

OIL AND GAS LEASE

(Paid-up)

OK PAIDUP

AGREEMENT, made and entered into this 28th day of March, 2017, by and between **Vernon D. Butler, Successor Trustee of the Butler Family Trust Agreement**, 1137 Lone Oak Street, Guthrie, OK 73044, party of the first part, hereinafter called Lessor (whether one or more), and **Cycle Land Services, LLC**, 309 NW 13th, Oklahoma City, OK 73103, party of the second part, hereinafter called Lessee.

WITNESSETH, that the said Lessor, for and in consideration of Ten Dollars (\$10.00), cash in hand paid, and other good and valuable consideration 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 the said Lessee, for the sole and exclusive right to explore by geophysical and other methods, for mining and operating for oil (including but not limited to distillate and condensate), gas (including casinghead gas and helium and all other constituents), and for laying pipelines, and building drill sites, access roads, tanks, power stations, electrical lines and poles, telephone lines and poles, water lines, equipment, appliances 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 Woodward, State of Oklahoma, described as follows, to wit:

NW/4 NE/4 and N/2 NW/4, Section 34, Township 22N, Range 18W

containing 120.00 acres more or less.

1. It is agreed that this lease shall remain in force for a term of three (3) years from date (herein called primary term) and so long thereafter as oil or gas, or either of them, is produced from said land or lands pooled therewith, or the lease is maintained under the terms provided for herein.
2. In consideration of the premises the said Lessee covenants and agrees:
 - A. To deliver to the credit of Lessor free of cost, in the pipeline to which it may connect its wells, a 3/16ths part of all oil (including but not limited to condensate and distillate) produced and saved from the leased premises.
 - B. To pay Lessor for gas (including casinghead gas) and all other substances covered hereby, a royalty of 3/16ths of the proceeds realized by Lessee from the sale thereof, less a proportionate part of the production, severance and other excise taxes and the cost incurred by Lessee in processing, gathering, treating, compressing, dehydrating, transporting, and marketing, or otherwise making such gas or other substances ready for sale or use, said payments to be made monthly. During any period (whether before or after expiration of the primary term hereof) when gas is not being so sold or used and the well or wells are shut in and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, Lessee shall pay or tender a royalty of One Dollar (\$1.00) per year per net royalty acre retained hereunder, such payment or tender to be made, on or before the later of ninety (90) days following the date of shut in or the anniversary date of this lease during the period such well is shut in, to the Lessor. When such payment or tender is made it will be considered that gas is being produced within the meaning of the entire lease.
3. If, at the expiration of the primary term, there is no production in paying quantities on the leased land or on lands pooled therewith but Lessee is conducting operations for drilling, completing or reworking a well, this lease nevertheless shall continue as long as such operations are prosecuted or additional operations are commenced and prosecuted (whether on the same or successive wells) with no cessation of more than ninety (90) days, and if production is discovered, this lease shall continue as long thereafter as oil or gas are produced. In addition, if at any time or times after the primary term, there is a total cessation of all production, for any cause (other than an event of force majeure), this lease shall not terminate if Lessee commences or resumes any drilling or reworking operations or production within ninety (90) days after such cessation. Drilling operations or mining operations shall be deemed to be commenced when the first material is placed on the leased premises or when the first work, other than surveying or staking the location, is done thereon which is necessary for such operations.
4. 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 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 permit or 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 permitted or 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 unless the pooling or unitization results from governmental order or rule, in which case no such written designation shall be required. 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 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 Lessor's acreage placed in the unit, or Lessor's royalty interest therein on an acreage basis bears to the total acreage in the unit.
5. 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 Lessor's interest bears to the whole and undivided fee.
6. Lessee shall have the right to use, free of cost, gas, oil, and water produced on said land for its operations thereon, except water from wells of Lessor.
7. Lessee shall have the right at any time to remove any machinery and fixtures placed on said premises, including the right to draw and remove casing.
8. If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly

After recording return to: Cycle Land Services, LLC, 309 NW 13th, Oklahoma City, OK 73103

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 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.

