

B+

OIL AND GAS LEASE

Reorder No.
09-114

Kansas Blue Print
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AGREEMENT, Made and entered into this August 25 day of August, 2011

by and between

M.J. Finnerty
208 14th Rd SW
Hartford KS 66854

Party of the first part, hereinafter called lessor (whether one or more) and
Dennis D. Hodges and/or Hodges Oil LLC Party of the second part, hereinafter called lessee.

WITNESSETH, That the said lessor, for and in consideration of \$1600. 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 unto said lessee, for the sole and only purpose of mining and operating for oil and gas, and laying pipe lines, and
building tanks, power stations and structures thereon to produce, save and take care of said products, all that certain tract of
land situated in the County of Coffey State of Kansas, described as follows, to wit:

Southwest Quarter (SW 1/4)

of Section 12 Township 21 Range 13 East and containing 160 acres more or less.

It is agreed that this lease shall remain in full force for a term of one (1) years from this date, and as long
thereafter as oil or gas, or either of them, is produced from said land by the lessee.

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

1st. To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect his wells, the equal one-
eighth (1/8) part of all oil produced and saved from the leased premises.

2nd. To pay lessor for gas from each well where gas only is found the equal one-eighth (1/8) of the gross proceeds at the
prevailing market rate, (but, as to gas sold by lessee, in no event more than one-eighth (1/8) of the proceeds received by lessee
from such sales), for all gas used off the premises, said payments to be made per division order
and lessor to have gas free of cost from any such well for all stoves and all inside lights in the principal dwelling house on said
land during the same time by making his own connections with the well at his own risk and expense.

3rd. To pay lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any
other product a royalty of one-eighth (1/8) of the market value, at the mouth of the well, (but, as to gas sold by lessee, in no
event more than one-eighth (1/8) of the proceeds received by lessee from such sales), payable monthly at the prevailing market price.

If no well be commenced on said land on or before the 25 day of August, 2011
this lease shall terminate as to both parties, unless the lessee on or before that date shall pay or tender to the lessor, or to the
lessor's credit in The _____ Bank at _____

its successors, which shall continue as the depository regardless of changes in the ownership of said land, the sum of \$1600 (SIX HUNDRED) DOLLARS, which shall operate as a rental and cover the privilege of defer-
ring the commencement of a well for 12 months from said date. In like manner and upon like payments or tenders
the commencement of a well may be further deferred for like periods of the same number of months successively. All such
payments or tenders of rentals may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or be-
fore the rental paying date, either direct to lessor or assigns or to said depository bank. And it is understood and agreed that
the consideration first recited herein, the down payment, covers not only the privileges granted to the date when said first rental
is payable as aforesaid, but also the lessee's option of extending that period as aforesaid, and any and all other rights con-
ferred.

Should the first well drilled on the above described land be a dry hole, then, and in that event, if a second well is not com-
menced on said land within twelve months from the expiration of the last rental period for which rental has been paid, this
lease shall terminate as to both parties, unless the lessee on or before the expiration of said twelve months shall resume the
payment of rentals in the same amount and in the same manner as hereinbefore provided. And it is agreed that upon the re-
sumption of the payment of rentals, as above provided, that the last preceding paragraph hereof, governing the payment of
rentals and the effect thereof, shall continue in force just as though there had been no interruption in the rental payments.

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

Lessee shall have the right to use, free of cost, gas, oil, and water produced on said land for its operation thereon, except
water from wells of lessor.

When requested by 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 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 casing.

If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have
the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found
in paying quantities, this lease shall continue and be in force with the like effect as if such well had been completed within the
term of years herein first mentioned.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed,
the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the owner-
ship of the land or assignment of rentals or royalties shall be binding on the lessee until after the lessee has been furnished
with a written transfer or assignment or a true copy thereof; and it is hereby agreed in the event this lease shall be assigned
as to a part or as to parts of the above described lands and the assignee or assignees of such part or parts shall fail or make
default in the payment of the proportionate part of the rents due from him or them on an acreage basis, such default shall not
operate to defeat or affect this lease in so far as it covers a part or parts of said lands upon which the said lessee or any as-
signee thereof shall make due payments of said rentals. 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 leased area. There shall be no obliga-
tion 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 produced from such separate
tracts.

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

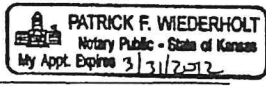
M.J. Finnerty Has to give permission to do anything before it is done
M.J. Finnerty
whereof witness our hands as of the day and year first
above written.

Witness to the mark:

Dennis D. Hodges Lessee (SEAL)
Hodges Oil LLC (SEAL)
Dennis D. Hodges President (SEAL)
(SEAL)
(SEAL)
(SEAL)

STATE OF Kansas
COUNTY OF Lyon ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)
The foregoing instrument was acknowledged before me this 26th day of August, 2011,
by W. S. Finerty and _____

My commission expires 3/31/2012
Patrick F. Wiederholt
Notary Public



STATE OF _____
COUNTY OF _____ ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)
The foregoing instrument was acknowledged before me this _____ day of _____
by _____ and _____

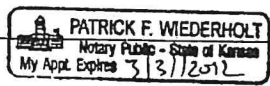
My commission expires _____
Notary Public

STATE OF _____
COUNTY OF _____ ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)
The foregoing instrument was acknowledged before me this _____ day of _____
by _____ and _____

My commission expires _____
Notary Public

STATE OF Kansas
COUNTY OF Lyon ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)
The foregoing instrument was acknowledged before me this 27th day of August, 2011,
by Dennis D. Hodges and _____

My commission expires _____
Patrick F. Wiederholt
Notary Public

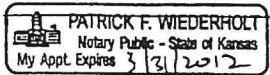


No. _____
FROM
OIL AND GAS LEASE
TO
Date _____ Page _____
Section _____ Twp. _____ Rge. _____
No. of Acres _____ Term _____
County _____
STATE OF _____
County _____
This instrument was filed for record on the _____ day of _____ at _____ o'clock _____ M., and duly recorded in Book _____ Page _____ of the records of this office. _____ Register of Deeds.
When recorded, return to _____

STATE OF KANSAS, COFFEY COUNTY, SS
Gwen R. Birk, Register of Deeds
Book: 0041 Page: 239
Pages Recorded: 2 Recording Fee: \$12.00
Date Recorded: 9/1/2011 3:55:00 PM

STATE OF Kansas
COUNTY OF Lyon ACKNOWLEDGMENT FOR CORPORATION (KsOkCoNe)
The foregoing instrument was acknowledged before me this 27th day of August, 2011,
by Dennis D. Hodges, Inc.
of Hodges Oil LLC a Kansas corporation, on behalf of the corporation.

My commission expires _____
Patrick F. Wiederholt
Notary Public



BOOK: 0041 Page: 240