

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Darrah Oil)	Docket No. 25-CONS-3342-CWLE
Company, LLC for a well location exception)	
for its Drummond 1 Well, to be located in the)	CONSERVATION DIVISION
S/2 SE/4 of Section 26, Township 33 South,)	
Range 5 East, Cowley County, Kansas)	License No. 35615

PREFILED REBUTTAL TESTIMONY

OF

JAMES O. BROWN, PROTESTER

1 Q: Please state your name and address for the record.

2 A:: My name is James O. Brown. I reside at 11923 252nd Road, Winfield, Kansas 67156. I am
3 testifying on behalf of the Protesters in this docket.

4 Q: Is this your rebuttal to the prefiled testimony of Jake Eastes, Professional geologist and
5 Research Analyst for the Commission Staff submitted August 8, 2025?

6 A: Yes.

7 Q: What is your rebuttal testimony?

8 A: In his prefiled testimony, Mr. Eastes requested that certain additional information be provided
9 by the Protesters in order to inform his decision about recommending approval or denial of the
10 Application. We asked Thomas Rhoads, our attorney in this matter, to respond to Mr. Eastes'
11 request, and his correspondence dated August 14, 2025 addressed to Kelcey Marsh, Litigation
12 Counsel for the Kansas Corporation Commission, Conservation Division, is attached.

13 Q: Do you wish to adopt the correspondence of your counsel as your rebuttal testimony?

14 A: Yes. Mr. Rhoads has provided the documents requested, together with an explanation of
15 discussions had with representatives of Darrah Oil Company, LLC, the Applicant, regarding
16 Protesters' objections to unitization generally, but agreement to the formation of a unit for drilling
17 the subject well at its proposed location under certain specified conditions. We concur with the facts
18 as stated by Mr. Rhoads, and ask that his correspondence with Staff counsel be admitted into the
19 record of this proceeding..

20 Q: Does this conclude your rebuttal testimony?

21 A. Yes.

22 Q: Thank you.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that, on this 21st day of August, 2025 he caused the above and foregoing Direct Prefiled Testimony of James O. Brown, Protester to be filed with the Kansas Corporation Commission, Conservation Division electronically, and a copy thereof to be served in the same manner upon the following person at the email address indicated:

Jonathan A. Schlatter
Morris Laing Law Firm
300 N. Mead, Suite 200
Wichita, Kansas 67202-2745
jschlatter@morrislaing.com

Attorney for Applicant,
Darrah Oil Company, LLC

/s/Thomas M. Rhoads

Thomas M. Rhoads

LAW OFFICES OF
THOMAS M. RHOADS LC
200 E. 1ST STREET, SUITE 301
WICHITA, KANSAS 67202-2114

TELEPHONE: (316) 260-4440
FACSIMILE: (316) 260-4419
CELLULAR: (316) 253-9665

EMAIL: tmrhoads@sbcglobal.net

August 14, 2025

Via Email:

KelceyMarsh@ks.gov

Kelcey Marsh
Litigation Counsel
Kansas Corporation Commission
Conservation Division
266 N. Main, Suite 220
Wichita, Kansas 67202-1513

Re: Darrah Oil Company, LLC Drummond 1 Well Location Exception
KCC Docket No. 25-CONS-3342-CWLE

Mr. Marsh:

At the request of Jake Eastes, Professional Geologist and Research Analyst for the Commission Staff, in his prefiled testimony in this matter filed on August 8, 2025, we are submitting to you on behalf of the Protesters the following documents:

Oil and Gas Lease dated April 17, 1975 from G. Donald Brown and Helen Brown, his wife, as lessor, to Richard D. Smith, as lessee, covering the Northeast Quarter (NE/4) of Section 35, Township 33 South, Range 5 East, Cowley County, Kansas, recorded in the office of the Register of Deeds, Cowley County, Kansas in Lease Book 196 at Page 457 (the "Brown Lease");

Oil and Gas Lease dated June 8, 1972 from Raymond C. Muret and Helen R. Muret, his wife, as lessor, to Zenith Drilling Corporation, Inc., as lessee, covering the Southwest Quarter (SW/4) and the South Half of the Southeast Quarter (S/2 SE/4) of Section 26, Township 33 South, Range 5 East, Cowley County, Kansas, recorded in the office of the Register of Deeds, Cowley County, Kansas in Book 191 at Page 24 (the "Muret Lease"); and

Correspondence dated May 19, 2025 from Thomas M. Rhoads, attorney for Protesters, to Jon Schlatter, attorney for Darrah Oil Company, LLC, regarding unitization rights and settlement.