~~9. 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 aforesaid 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 fifteen (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.~~

10. 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, or operation of force majeure.

11. 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.

12. 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.

13. Lessor hereby warrants and agrees to defend the title to the lands herein described and to indemnify Lessee of all adverse claims thereto, and all expenses incurred by Lessee in defending such claims, including reasonable attorney fees, 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. In the event the leased lands are encumbered by a mortgage, then prior to the payment of any royalties due hereunder, Lessor agrees to obtain a subordination of mortgage, at Lessor's expense, in a form acceptable to Lessee.

~~14. The Lessee's failure to comply with any covenant or obligation of this lease shall not result in the forfeiture of the lease unless and until Lessor has provided Lessee notice of such default and gives Lessee sixty (60) days in which to cure such default.~~

15. It is the intent of the Lessor to lease, and Lessor does hereby grant, demise, lease and let unto Lessee, all oil, gas and other minerals owned by Lessor in Section(s) 34-22N-18W, Woodward County, Oklahoma whether or not properly and completely described herein. In the event it is determined that Lessor actually owns more net mineral acres than that assumed by the parties in the calculation of lease bonus and paid by Lessee, Lessor and Lessee agree that Lessee shall pay Lessor for such additional net acreage at the same bonus price per acre agreed upon for the execution of this oil and gas lease. Likewise, in the event it is determined that Lessor owns less net acres, or it is determined that Lessor's acreage is currently leased under a prior oil and gas lease, then the Lessor agrees to reimburse Lessee for the bonus per acre paid for the acreage not owned by Lessor or under the prior oil and gas lease.

16. If at the end of the primary term this lease is not otherwise continued in force under the provisions hereof, Lessor and Lessee hereby agree that Lessee shall have the option to extend the primary term of this lease on all or a portion of the Leased Premises for an additional two (2) years on or before the expiration of the primary term of this lease by tendering to Lessor a payment equal to the price per net mineral acre paid to Lessor under the original terms of this lease times the net acres actually owned by Lessor and Lessor's successors (if any) in and to the portion of the Leased Premises to be extended on the date the option is exercised. Payment shall be deemed made upon Lessee's tendering of such payment by U. S. Mail to Lessor at Lessor's address shown on this lease on or before the expiration of the primary term hereof. Nothing contained herein nor any separate implied agreement between parties shall serve to bind Lessee to exercise this option and it shall be at Lessee's sole discretion to do so.

IN TESTIMONY WHEREOF, we sign this 3 day of April 2017.

Vernon D. Butler, Trustee
Vernon D. Butler, Successor Trustee

04/03/17

ACKNOWLEDGMENT

STATE OF Oklahoma }
COUNTY OF Oklahoma } ss

The foregoing instrument was acknowledged before me a Notary Public by Vernon D. Butler, Successor Trustee this 3 day of April, 2017.

My Commission Expires Sept 11 2020
Commission Number: 1200PC26



Stephanie McClellan
Notary Public

EXHIBIT "A"

Attached hereto and made a part of that Oil and Gas Lease dated the 28th day of March, 2017, by and between Vernon D. Butler, Successor Trustee of the Butler Family Trust Agreement, as Lessor, and Cycle Land Services, LLC, as Lessee, covering lands in Section 34, Township 22 North, Range 18 West, Woodward County, Oklahoma. The following provisions are part of this oil and gas lease, and are intended to supersede any contrary lease terms specified by preceding terms:

The following provisions are incorporated into the attached lease and made a part hereof. To the extent any provision or term of this Exhibit "A" conflicts with any term of the Lease, the provisions of this Exhibit shall be controlling:

It is agreed between the Lessor and Lessee that, notwithstanding any language herein to the contrary, all oil, gas or other proceeds accruing to the Lessor under this Lease or by state law shall be without deduction, for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and marketing the oil, gas and other products hereunder 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 as long as they are based on Lessee's actual cost of such enhancements. However, in no event shall Lessor receive a price that is less than, or more than, the price received by Lessee.

