

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

In the Matter of the Application of R.T. Enterprises of Kansas, Inc. for Multiple Well Location Exceptions for Wells Upon the Pearson and Finnerty Leases Located In Section 11, Township 15 South, Range 20 East in Douglas County, Kansas.	) ) ) ) ) ) )	Docket No. 14-CONS-550-CWLE    License No. 33715 Conservation Division
--	---------------------------------	---

**OBJECTIONS TO APPLICATION FOR EXCEPTIONS**

COME NOW Scott Adamson, Amy Adamson, Spring Creek Acres, LLC, Gayla J.

Spradling, Rudy Sudja, Sally Sudja, Fernando Guerrero, Victoria Guerrero, Dan Yardley, Sara Yardley, John Fortin, May Kay Fortin, and Brian Stultz, by and through their attorney, John L. Hampton of Lawrence, Kansas, and for their Objections to Application for Exceptions, state as follows:

1. The objecting parties are the plaintiffs in a lawsuit filed in the District Court of Douglas County, Kansas, which was filed on February 14, 2014, and the issues raised in that lawsuit will need to be decided by that Court before the Application for Exceptions should be considered by this agency. A copy of the Petition is attached hereto, marked Exhibit "A" and incorporated herein by reference.

2. It is the position of the objecting parties that R.T. Enterprises of Kansas, Inc., and Lance M. Town have been, and are trespassing on the land owned by the objecting parties, claiming rights to explore for, and produce, oil and gas by virtue of the assignment of oil and gases leases executed in 1918 and 1919, which expired by their terms long before the assignment in November, 2012.

3. Until the validity of the leases has been finally determined by a court, the KCC cannot permit the continued trespass and conversion of oil and gas from these properties, much

less grant an exception that would allow even more violations of law. In short, the Applicant is asking the KCC to authorize illegal activity on the part of Applicant, and in effect, asking the KCC to be complicit in that undertaking.


4. In addition, to allow the spacing requested by Applicant would create a wasteland on the surface of these properties, properties in which the objecting parties have invested heavily in residential properties, outbuildings, and other improvements, and would destroy the value of objecting parties' investments.

5. Objecting parties first became aware of the Application for Exceptions, filed herein, on February 26, 2014 through counsel for the KCC, and none of the objecting parties, nor their attorney, were served with copies of the Application or the Notice of Pending Application from Applicant or their attorney. The objecting parties, therefore, reserve the right to supplement their Objections and provide such expert testimony as may be required to support their Objections at a future time.

WHEREFORE, the objecting parties pray for an Order denying Applicant's request for exceptions, or in the alternative, staying any action on said Application until the issues raised in the District Court of Douglas County, Kansas have been finely decided.

Respectfully submitted:

HAMPTON LAW OFFICE



---

John L. Hampton, Ks. Sup. Ct. #07406  
3311 Clinton Parkway Court  
Lawrence, KS 66047  
(785) 749-2521  
(785) 842-3878 Fax  
[Jlhampton44@gmail.com](mailto:Jlhampton44@gmail.com)

ATTORNEY FOR OBJECTING PARTIES

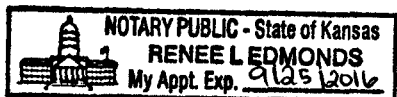
**VERIFICATION**

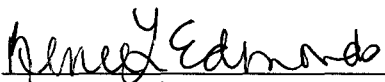
STATE OF KANSAS        )  
                                  )  
COUNTY OF DOUGLAS    )        ss:

John L. Hampton, of lawful age, being first duly sworn on oath, states: That he is the attorney for the Objecting Parties named above, and is duly authorized to make this affidavit; that he has read the foregoing Objections, knows the contents thereof; and that the facts set forth therein are true and correct to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
John L. Hampton

SUBSCRIBED AND SWORN to before me this 26<sup>th</sup> day of February, 2014.



