehydrate, compress, process, treat, or otherwise place such gas in marketable condition. If, after the primary term of this lease gas from any well or wells on the premises capable of producing gas in commercial quantities is not sold or used off the premises or in the manufacture of gas for a period of one (1) year or more, during which time there is no other production from the leased premises, then lessee shall become obligated to pay or tender as royalty for such annual period a sum of one dollar (\$ 1.00) per net acre within ninety (90) days after the end of such annual period. Such payment when made or tendered shall be deemed actual production of gas in accordance with the terms of this lease.

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

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the lessee shall commence operations for drilling a well or commence reworking operations on an existing well within the term of this lease or any extension thereof, or on acreage pooled therewith, the lessee shall have the right to drill such well to completion or complete reworking operations with reasonable diligence and dispatch, and if oil or gas, or either of them be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed with the term of the years first mentioned.

Lessee is hereby granted the right at any time and from time to time to unitize the leased premises or any portion or portions 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 preduction primarily of oil or for the production primarily of gas with or without distillate shall embrace 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 such 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 regalties, 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. Lesses 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.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided shall be paid to the lessor only in the proportion which his interest bears to the whole and undivided fee.

Lessec shall have the right to use, free of cost, gas and oil produced on said land for its operations thereon.

When requested by the lessor, lessee shall bury his pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent of the lessor.

Lessee shall pay for all damages caused by its operations to growing crops on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove easing.

If the estate of either party hereto is assigned, the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns. However, no change or division in ownership of the land or royalties shall enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof. In case lessee assigns this lesse, 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 the assignment.

If at any time within the primary term of this lease or any continuation thereof, Lessor receives any bona fide offer, acceptable to Lessor, to grant an additional lease (top lease) covering all or part of the afore described lands, Lessee shall have the continuing option by meeting any such offer to acquire such top lease. Any offer must be in writing and must set forth the proposed Lessee's name, bonus consideration and royalty consideration to be paid for such lease, and include a copy of the lease form to be utilized reflecting all pertinent and relevant terms and conditions of the top lease. Lessee shall have filteen (15) days after receipt from Lessor of a complete copy of any such offer to advise Lessor in writing of its election to enter into an oil and gas lease with Lessor on equivalent terms and conditions. If Lessee fails to notify Lessor within the aforesaid fifteen (15) day period of its election to meet any such bona fide offer, Lessor shall have the right to accept said offer. Any top lease granted by Lessor in violation of this provision shall be null and void."

For the same consideration stated above, Lessor does hereby grant to Lessee, its successors or assigns, the option, but not the obligation to extend the primary term of this lease for an additional two (2) years. Such option shall be exercised when payment of an additional bonus is made or tendered in the amount equal to the bonus originally paid by Lessee for this per net mineral acre covered by this lease. Deposit of such additional bonus with the U.S. Postal Service or other delivery service for delivery to the Lessor on or before the expiration date of the initial primary term of this lease. Exercise of this option shall amond the primary term of this lease from three (3) years to five (5) years.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules and Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or such failure is the result of any such Law. Order, Rule or Regulation.

This lease shall be effective as to each lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the lessors above named may not join in the execution hereof. The word "Lessor" as used in this lease means the party or parties who execute this lease as Lessor, although not named above.

Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to lessor, or by placing a release of record in the proper County.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor and be subrogated to the rights of the holder hereof.

MCEOL.
IN TESTIMONY WHEREOF, we sign this the 18 th day of 1971, 2013.
Walter E. Kruckenberg
NOTARY ACKNOWLEDGMENT
State of Kansas
County of Bilitter
This instrument was acknowledged before me on this grant day of
Carrin Robert
Notary Public
My commission expires 1/26/6
TORRIN R. FOLCK Notary Public - State of Kareas
1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2

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## EXHIBIT "A"

THIS ADDENDUM attached to and made a part of the certain "Oil and Gas Lease" dated 11th day of April., 2013, by and between Walter E. Kruckenberg a/k/a Gene Kruckenberg, a single man, as Lessor, and Unit Petroleum Company, as Lessee, covering said lands.