Lessee shall consult with surface owner upon the placement of any location, tanks, pipelines, lease roads and cattle guards necessitated by its operations on the property, and shall utilize its best efforts to minimize interference with surface owner's farming and ranching operations.

At the end of the primary term hereof, this lease shall automatically terminate (1) as to all of the leased premises except lands located within the boundaries of a proration unit, drilling unit, spacing unit, or pooled unit, as the case may be, on which is then located a well producing in paying quantities, whether actually producing or shut-in, or upon which operations are then being conducted in accordance with this lease; and (2) at the end of said primary term, this lease shall terminate as to all rights below any formation, horizon or zone from which oil or gas in commercial quantities is not being produced. If prior to the end of said primary term, Lessee shall commence operations to drill and/or rework a well under the terms of this lease, Lessee shall have the right to drill such well to completion and/or complete reworking operations with reasonable diligence and dispatch, and if oil or gas be found in paying quantities, this Lease shall remain in effect from the surface to the base of those zones, horizons and formations in which production is established as a result of such drilling completion or reworking operations. When requested by the Lessor, Lessee shall provide a written release in recordable form.

Commencement of a well by Lessee or drilling operations, will require that a drilling unit be operational and drilling on or before the expiration of the primary term and that such unit shall proceed in good faith and with due diligence with the drilling of said well. Construction of a well site, on or before expiration of the primary term hereof, without actual drilling operation of a drilling unit capable of going to total depth, will not be deemed commencement of a well. If the Lessee shall commence to drill a well or commence reworking operations on an existing well within the term of this lease, 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 within the term of years first mentioned.

The provisions of this lease with regard to the shut-in provisions shall not authorize extension of the lease for more than two (2) consecutive years beyond the primary term of the lease without the written consent of Lessor. Said paragraph of said Lease is amended to provide that Lessor is paid \$10.00 per year per net royalty acre shut-in payment.

No borehole existing prior to the date of this lease located on any surface owned by Lessor herein and covered by this lease shall be re-entered without written consent of Lessor.

Lessee shall bury and maintain all pipelines at least forty-eight inches (48") in depth.

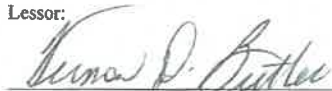
No disposal well shall be located on the above described property without the written consent of the surface owner.

All wells shall be plugged within six (6) months of cessation of production and the property cleaned and restored to its original condition as nearly as practical.

No pit shall be built on the above described property without the written consent of the surface owner, and all mud and waste shall be hauled off from the location.

In the event that the terms hereof are in conflict with the terms of the attached Oil and Gas Lease, the provisions hereof shall control and supersede the provisions of said lease which are in conflict.

Lessor:



Vernon D. Butler, Successor Trustee of the Butler Family Trust Agreement

ORDER FOR PAYMENT

Lease No: **OK221834.001**

Date: **March 28th, 2017**

Lessee/Grantee shall, subject to its approval of title, make payment as indicated herein by check within 30 days of Lessee/Grantee's receipt of this Order For Payment and the executed Agreement associated herewith. No default shall be declared for failure to make payment until 10 days after written notice from payee of intention to declare such default. The right to receive this payment shall not be assigned, whether as collateral or otherwise.

If the Agreement referenced herein covers less than the entire undivided interest in the oil and gas or other rights in such land, then the dollar amount listed herein shall be paid to the payee only in the proportion which the interest in said lands covered by the Agreement bears to the entire undivided interest therein. Further, should Lessor/Grantor own more or less than the net interest defined herein, Lessee/Grantee may increase or reduce the dollar amount payable hereunder proportionately.