  
\_\_\_\_\_  
Notary Public

My Appointment/Commission Expires: 9/25/2016

**CERTIFICATE OF SERVICE**

I hereby certify that, on this 26<sup>th</sup> day of February, 2014, I deposited a true and correct copy of the above and foregoing, Objections, in the United States first class mail, postage prepaid, and properly addressed to:

Keith A. Brock  
Anderson & Byrd, LLP  
216 S. Hickory, P.O. Box 17  
Ottawa, KS 66067

  
\_\_\_\_\_  
John L. Hampton

IN THE DISTRICT COURT OF DOUGLAS COUNTY, KANSAS

SCOTT ADAMSON, AMY ADAMSON, )  
SPRING CREEK ACRES, LLC, GAYLA )  
J. SPRADLING, RUDY SUDJA, SALLY )  
SUDJA, FERNANDO GUERRERO, )  
VICTORIA GUERRERO, DAN )  
YARDLEY, SARA YARDLEY, JOHN )  
FORTIN, MARY KAY FORTIN, AND )  
BRIAN STULTZ, )

Plaintiffs, )

vs. )

DRILL BABY DRILL, LLC, )  
R.T. ENTERPRISES OF KANSAS, INC., )  
TOWN OILFIELD SERVICES, INC., )  
LANCE M. TOWN, Individually, AND, )  
OJENROC ENERGY, LLC, )

Defendants. )

Case No.: 2014 CV 49

Court No.: 4

REAL ESTATE IMPLICATED

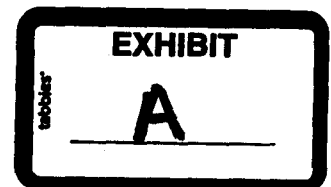
**PETITION**

(Pursuant to K.S.A. Chapter 60)

COME NOW the plaintiffs, by and through their attorney, John L. Hampton of Lawrence, Kansas, and for their cause of action against the defendants, herein, allege and state:

1. Plaintiffs are residents of Douglas County, Kansas and their cause of action arises out of actions committed within that county.

2. Defendant, Drill Baby Drill, LLC, is a Kansas limited liability corporation, and may be served with process by serving its registered agent, Lesli Stuteville, at the registered offices of said corporation, at 120 Shoreline Drive, Louisburg, Kansas 66053.



3. Defendant, R.T. Enterprises of Kansas, Inc. is a Kansas corporation, and may be served with process by serving its registered agent, Lance M. Town, at the registered offices of said corporation, at 1207 N. 1<sup>st</sup> Street East, Louisburg, Kansas 66053.

4. Defendant, Town Oilfield Services, Inc., is not incorporated, nor is it registered to do business, within the State of Kansas, but represents itself as a Kansas corporation and is operated as such by Lance M Town.

5. Defendant, Lance M. Town, is an individual operating under the name of a non-existent corporation in Douglas County, Kansas, and may be served with process at his business address, at 1207 N. 1<sup>st</sup> Street East, Louisburg, Kansas 66053.

6. Ojenroc Energy, LLC is a Kansas limited liability corporation, and may be served with process by serving its registered agent, Richard J. Comejo, at the registered offices of said corporation, at 11101 E. 71<sup>st</sup> Street S, Derby, Kansas 67037.

7. Plaintiffs are owners of tracts of real estate located in the Southeast Quarter (SE/4) of Section 11, Township 15 South, Range 20 East in Douglas County, Kansas.

8. The defendants claim some interest in the minerals located beneath said real estate by virtue of an Assignment of Oil and Gas Leases dated November 14, 2012 purportedly assigning rights to explore and produce oil and/or gas from beneath said real estate derived from Oil and Gas Leases originally executed and filed of record in 1918 and 1919.

9. The relationship of each of the defendants to the other is not within the knowledge of the plaintiffs, however, each of said defendants has asserted some right by virtue of said purported Oil and Gas Leases and the most recent previously referred to assignment.

10. Plaintiffs Adamson, Guerrero, Yardley, Stultz, and Spring Creek Acres, LLC are owners of the minerals under the respective tracts of real estate they own, all in the North Half (N/2) of the Southeast Quarter (SE/4) of Section 11, Township 15 South, Range 20 East in Douglas County, Kansas, hereinafter referred to as the "Pearson Lease."

11. Plaintiffs Fortin, Sudja, Spradling, and Adamson are owners of only the surface of the respective tracts of real estate they own in the South Half (S/2) of the Southeast Quarter (SE/4) of Section 11, Township 15 South, Range 20 East in Douglas County, Kansas, hereinafter referred to as the "Finnerty Lease."

12. In January, 2013, Defendants, by and through Defendant, Lance M. Town, entered onto Plaintiffs' property and represented that they were operating under a valid Oil and Gas Lease that permitted them to explore for, and produce, oil and gas from under the surface of Plaintiffs' property.