At the time the Brown Lease was executed and recorded, G. Donald Brown and Helen Brown, owned the land and mineral rights subject to the Brown Lease, together with additional land in the vicinity that was leased to Richard D. Smith and others. In each case, the unitization provisions were deleted from those leases, it being the policy of G. Donald Brown and Helen Brown to prohibit formation of units from leases of their land, as was their prerogative and agreed to in each case by the lessee. This policy has been continued by their successors, the Protesters herein, as to the Brown

Lease. One justification, of course, is to prevent drilling and associated damage on their land under the terms of a unit that proportionately reduces their share of royalty on production from their land included in the unit. Mike Atterbury, Land Manager for Darrah, confirms the validity of this concept as to the Muret Lease in his prefiled testimony.

Prior to filing of the Application in this docket, there had been discussions between Darrah Oil Company, LLC ("Darrah") and the Protesters concerning formation of a unit including portions of the Zenith Drilling Company, Inc. Muret Lease covering the South Half of the Southeast Quarter (S/2 SE/4) of Section 26, Township 33 South, Range 5 East with acreage from the Brown Lease in the North Half of the Northeast Quarter (N/2 NE/4) of Section 35, Township 33 South, Range 5 East so that the Drummond 1 well could be drilled at a legal location in Section 26. The Muret Lease did not originally grant unitization privileges, but may now have been modified to do so. Following family policy, the Protesters were unwilling to grant unitization rights as to their land subject to the Brown Lease.

However, pursuant to the enclosed May 19, 2025 correspondence with Darrah's counsel, Protesters offered to permit the formation of a 40 acre oil unit under the terms of a new lease of the North Half of the Northeast Quarter (N/2 NE/4) of Section 35 that would prohibit drilling on the Brown Lease component of the unit or the balance of the North Half of the Northeast Quarter (N/2 NE/4) of Section 35, but permit drilling of the Drummond 1 well by Darrah at its proposed location and allow production from the well to hold that portion of the new lease to be granted by Protesters included in the 40 acre unit. Protesters considered their offer to be a fair compromise, since: (a) two wells had previously been drilled on the North Half of the Northeast Quarter (N/2 NE/4) of Section 35, the Brown 1 well in the Southeast Quarter of the Northwest Quarter of the Northeast Quarter (SE/4 NW/4 NE/4) of Section 35 which was plugged and abandoned in 2019, and the Brown 3 well in the Northeast Quarter of the Northeast Quarter (NE/4 NE/4) of Section 35 which was plugged and abandoned in 1995; (b) formation of a unit under Protesters' proposal would prevent damage from drilling on their land, consistent with deletion of the unitization provisions from the Brown Lease; (c) Protesters would be fairly compensated for any production from the Drummond 1 well by inclusion of their land in the unit; and (d) a new lease, rather than amendment of the existing lease, of the North Half of the Northeast Quarter (N/2 NE/4) of Section 35 would prevent termination of the Brown Lease as to that acreage for lack of exploration and production, at least as to that portion included in the unit.

Protesters' proposal for formation of a unit was summarily rejected by Darrah. Mr. Atterbury, Land Manager for Darrah, falsely states in his testimony that Protesters granted another operator a top lease over Darrah's Brown Lease which effectively blocked Darrah's acceptance of Protesters' proposal to release the Brown Lease as to the North Half of the Northeast Quarter (N/2 NE/4) of Section 35. No such top lease of Darrah's Brown Lease has been granted by Protesters. Instead, a

Kelcey Marsh
Kansas Corporation Commission
August 14, 2025
Page Three

Memorandum of Oil and Gas Leases was executed and acknowledged by Protesters and recorded in the office of the Cowley County, Kansas Register of Deeds in Book 1094 at Page 819, which served notice of Protesters' execution or agreement to execute Oil and Gas Leases of land covered by the Brown Lease and other lands as more fully described therein to VAL Energy, Inc., and set forth the terms and conditions common to all such leases. But no top lease of the Brown Lease was granted by Protesters to VAL Energy, Inc., and land covered by the Brown Lease was thereafter excluded from said Memorandum at Darrah's request by Release and Disclaimer of Interest executed by VAL Energy, Inc. on February 10, 2025 and recorded in Book 1151 at Page 235 of the Register of Deeds' records. Rather than expose Darrah to loss of its lease rights, as Mr. Atterbury contends, Protesters' unitization proposal would have instead created a buffer protecting production from the Drummond 1 well from interference by others.