For collection, the original copy herein must be forwarded along with the associated Agreement to Lessee/Grantee at the address below. A copy is to be retained by payee.

*****THIS OFFER MAY BE RESCINDED AT ANY TIME WITHOUT NOTICE*****

PAYEE: **Vernon D. Butler, Successor Trustee of the Butler Family Trust Agreement**
(Lessor/Grantor)

Address: **1137 Lone Oak Street, Guthrie, OK 73044**

The amount of : **\$90000 (3/16 royalty)**

This payment is for the following Agreement, which covers property described as follows:

Agreement Type: **Oil & Gas Lease**

Dated: **March 28th, 2017**

Covering the following lands:

NW/4 NE/4 and N/2 NW/4, Section 34, Township 22N, Range 18W, Woodward County, Oklahoma

Gross Acres: **120.00**

Net Acres: **120.000000**

\$ Per Net Acr: **\$750**

Completed by:

Acknowledged and accepted by:

Levi Carney
Agent for Cycle Land Services, LLC

Lessor/Grantor: *Vernon D. Butler, Successor Trustee*
Vernon D. Butler, Successor Trustee

Forward to Agent:

Levi Carney
827 NW 63rd Street, Suite 203
Oklahoma City, OK 73116

FOR OFFICE USE ONLY

Date Received:

Date Due:

Document # _____

Project: _____ AFE#: _____

Approved by: _____ Date: _____

Date Paid: _____ Check # _____

EXHIBIT "A"

Attached hereto and made part of that certain agreement dated, March 30, 2017, by and between Vernon D. Butler, Successor Trustee of the Butler Family Trust, as Lessor, and Cycle Land Services, LLC, Broker

Section	Township	Range	County	Gross Acres	Estimated Net Acres
34	22N	18W	Woodward	120.00	120.00

March 27, 2017

Vernon D. Butler, Successor Trustee of the Butler Family Trust Agreement
1137 Lone Oak Street
Guthrie, OK 73044

**Re: Cycle Land Services, LLC
Oil, Gas and Mineral Lease
Sec. 34, T22N, R18W
Woodward County, Oklahoma**

Dear Mr. Butler:

Cycle Land Services, LLC ("Broker") proposes entering into an Oil and Gas Lease subject to the following terms with the Butler Family Trust, individuals or family entities associated herewith ("Lessor"):

1. *Purchase Price.* Broker offers to pay Lessor Seven Hundred Fifty Dollars (\$750) per unleased net mineral acres in exchange for Lessor's execution of an Oil and Gas Lease ("Lease"), on a mutually agreeable lease form covering the land listed on Exhibit "A" (the "Lands").
2. *Effective Date.* The effective date for the Lease shall be March 28, 2017 ("Effective Date").
3. *Term.* The term of the Lease shall be three (3) years from the effective date.
4. *Royalty.* Lessor's royalty shall be 3/16ths.
5. *Record Review.* This offer is made subject to Broker's review and satisfaction of record title. Broker's due diligence rights are further subject to Paragraph 6 below.
6. *Title Confirmation; Closing.* During the period commencing with the date of Lessor's acceptance of this offer and ending on the 30th day thereafter ("Review Period"). Broker will provide Lessor written notice detailing the Lands (and net leasehold acres for each) respecting which Broker has approved Lessor's title (the "Approved Interests"). The parties will proceed to closing on the Approved Interests not later than 10 days following expiration of the Review Period ("Closing"). At Closing, Broker shall tender, by wire transfer or certified check, the per acre purchase price for the Approved Interests in exchange for Lessor's execution, acknowledgement and delivery to Broker of the Lease.
7. *Confidentiality.* Lessor and Broker agree to keep the contents of this offer and the existence of same in strict confidence and same will only be disclosed to each of its employees, agents and contractors on a "need to know" basis, which parties will also agree to maintain the confidentiality of this offer.