13. Defendants, by and through Defendant, Lance M. Town, further represented to Plaintiffs that Defendants could drill at will on Plaintiffs' property without regard for the surface owners' rights since the property had not been improved and the buildings located on the property had not been built at the time the original lease was entered into, in 1918 or 1919.

14. Plaintiffs purchased their respective tracts for the purpose of building homes and improving the property as residences, and since buying the land, have built homes and outbuildings on the land and are occupying the same as their principal residences.

15. Plaintiffs immediately questioned Defendants' rights to explore for oil and gas on Plaintiffs' real property, and after reviewing the records of the Kansas Geological Survey and the Register of Deeds for Douglas County, Kansas, determined that Defendants did not have a valid

oil and gas lease. Plaintiffs notified Defendants of their determination by letter to Defendants' counsel on April 19, 2013, a copy of which is attached, marked Exhibit "A," and incorporated herein by reference. Defendants have continued their activities on Plaintiffs' properties since being notified that they were trespassing, and are therefore strictly accountable, as Bad-faith trespassers, for their misappropriation of Plaintiffs' property for the entire enhanced value of the oil and gas produced at the surface.

16. The parties entered into negotiations in an attempt to settle the disputes between the parties, however, Defendants continued to drill on the real property owned by Plaintiffs, and now are threatening further drilling activity, with total disregard for the rights of Plaintiffs.

17. In addition, Defendants drilled wells in violation of the Kansas Corporation Commission's (KCC) regulations regarding the spacing of wells in this locale, as well as the requirement that notices of intent to drill be sent to affected landowners, in a number of instances. The spacing requirements of the Kansas Corporation Commission require wells to be spaced so that only one oil well be located every ten (10) acres under K.A.R. 82-3-207 Defendants have drilled wells within two and one-half (2 ½) acres of one another.

18. Any further drilling would be in direct violation of the spacing requirements of the KCC.

19. Once Defendants were notified that they were trespassing on Plaintiffs' properties, Defendants have failed to provide any evidence that would support their position that they are operating under a valid oil and gas lease.

20. Defendants have threatened to proceed with unauthorized drilling activity in retaliation against Plaintiffs, and continue to make such threats, with the full knowledge that any

further drilling activity would cause additional substantial damage to Plaintiffs and their property.

21. In response to Plaintiffs' complaints, the KCC inspected the wells located on Plaintiffs' real property, and, finding Defendants were in violation of the spacing requirements, notified Defendants that they would need to shut in the producing wells on these properties within ten (10) days from the date of their letter. A copy of the January 7, 2014 letter from the KCC to Defendants is attached hereto, marked Exhibit "B," and incorporated herein by reference.

22. In retaliation, once again, Defendants have threatened further drilling activity. A copy of Defendants' counsel's letter of January 15, 2014 is attached hereto, marked Exhibit "C," and incorporated herein by reference.

23. Defendants have filed Intent to Drill documents with the KCC, as well, identifying locations which include a proposed well to be located in Plaintiff Yardley's front yard and in their barn.

24. Plaintiffs have never agreed to, or ratified, oil and gas leases with Defendants, or either of them, that would allow Defendants to explore for oil and gas on Plaintiffs' properties, and Defendants have continued to trespass on the property of Plaintiffs causing serious and substantial harm to the property of Plaintiffs.

25. Even if the original oil and gas leases entered into in 1918 or 1919 were somehow kept alive by continued oil and gas production (something that is not supported by the evidence), Defendants have violated the terms of those leases in many respects, and the same should, therefore, be cancelled.



26. Defendants have acted intentionally, willfully, maliciously, and with wanton disregard for the rights and property of the Plaintiffs.

27. Defendants threatened continuation of drilling on Plaintiffs' property will cause additional and irreparable harm to Plaintiffs and their property, and Plaintiffs are entitled to equitable relief to prevent the threatened harm.

**COUNT I  
(Trespass)**

28. Plaintiffs incorporate by reference Paragraphs 1 through 27 of Plaintiffs' Petition, herein, as though fully set out in this Count I of said Petition.

29. Defendants have continually trespassed on Plaintiffs' real property for over a year, as Bad-faith trespassers.

30. Defendants have caused substantial and permanent damage to Plaintiffs' real property, including diminution of value of their real estate, and have interfered with Plaintiffs' quiet enjoyment of their real property; have damaged and destroyed personal property of Plaintiffs; and have damaged and destroyed trees, fences, bushes, and pasture, all in excess of Seventy-Five Thousand Dollars (\$75,000.00).