Consequently, Protesters have proceeded with their protest of the Application in this docket. Drilling of the Drummond 1 well only 100 feet from Protesters' property without formation of the unit that Protesters proposed will unfairly drain Protesters' mineral resources without just compensation, in violation of their correlative rights. Further, given the testimony of Darrah's witnesses that suitable locations for exploration of the Mississippian Chert and Lime formations exist on the Brown Lease, there is no reason not to develop the Brown Lease. Doing so will protect Darrah's interest in the Brown Lease as to the North Half of the Northeast Quarter (N/2 NE/4) of Section 35. Drilling the Drummond 1 well at its proposed location is apparently the result of some kind of economic collaboration between Darrah and Zenith Drilling Corporation, Inc. that provides no particular geologic advantage to Darrah, but violates Protesters' correlative rights, is unnecessary and constitutes waste.

Please submit this letter and its accompanying documents to Mr. Eastes, and advise if anything further is required in this regard. Thank you.

Sincerely,



Thomas M. Rhoads
Attorney at Law

TMR:fmv

Encl.

cc: Jon Schlatter
Morris Laing Law Firm
Attorney for Darrah Oil Company, LLC
jschlatter@morrislaing.com

OIL AND GAS LEASE

THIS AGREEMENT made this 17th day of April, 1975, between

G. Donald Brown and Helen Brown, his wife

of Route 3, Arkansas City, Kansas

(Post Office Address)

Richard O. Smith

herein called lessor (whether one or more), and One and other Lessee:

1. Lessor, in consideration of Dollars (\$ 1.00+) in hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest, therein situated in Cowley County, Kansas, to-wit:

The Northeast Quarter (NE $\frac{1}{4}$)

In Section 35, Township 33 South, Range 5 East, and containing two (2) acres, more or less, and all accretions thereto.

2. Subject to the provisions herein contained, this lease shall remain in force for a term of 10 years from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, one-eighth of that produced and saved from said land, same to be delivered free of cost at the wells or to the credit of lessor in the pipe line to which the wells may be connected; (b) on gas, including casinghead gas and all gaseous substances, produced from said land and sold or used off the premises or in the manufacture of gasoline or other products therefrom, the market value at the mouth of the well of one-eighth of the gas so sold or used, provided that on gas sold at the wells the royalty shall be one-eighth of the amount realized from such sale; and (c) at any time, either before or after the expiration of the primary term of this lease, if there is a gas well or wells on the above land (and for the purposes of this clause (c) the term "gas well" shall include wells capable of producing natural gas, condensate, distillate or any gaseous substance and wells classified as gas wells by any governmental authority) and such well or wells are shut in before or after production therefrom, lessee or any assignee hereunder may pay or tender annually at the end of each yearly period during which such gas well or gas wells are shut in, as substitute gas royalty, a sum equal to the amount of delay rentals provided for in this lease for the acreage then held under this lease by the party making such payments or tenders, and if such payments or tenders are made it shall be considered under all provisions of this lease that gas is being produced from the leased premises in paying quantities. Such substitute gas royalty may be paid or tendered in the same manner as provided herein for the payment or tender of delay rentals.

4. If operations for drilling are not commenced on said land or land pooled therewith before one (1) year from this date, this lease shall terminate as to both parties, unless on or before one (1) year from this date lessee shall pay or tender to the lessor a rental of One Hundred Sixty and no/100 Dollars (\$ 160.00) which shall cover the privilege of deferring commencement of said operations for a period of twelve (12) months. In like manner and upon like payments or tenders, annually, the commencement of said operations may be further deferred for successive periods of the same number of months, each during the primary term. Payment or tender may be made to the lessor or to the

Home National Bank of

Arkansas City, Kansas

which bank, or any successor thereof, shall continue to be the agent for the lessor and lessor's successors, heirs and assigns. If such bank (or any successor bank) shall fail, liquidate, or be succeeded by another bank, or for any reason fail or refuse to accept rental, lessee shall not be held in default until thirty (30) days after lessor shall deliver to lessee a recordable instrument making provision for another method of payment or tender, and any depository charge is a liability of the lessor. The payment or tender of rental may be made by check or draft of lessee, mailed or delivered to said bank or lessor, or either lessor if more than one, on or before the rental paying date. Notwithstanding the death of the lessor or his successors in interest, the payment or tender of rentals in the manner provided herein shall be binding on the heirs, devisees, executors and administrators of the lessor or his successors in interest.