In the event that any of the provisions provided for herein conflict with those in the Lease referenced above, the provisions of this Lease Addendum shall provail.

CONSERVATION RESERVE PROGRAM CLAUSE: If any part of the leased premises are subject to or enrolled in the conservation reserve program (CRP), Lessee shall reseed to CRP compatible grass all areas thereof affected by Lessee's operations and hold Lessor harmless from penalties, liquidated damages, refunds and any interest thereon assessed under the Conservation Reserve Program as a result of Lessee's operations. Lessor shall provide notice, including documentation, to Lessee identifying any program or requirements agreed to prior to the Oil and Gas Lease date.

IRRIGATION CLAUSE: It is recognized that Lessor operates an irrigation system on the above described land. Any and all activities and operations by Lessee or his agents shall not interfere with Lessor's desired use of said irrigation, including, at no cost to the Lessor, keeping said Lessee's pipe lines or laterals from interfering with said land being operated as an irrigated farm. Any tank battery placed by Lessee on the above described land shall be located near a corner or boundary thereof and in a place which will not unreasonably interfere with the operation of an irrigation system. Lessee agrees to use low profile pumping equipment to allow the irrigation system to travel over or above said equipment. Slush mud pits should not be located in the irrigation wheel tracts.

GROSS PROCEEDS: It is agreed between Lessor and Lessee that, notwithstanding any language herein to the contrary, all oil, gas or other proceeds accraing to the Lessor under this lease or by state law shall be without deduction, directly or indirectly, for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and marketing the oil, gas and other products produced to transform the product into marketable form; however, any such costs which result in enhancing the value of the marketable oil, gas or other products to receive a better price may be deducted from Lessor's share of production so long as they are based on Lessee's actual cost of such enhancement However, in no event will either the Lessor or the Lessee receive a better price than the other party.

SLUSH/MUD PITS: It is understood and agreed that the Lessee when constructing or preparing the well site and slush (or mud) pits shall construct the same in such a manner that the top soil is removed separate from the sub soils, and that the top soil and the sub soils will not be mixed when the well site is restored and/or the slush pit is filled. When restoring the well site or the slush pit to its prior condition, Lessee shall use sub soils first, and the top soil last, so that the well site and slush pit will be returned to or near its original condition as possible. The well site and slush pits will be constructed and filled in compliance with state regulations.

ROAD MAINTENANCE: Lessee will maintain any roads constructed by Lessee or any existing roads of Lessor's used by Lessee in its operations, so that the roads are maintained in such conditions to adequately provide for Lessee's operations. All roads used by Lessee in its operations will be maintained in such a condition as to allow normal car usage. Further, during the time drilling operations are being conducted or any other times when any of the Lessors present roads are being used for transporting oil, machinery and/or being traveled by any motor vehicle larger than an automobile or a ½ ton pickup truck, the Lessee shall always keep Lessor's roads maintained and/or graded so that Lessors roads are smooth and passable for automobile traffic and make no roads exceeding twenty four (24') feet in width, and to properly maintain such roads. Existing roads may be used and maintained by Lessee. Lessor may use all such roads.

FENCE / GATE CLAUSE: Lessee shall promptly replace any fences removed by Lessee during its operations on said land and further, upon Lessors request. Lessee shall construct gates on all access roads and pipeline routes on said land.

SHUT -IN AMENDMENT: Upon expiration of the primary term, or any extension thereof, where gas and oil from a well is shut-in and is not sold or used, Lessee shall pay Lessor a shut-in gas royalty of Ten Dollars (\$10.00) per year per not mineral acre retained by said well for a period not to exceed two (2) continuous years at one time.

MUTUAL CONSENT CLAUSE: If Lessor owns the surface of the leased premises, Lessor and Lessee shall make reasonable efforts to mutually agree on the location of well sites, access roads, pipelines or any above ground appurtenances that will be located on the leased premises, and neither party's consent shall be unreasonably withheld. However, in the event an agreement cannot be worked out as to a particular location, the Lessee's precise location shall prevail.