WHEREFORE, Plaintiffs pray for judgment against Defendants in a sum in excess of Seventy-Five Thousand Dollars (\$75,000.00); for attorney fees; for the costs of this action; and for such other and further relief as to the Court may seem just.

**COUNT II  
(Conversion)**

31. Plaintiffs incorporate by reference Paragraphs 1 through 30 of Plaintiffs' Petition, herein, as though fully set out in this Count II of said Petition.

32. Defendants have wrongfully converted oil and/or gas from the property of the Pearson Lease Plaintiffs while trespassing thereon as Bad-faith trespassers, and should be required to provide an accounting setting forth the full amount of oil and/or gas that has been removed from said Plaintiffs' properties by Defendants, as well as the compensation Defendants have received for the same.

33. Defendants are liable to the Pearson Lease Plaintiffs for the full value of the oil and/or gas removed by Defendants from said Plaintiffs' properties at the surface, and said Plaintiffs are entitled to recover the same, together with interest, for the wrongful conversion by Bad-faith trespassers.

WHEREFORE, the Pearson Lease Plaintiffs pray for judgment against the Defendants, and each of them, for an accounting for all oil and/or gas produced and removed from said Plaintiffs' properties; for judgment for the full value of said wrongfully converted oil and/or gas as enhanced damages; for interest on the value of said oil and/or gas from the date of the conversion until paid, all in a sum and amount in excess of Seventy-Five Thousand Dollars (\$75,000.00); for the costs of this action; for their attorney fees; and for such other and further relief as to the Court may seem just.

**COUNT III**  
**(Termination of Lease and Temporary Restraining Order)**

34. Plaintiffs incorporate by reference Paragraphs 1 through 33 of Plaintiffs' Petition, herein, as though fully set out in this Count III of said Petition.

35. The oil and gas leases that were purportedly assigned to Defendants had expired by their terms long before Defendants acquired their claimed interest in these leases, and can not be resurrected by trespassing on the real estate owned by Plaintiffs.

36. No Affidavit of Production was filed with the Register of Deeds of Douglas County, Kansas until 1984, long after the leases had expired by their terms, and that Affidavit does not specifically attest to production or exploratory activity on the property covered by these leases. The only reference to these properties describe them as a part of a waterflood project, with no indication that there is actual production on these properties. A copy of the Affidavit of Production filed in 1984 is attached hereto, marked Exhibit "D" and incorporated herein by reference. And, there is no evidence of continuous production on these properties for the last 30 years.

37. The oil and gas leases could only be extended by the presence of production on the leases, and the failure to produce oil and gas in paying quantities for several years, caused a complete termination of the leases.

38. Once the leases had terminated for a term of several years, they can not be revived by acquiescence, waiver, estoppel, license, or trespass.

39. The Plaintiffs are entitled to a finding that the oil and gas leases have expired by their terms and Defendants may not continue to explore for oil and/or gas on Plaintiffs' properties.

40. In the alternative, should the Court find that the oil and gas leases have not expired by their terms, Plaintiffs are entitled to an Order cancelling the oil and gas leases due to the Defendants' breaches of the terms of said leases, in failing to honor the spacing requirements and restrictions contained in said leases by drilling wells within 200 feet of structures, and numerous other violations.

41. Any further exploration for oil and/or gas on Plaintiffs' properties will do irreparable harm to Plaintiffs, and Plaintiffs are therefore entitled, as well, to a Temporary

Restraining Order restraining Defendants from continuing to explore for oil and/or gas on Plaintiffs' properties, ordering Defendants to refrain from further trespassing on Plaintiffs' properties, and finding that any personal property attached to the real estate should be abandoned to the surface owners of the real estate.

WHEREFORE, Plaintiffs pray for judgment finding that the oil and gas lease which was assigned to Defendants had expired by its terms and could not be revived; that, if said leases had not expired by their terms, they should be cancelled due to the breach of the conditions contained in said leases; that Plaintiffs are entitled to a Temporary Restraining Order preventing Defendants from further drilling activity until such time as the respective rights of the parties have been finally determined by the Court; ordering Defendants to refrain from further trespassing on Plaintiffs' property; finding that any personal property that is attached to the real estate is owned by the surface owners of the real estate; for the costs of this action; and for such other and further relief as to the Court may seem just.