5. Lessee is hereby granted the right to pool or cause to be pooled the leased premises, or any portion or portions thereof, as to all strata, or any stratum or strata, with other lands as to all strata, or any stratum or strata, but only as to the gas right hereunder (excluding casinghead gas produced from oil wells) to form one or more gas operating units of not more than 80 acres, plus a tolerance of ten per cent (10%) to conform to Governmental Survey quarter sections. Lessee shall file written unit designations in the county in which the premises are located. Such units may be designated either before or after the completion of wells. Drilling operations and production on any part of the pooled premises shall be treated as if such drilling operations were upon or such production was from the land described in this lease whether the well or wells be located on the land covered by this lease or not. If the leased premises are pooled into a gas unit shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if it were included in this lease. In lieu of the royalty herein provided, lessor shall receive one-half of the net proceeds from the unit so pooled only such portion of the royalty 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 so pooled in the particular unit involved.

6. If, prior to the discovery of oil, liquid hydrocarbons, gas or their respective constituent products, or any of them, on said land or land pooled therewith lessee should drill and abandon a dry hole or holes thereon, or if, after discovery of oil, liquid hydrocarbons, gas or their respective constituent products, or any of them, the production therefrom should cease from any cause, this lease shall not terminate if lessee commences reworking or additional drilling operations within sixty (60) days thereafter, or (if it be within the primary term), (i) in the case of a dry hole, commences or resumes the payment or tender of rentals or commences operations for reworking or drilling, or (ii) in the case of cessation of production, commences or resumes the payment or tender of rentals or commences operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of three (3) months from the cessation of production. If, at the expiration of the primary term, oil, liquid hydrocarbons, gas or their respective constituent products, or any of them, is not being produced on said land or land pooled therewith but lessee is then engaged in operations for drilling or reworking of any well thereon, this lease shall remain in force so long as drilling or reworking operations are prosecuted (whether on the same or different wells) with no cessation of more than sixty (60) consecutive days, and if they result in production, so long thereafter as oil, liquid hydrocarbons, gas or their respective constituent products, or any of them, is produced from said land or land pooled therewith.

7. Lessee shall have free use of oil, gas, and water from said land, except water from lessor's wells and tanks, for all operations hereunder, including repressuring, pressure maintenance, cycling, and secondary recovery operations, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by lessee on said land, including the right to draw and remove all casing. When required by lessor, lessee will bury all pipe lines below ordinary flow depth. Lessee shall pay for damages caused by its operations to growing crops on said land. No well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors, and assigns, but no change or division in ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee. No such change or division in the ownership of the land, rentals or royalties shall be binding upon lessee for any purpose until such person acquiring any interest has furnished lessee with the instrument or instruments, or certified copies thereof, constituting his claim of title from the original lessor. In the event of an assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportioned as between the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. An assignment of this lease, in whole or in part, shall, to the extent of such assignment, relieve and discharge lessee of any obligations hereunder, and, if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of the rentals due from such lessee or assignee or fail to comply with any other provision of the lease, such default shall not affect this lease in so far as it covers a part of said lands upon which lessee or any assignee thereof shall make payment of said rentals.

9. Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder due to force majeure. The term "force majeure" as employed herein shall mean: any act of God including but not limited to storms, floods, washouts, landslides, and lightning; acts of the public enemy; wars, blockades, insurrections, or riots; strikes or lockouts; epidemics or quarantine regulations; laws, acts, order or requests of federal, state, municipal or other governments or governmental officers or agents under color of authority; freight embargoes or failures; exhaustion or unavailability or delays in delivery of any product, labor, service, or material, if lessee is required, or ordered or directed by any federal, state or municipal law, executive order, rule, regulation or request enacted or promulgated under color of authority to cease drilling operations, reworking operations or producing operations on the land covered by this lease or if lessee by force majeure is prevented from conducting drilling operations, reworking operations or producing operations, then until such time as law, order, rule, regulation, request or force majeure is terminated and for a period of ninety (90) days after such termination and every provision of this lease that might operate to terminate it or the estate conveyed by it shall be suspended and inoperative and this lease shall continue in full force. If any period of suspension occurs during the primary term, the time thereof shall be added to such term.