LESSOR WATER: Lessor hereby grants Lessee, during the term of this lease, the right to use up to three (3) acres of the surface of the land for the purpose of constructing a fresh water impoundment ("Impoundment"), an access road, and a water well to service the same. The Impoundment and the associated road and well shall be utilized by Lessee to produce, store, and transport fresh water necessary for Lessee's oil and gas operations on the leased premises or other land unitized therewith, which include but are not limited to, drilling, completions, recompletion, stimulation, fracturing and/or refracturing wells. In addition, Lessor hereby grants Lessee the rights to lay waterlines from said impoundment across the subject lands to wells where the water is to be used in Lessees oil and gas

operations on the leased premises or other land unitized therewith. Lessee is hereby granted the right to construct and maintain, inspect, operate, remove and replace above ground appurtenances, including but not limited to water lines, water storage tanks and any additional pipelines, trucks, or equipment associated therewith, and transport and provide fresh water to impoundment whether by pipelines, trucks, or drilling of a water well(s). The rights granted Lessee under this paragraph to use the fresh water impoundment shall be only for Lessees operations referenced herein and shall terminate 180 days after Lessee ceases all operations hereunder. However, Lessee shall have a continuing right to construct a new impoundment for additional operations.

PROPERTY RESTORATION: Lessee agrees that as soon as is reasonably possible, following completion of its drilling and other operations, Lessee shall restere its well site, as near as possible, to its original condition and land contour. In the event there is no production in paying quantities found by any operations undertaken by Lessee during either the primary term, or any extension provided for herein, of the lease and there is an abandonment of said lease, the Lessee shall fill all pits, ponds, remove all structures and reasonably restore the premises to the condition existing at the time the lease was executed. Within six (6) months after the expiration of the lease by its terms, Lessee shall have the obligation to restore, as nearly as practical. This obligation shall survive termination of this lease.

TOPSOIL CLAUSE: When preparing development locations, the topsoil shall be segregated to be replaced on the surface upon completion of drilling activities. Any terraces driven over or altered for drilling or tank locations shall be restored to original height and contour as nearly as is practicable.

DAMAGES CLAUSE: Lessee shall-pay for damages caused by Lessee's operations to crop including hay, on the leased premises and to pay for all other damages caused by Lessee, including but not limited to damages to livestock, pasture, waterways and terraces. Lessee agrees to compensate Lessor at fair market value for the death or injury of any livestock killed or injured as a direct result of Lessee's operations under the terms of this lease. Provided, however, that Lessee will not be responsible to compensate Lessor for said damages or injuries to livestock that were caused by the negligent or willful act or omissions of Lessor, its heirs, assigns, agents, employees or contractors, in addition, when Lessee's lines are buried below Lessor's buried irrigation lines and/or related electric lines, Lessee shall repair and restore the same at Lessee's expense. Lessee acknowledges it may be necessary to place Lessee's lines below Lessor's buried irrigation lines and/or related electric lines. Lessee shall pay Lessor \$8,000.00 per drilling pad site prior to commencing drilling activities. In the event the drill site exceeds 5 acres, Lessor is entitled to additional damages of \$1,600.00 per acre.

LINE BURJAL: Lessee shall bury all pipelines and electric lines at least below plow depth, but not less than thirty six (36") inches below the surface of leased premises, and upon reasonable request, lower pipelines, electric lines, flow-lines, gathering lines, etc. to allow terracing, waterway construction, or other improvement to the surface by Lessee for agricultural purposes.

WORKMANLIKE OPERATIONS: Lessee shall operate the lease in a workmanlike manner, and seek to (i) close and secure all gates located on the leased premises, (ii) not cut any fences, (iii) repair any fences damaged by Lessee, and (iv) repair terraces or waterways, if damaged.

LEASE APPEARANCE CLAUSE: No open salt-water pits or ditches shall ever be maintained on land located outside of the drilling pad site. Lessee shall make a reasonable effort to locate all storage tanks, separators and compressors in a group like manner on the above described drilling and operation sites located on the lease premises and all oil or gas wells shall be neatly, attractively and adequately fenced and enclosed by Lessee so as to reasonably protect Lessor's livestock from injury. Lessee shall make a reasonable and good faith effort to conduct and keep all of its operations including said equipment neat in appearance, in proper condition consistent with the standards of the oil and gas industry in and around the county in which the leased premises are located. It is acceptable to place natural gas compressors on leased premises if doing so increases production or value of lease to Lessor and Lessee.