#### COUNT IV

##### **(Request to Expunge Purported Assignments from Records)**

42. Plaintiffs incorporate by reference Paragraphs 1 through 41 of Plaintiffs' Petition, herein, as though fully set out in this Count IV of said Petition.

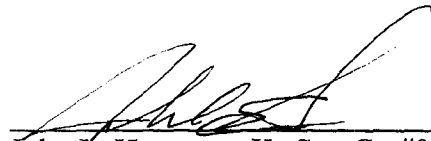
43. The original Oil and Gas Leases implicated, herein, were executed prior to January 1, 1925.

44. The original Oil and Gas Leases are void for lack of production in paying quantities, and failure to pay bonus or delay rentals, during the entire period from the date they were executed until today.

45. Upon a finding that the original Oil and Gas Leases are void, the Court may order and require the Register of Deeds for Douglas County, Kansas to expunge from the records in his or her office all purported assignments of such void Oil and Gas Leases, pursuant to K.S.A. 55-218.

WHEREFORE, Plaintiffs pray for an Order of the Court, finding that the original Oil and Gas Leases implicated in this lawsuit are void, and ordering and requiring the Register of Deeds for Douglas County, Kansas expunge from the records in his or her office all purported assignments of such void oil and gas leases; for the costs of this action; and for such other and further relief as to the Court may seem just.

**HAMPTON LAW OFFICE**

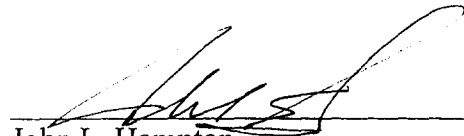


---

John L. Hampton, Ks.Sup.Ct. #07406  
3311 Clinton Parkway Court  
Lawrence, Kansas 66047  
(785) 749-2521  
(785) 842-3878 FAX  
[Jlhampton44@gmail.com](mailto:Jlhampton44@gmail.com)  
ATTORNEY FOR PLAINTIFFS

**DEMAND FOR JURY TRIAL**

COME NOW the Plaintiffs, by and through their attorney, John L. Hampton, and hereby request and make demand for a trial by jury for all issues so triable.



---

John L. Hampton

# Hampton Law Office

ATTORNEYS AT LAW

JOHN L. HAMPTON  
jlhampton44@gmail.com

4811 BOB BILLINGS PKWY, SUITE B  
LAWRENCE, KANSAS 66049  
(785) 749-2521 Fax (785) 842-8999

April 19, 2013

Keith A. Brock, Esq.  
Anderson & Byrd, LLP  
216 S. Hickory  
P.O. Box 17  
Ottawa, Kansas 66067  
Via Email: [kbrock@andersonbyrd.com](mailto:kbrock@andersonbyrd.com)

Re: Pearson and Finnerty Leases, Douglas County, KS

Dear Keith:

This will confirm our telephone conversation on Wednesday, during which I advised we have now had the opportunity to review the production records for both the Pearson and Finnerty Leases located in Douglas County, Kansas. Your client is presently undertaking an extensive drilling operation on these leases and representing that he has a valid assignment of a valid oil and gas lease for each of these properties. The production records are clear. There was a complete lack of production on both these leases for extended periods of time since their inception, and that, coupled with the fact that the Baldwin State Bank has no record of bonus or delay rentals being paid to keep the leases alive, renders the original leases void. Consequently, any assignments of those leases are void, as well. Under K.S.A. 55-218, we are in a position to ask the District Court to expunge all assignments of these 1918 and 1919 leases from the records of the Register of Deeds.

Unless some new assignment was filed in the last couple of weeks, I don't see in the records of the Register of Deeds an assignment, whether valid or not, to your client. The most recent assignment was to Ojenoc Energy, LLC on November 20, 2012. My understanding is that your client is operating under various names such as Drill Baby Drill, LLC; R.T. Enterprises of Kansas, Inc.; and Town Oilfield Services, Inc; but not Ojenoc Energy, LLC. Let me know if that is incorrect. And, if your client has evidence of some right to enter upon the above property, this would be the time for him to come forward with that.

I represent a number of the surface and mineral owners on the Pearson Lease, and surface owners on the Finnerty Lease, and these owners have not given your client a license to enter upon their property and explore for oil and/or gas. If your client feels they have, then any purported license to enter upon their property is hereby revoked. We are taking the position that

Exhibit "A"

your client has been trespassing on my client's property to this point in time, and he will be treated as a trespasser if he chooses to continue. We are also taking the position that your client is responsible for any and all damage done by your client while trespassing on my client's property, as well as for creating and maintaining a nuisance and negligence.

When you and I met on this matter, I indicated I thought my clients would be interested in trying to get these matters resolved, but that in the meantime, your client needed to show more regard for the surface owner's rights. He has not done that, as I told you Wednesday, and my clients are now concerned that any agreement they might enter into with your client would simply be ignored by him. In short, they have lost faith in attempting to work out a friendly resolution to this matter. Perhaps if your client would show a bit more good faith in dealing with my clients this matter could still be resolved, but I'm not certain of that. Too much damage may have already been done.

Your client threatened to drill in the front and back yard on Mr. Stultz's property, within 30 feet of his back deck unless Mr. Stultz was willing to sign over his mineral rights to your client. At the same time he was telling you that he had no plans for further drilling on the Pearson Lease for at least a year. He has drilled within 200 feet of structures, contrary to even the lease he says he is operating under, apparently believing if the structure wasn't there when the original lease was signed in 1918, he could drill whenever and wherever he so chooses. He has even made the claim to some of my clients that he could have their houses removed to allow him to drill if he went to court. He has bulldozed valuable old stand trees; driven heavy vehicles across my client's land under wet conditions when it was clear that would leave huge ruts; made no attempt to work with the surface owners on convenient times and methods of operation, much less locations; and made no attempt to avoid drilling close to water wells, waterways, structures, and locations that create an eyesore to the surface owner, devaluing the surface owners' property.

Any agreement going forward would require, first, a dramatic change in your client's attitude toward the surface owners and their rights. It would require working with them to provide for beautification of current sites of operation. By this I mean the planting of trees around tank battery sites, fencing and planting of shrubs and bushes around well sites. Provisions would need to be made for testing, at least annually, of the water wells and water in the waterways for nitrates, oil, grease, sodium chloride, etc., to assure that the water is not being contaminated by the drilling and production operations. Because of the noise pollution caused by the operations, the hours of operation would need to be limited to 7 a.m. to 6 p.m. except in case of an emergency. Any overflow ponds would need to be lined with an "approved for oil" overflow lining and the area would need to be fenced. Roads and driveways would need to be brought back to their original condition with new gravel. And, an agreement would need to be made with each surface owner for reimbursement for damages, to date.

If your client is willing to work with us in trying to resolve these matters on a friendly basis, please let me know within the next few days. If I need to recommend the institution of legal proceedings to my clients, I will want to get that underway as soon as possible, and it would be

in your client's interest to get the legal issues resolved in short order, as well, if we can't reach an agreement.

Very truly yours,

John L. Hampton



Conservation Division  
Finney State Office Building  
130 S. Market, Rm. 2078  
Wichita, KS 67202-3802



Phone: 316-337-6200  
Fax: 316-337-6211  
<http://kcc.ks.gov/>

Mark Stevers, Chairman  
Thomas E. Wright, Commissioner  
Shari Feist Albrecht, Commissioner

Sam Brownback, Governor

January 7, 2014

Lance Town  
R. T. Enterprises of Kansas, Inc.  
120 Shoreline Dr.  
Louisburg, KS 66053

RE: Finnerty and Pearson leases in S/2 SE/4 of Section 11, Township 15  
South, Range 20 East and N/2 SE/4 of Section 11, Township 15  
South, Range 20 East, Respectively

Dear Mr. Town,

From our inspection of these two leases it does not appear that the producing wells on the leases comply with K.A.R. 82-3-207. It appears the wells are not spaced far enough apart to allow 10 acres to be attributed to each well as required by K.A.R. 82-3-207.

You will need to shut-in the producing wells on the two leases within the next 10 days. If you wish to produce all of the wells you will need to file an application for an exception to K.A.R. 82-3-207.

Injection/disposal wells are not subject to K.A.R. 82-3-207, do not have to be shut-in and do not have to be included in an exception application.

If you have any questions, please contact me.