WELL PLUGGING CLAUSE: Prior to conducting operations on the leased premises. Lessee or its assignce/operator shall comply with the provisions of KAR regarding operator financial responsibility.

DELETERIOUS SUBSTANCES CLAUSE: Without the prior written consent of the Lessor, Lessee agrees that it shall not have the right to transport saltwater or other deleterious substances onto the leased premises and the Lessee has no right of disposal of deleterious substances except (i) those produced upon the property subject to this lense, and/or (ii) those used on the leased premises in the normal and usual course of operations for the drilling, producing, completing and/or fracing of oil or gas wells.

PUGH CLAUSE: Two (2) years following the expiration of the primary term of this lease or the expiration of any extension or renewal of the primary term (including without limitation those contained in any continuous development provisions of the Lease), whichever occurs last, in the event a portion or portions of the leased premises is pooled with other land so as to form a pooled unit or units, operations on such unit or units will not maintain this lease in force as to the land not included in such unit or units. This lease may be maintained in force as to any land covered hereby and included in such unit or units in any manner provided for herein. Upon the occurrence of any partial termination of this lease, Lessee shall have and expressly reserves, an easement, on over, through and under all released tracts as shall be reasonably necessary for rights of ingress and cyross, in order to enable the exploration and/or production of oil, gas and/or other minerals in and from any depths and lands retained by Lessee under this lease and Lessee shall not be required to relocate any pipelines or equipment used in connection with production of oil gas from the leased premises.

DEPTH CLAUSE: It is understood and agreed that two (2) years following the expiration of the primary term of this lease or upon the expiration of any extension or renewal of the primary term (including without limitation those centained in any continuous development provisions of the Leased), whichever occurs last, this lease shall automatically terminate as to all rights lying below one hundred (100) feet below the stratigraphic equivalent of the base of the deepest formation producing or capable of producing in any well drilled on the leased premises or on the leased premises or on the leased premises or on lands pooled therewith, whichever is the deepest provided, however, if the Lessee is then engaged in operations on the leased premises or on lands pooled therewith, this lease shall remain in full force and effect as to all depths so long as no more than ninety (90) days lapse between said operations.

POOLING CLAUSE: Lessee is hereby granted the right, at any time and from time to time, to pool or unitize the Leased Premises or any portion or portions 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. The creations of a unit by such pooling shall be based on the following criteria: A unit for an oil well (other than a horizontal completion) shall not exceed \$0 acres plus a maximum acreage tolerance of 10%, and a unit for a gas well (other than horizontal completion) shall not exceed \$20 acres plus a maximum acreage tolerance of 10%, or a unit for a horizontal completion of an oil and/or gas well, shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well or unit spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so.

SURFACE LOCATIONS: No drilling operations shall be allowed within 600' of houses or other structures on the leased premises without written approval of Jessor.

Notwithstanding anything to the contrary contained in this Lease, for the same consideration, Lessor does hereby gram to Lessee, its successors and/or assigns, the option, but not the obligation to extend the primary term of this Lease and all right hereunder for an additional two (2) years. Lessee shall exercise this option by tendering to Lessor, an additional bonus payment in the amount equal to the bonus originally paid by Lessee for this interest per net mineral acre covered by this Lease. This additional bonus payment shall be considered tendered by Lessee when deposited with the U.S. Postal Services for delivery to the Lessor by centified mail at the address above, or upon actual delivery to Lessor, on or prior to the expiration date of the initial primary term of this Lease. Upon tender the primary term of this Lease will be amended from three (3) years to five (5) years.

In the event of conflict or ambiguity, the terms of this Addendum shall take precedence over the conflicting portions of the printed lease form.

Whenever necessary in this lease and addendum and where the context requires, the singular term and the related pronoun shall include the plural, the masculine and the feminine. Whenever the term "Lessors" or the term "Lessoe" is used in this lease and addendum, such terms refer to the successors and assigns of said parties as well.

END OF ADDENDUM

Malter E. Kruckenberg

Signed for Identification