Very Truly Yours,

John McCannon  
Litigation Counsel

cc: Ryan Hoffman, KCC Central Office  
Steve Korf, KCC District #3  
Taylor Herman, KCC District #3  
Amy Adamson, via e-mail

Exhibit "B"

LAW OFFICES OF  
**ANDERSON & BYRD**

*A Limited Liability Partnership*

JOHN L. RICHESON  
JAMES G. FLAHERTY  
R. SCOTT RYBURN  
KEITH A. BROCK

216 S. HICKORY, P. O. BOX 17  
OTTAWA, KANSAS 66067  
(785) 242-1234, Telephone  
(785) 242-1279, Facsimile  
[www.andersonbyrd.com](http://www.andersonbyrd.com)

ROBERT A. ANDERSON  
(1920-1994)  
RICHARD C. BYRD  
(1920-2008)

January 15, 2014

John Hampton  
4811 Bob Billings Pkwy, Suite B  
Lawrence, KS 66049

Via Email: [Jhampton44@gmail.com](mailto:Jhampton44@gmail.com)

Re: Pearson and Finnerty Leases, Douglas County, KS

John,

I am writing to inform you that my clients intend to complete the drilling patterns upon both the Pearson and the Finnerty Leases, and are no longer willing to forego any drilling locations at the request of your clients. My clients have informed me that in the past your clients have removed or altered certain survey stakes from their properties. If this happens again, my clients intend to pursue any and all legal remedies available to them as the result of such actions, including but not limited to recovery of the all costs associated with having said drilling location re-marked and the survey stake replaced by the surveyor. In addition my clients will be entitled to recover any stand by charges or other costs associated with any delay which may be caused by said actions.

I regret that we were not able get this matter settled, however my clients have made a determination that it is no longer economical to attempt to accommodate the requests for gratuitous concessions by your clients. Initially my clients were under the belief that unnecessary expenses and delays could be avoided if they accommodated certain requests made by your clients. However, my clients have now realized that your clients have and will continue to hinder and delay their operations and to cause them to incur unnecessary legal expense regardless of any attempts that my clients make to work with your clients.

Sincerely,



Keith A. Brock  
[kbrock@andersonbyrd.com](mailto:kbrock@andersonbyrd.com)

KAB:rr

Exhibit "C"

AFFIDAVIT OF PRODUCTION AND  
EXTENSION OF LEASES

STATE OF COLORADO )  
                          ) ss.  
COUNTY OF DOUGLAS )

Linda L. Price, of lawful age, upon first being duly sworn upon her oath deposes and states:

1. That she is the Vice President of Greenwood Resources Inc., hereinafter referred to as "Greenwood", and that she has personal knowledge of the facts hereinafter set forth and is authorized to make this Affidavit.

2. That Greenwood owns an interest and is the Operator of the oil and gas lease described hereinbelow covering lands in Douglas County, Kansas:

That certain oil and gas leases between Edwin L. Early and Gladys Early, his wife, as Lessors, and Clyde Bell as Lessee, dated January 14, 1957 and recorded in Book 195 at Page 542 in the Register of Deeds office in Douglas County, Kansas, insofar as this lease covers the following described lands:

TOWNSHIP 15 SOUTH, RANGE 20 EAST  
Section 11: The West 110 acres of the NE/4

3. That said oil and gas lease is for a definite term of years therein provided and for as long thereafter as oil or gas or either of them is produced from the lands covered thereby by lessees or their assigns.

4. That Greenwood is the Operator of an active waterflood project which includes this lease and was purchased by Greenwood from Quest Energy Corporation, a Colorado Corporation on February 4, 1983. Quest Energy Corporation purchased their interest on February 4, 1983 from Layton Oil Co. who was the previous Operator. Greenwood took over as Operator of this lease and others involved in the waterflood on February 4, 1983.

5. That public notice is hereby given that in accordance with the terms and provisions of said oil and gas lease the following described wells are either producing oil in commercial quantities or have been drilled in an attempt to further develop this lease:

- a. Early #3 was spud in the SE/4NE/4 of Section 11-T15S-R20E, on September 18, 1959 and is currently producing oil out of the Squirrel Formation.
- b. Early #4 was spud on May 1, 1960 in the SE/4NE/4 of Section 11-T15S-R20E and is currently producing oil out of the Squirrel Formation.
- c. #E15 well was spud November 16, 1979 by Layton Oil Co. located 1,280' FSL and 1130' FEL in the NE/4 of Section 11 and is currently production out of the Squirrel Formation.
- d. Layton Oil Co. drilled the D115 well located 880' SNL & 1,025' WEL of the NE/4 on November 18, 1979 and was subsequently plugged and abandoned on November 26, 1979.
- e. Layton Oil Co. drilled the F114 well located 880' NSL and 1,296' WEL of the NE/4 on December 13, 1979 and the well is currently an injection well.

Exhibit "D"

6. The Baldwin Waterflood Project encompasses the following described acreage:

TOWNSHIP 15 SOUTH, RANGE 20 EAST

Section 2: All that part of the East 60 acres of the SE/4 of Section 2-T15S-R20E, south of the U.S. Highway No. 60, presently known as Highway No. 56, containing 2 acres, more or less.

Section 11: NE/4, N/2SE/4, S/2SE/4  
Section 14: NE/4, SE/4, E/2E/2NW/4  
Section 23: NE/4, N/2SE/4  
Section 24: SW/4  
Section 25: NE/4

TOWNSHIP 15 SOUTH, RANGE 21 EAST

Section 30: North 240 acres of the W/2, SE/4SW/4, SE/4  
Section 31: E/2SE/4

7. Greenwood has used the soundest engineering and geological advise in operating this waterflood project in order to maximize production and prevent waste of oil and gas reserves that might otherwise be unrecoverable in an economic manner.

8. Greenwood has drilled additional production and injection wells in or near the subject lease and within the waterflood area in 1983 and Greenwood is also continuing to develop the property. Wells drilled in the NE/4 of Section 11, Township 15 South, Range 20 East include the following:

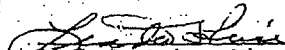
- a. #19C well was drilled on December 10, 1983 located at 440' FNL and 165' FEL in the NE/4 of Section 11 and was subsequently plugged and abandoned December 14, 1983.
- b. #18E was spud December 1, 1983 located at 1,319' FNL and 420' FEL of the NE/4 of Section 11 and is currently producing oil from the Squirrel Formation.

9. Greenwood hereby contends that this lease is presently a subsisting and valid lease held by production from the above referenced wells and others that are currently producing on this lease and that Greenwood has acted as a reasonable and prudent Operator of this lease and the waterflood project.

10. That this Affidavit is given for the purposes of serving notice to all concerned pursuant to the provisions of Kansas Statutes Annotated, 55-205, that the primary terms of said oil and gas lease have been extended and perpetuated by the well above described, and that such oil and gas lease shall remain in effect and be valid and subsisting for so long as oil and gas is produced or operations are continued under the terms of such oil and gas lease.

Dated this 3rd day of August, 1984 in Englewood, Colorado.

GREENWOOD RESOURCES INC.

  
Linda L. Price, Vice President

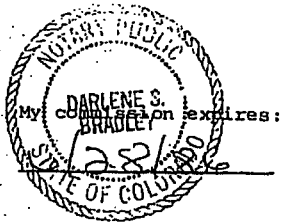
ACKNOWLEDGEMENT

STATE OF COLORADO )  
                          ) SS.  
COUNTY OF DOUGLAS )

On this 3rd day of August, 1984, before me personally appeared Linda L. Price, to me personally known, who being by me duly sworn, did say that she is the Vice President of Greenwood Resources Inc. and that said instrument was signed in behalf of said corporation by authority of its Board of Directors, and said Linda L. Price acknowledged said instrument to be the free act and deed of said corporation.

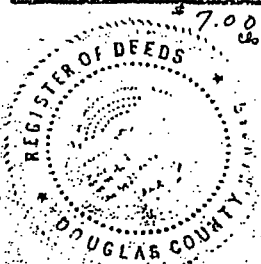
Witness my hand and seal this 3rd day of August, 1984.

*Darlene S. Bradley*  
Notary Public  
315 Inverness Way South  
Englewood, Colorado 80112



NO. 5433  
INDEXED \_\_\_\_\_  
NUMERICAL INDEX \_\_\_\_\_

State of Kansas, Douglas County, SS.  
Filed and Entered in Vol. 374  
Page: 273 - 1126 P. M  
275  
AUG - 6 1984  
*Dee Annette*  
Register of Deeds  
By \_\_\_\_\_ Deputy



BOOK 374 PAGE 275

Have Envelope  
Greenwood Resources, Inc.  
315 Inverness Way South  
Englewood, Co. 80112