10. Lessor hereby warrants and agrees to defend the title to said land, and agrees that lessee, at its option, may discharge any tax, mortgage, or other lien upon said land, and in the event lessee does so, it shall be subrogated to such lien with the right to enforce same and supply rentals and royalties accruing hereunder toward satisfying same. In case said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties, including substitute gas royalty, and rentals herein provided for shall be paid the said lessor only in the proportion that his interest bears to the whole and undivided fee; however, such rental shall be increased at the next succeeding rental anniversary after the acquisition of any reversionary interest or after-acquired title to recover the interest so acquired, and lessor agrees to notify lessee in writing upon acquisition of any additional interest in the above described property, whether it be by reversion or after-acquired title, or if such additional acquisition occurs after production has been obtained, then the royalty shall be increased to cover the interest so acquired. Should any one or more of the parties named above as lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. If the leased premises shall hereafter be owned in severally or in separate tracts, the premises, nevertheless, shall be developed and operated as one lease, and the royalties hereunder shall be treated as an entirety and shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to effect wells on separate tracts into which the land covered by this lease may be hereafter divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks.

12. Lessor and lessor's successors and assigns shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs and assigns, by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon lessee shall be relieved from all obligations, expressed or implied, of this agreement as to the acreage so surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

IN WITNESS WHEREOF, we sign the day and year first above written.

Notary Public

G. Donald Brown

G. Donald Brown

Helen Brown

STATE OF KANSAS } SS.
COWLEY COUNTY

Filed for record on MAY 1 1975

at 9:00 o'clock A. M., recorded in

Book 196 of Page 457

RAYMOND KING Reg. of Deeds

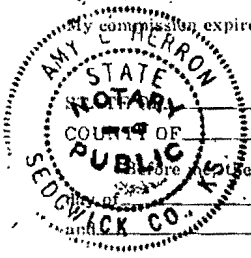
By [Signature] Deputy

STATE OF Kansas }
COUNTY OF Cowley } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Okla., and Colo.)

Before me, the undersigned, a Notary Public, within and for said county and state, on this 21st
day of April, 19 75, personally appeared G. Donald Brown
and Helan Brown, his wife

to me personally known to be the identical person s who executed the within and foregoing instrument and acknowledged to me
that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.
IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires Feb 20, 1978 Amy L. Herron
Amy L. Herron Notary Public.



_____ } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Okla., and Colo.)

Before me, the undersigned, a Notary Public, within and for said county and state, on this _____
day of _____, 19 _____, personally appeared _____

B

BOOK 191 PAGE 24
OIL AND GAS LEASE

©

KANSAS BLUE PRINT CO. INC.
—Indicates L. Means—

AGREEMENT, Made and entered into, June 8th, 1972, by and between:
Raymond C. Muret and Helen R. Muret, his wife, of Route 5, Winfield, Kansas 67156

Party of the first part, hereinafter called lessor (whether one or more) and
Zenith Drilling Corporation, Inc. Party of the second part, hereinafter called lessee.

WITNESSETH, That the said lessor, for and in consideration of One & More- DOLLARS, cash in hand paid, receipt of which is hereby acknowledged, 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 unto said lessee, for the purpose of investigating, exploring by geophysical and other means, prospecting, drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products; injecting gas, waters, other fluids, and air into subsurface strata; laying pipe lines, storing oil, building tanks, power stations, roadways, and other structures and things thereon to produce, save, take care of, treat, process, store, transport and market said oil, liquid hydrocarbons, gases, and their respective constituent products, the following described land together with any reversionary rights and after-acquired interests

therein, situated in the County of Cowley State of Kansas

described as follows, to-wit:

The Southwest Quarter (SW $\frac{1}{4}$) and the South-half of the Southeast Quarter (S $\frac{1}{2}$ SE $\frac{1}{4}$)

of Section 26 Township 33-South Range 5-East and containing 240 acres more or less.

It is agreed that this lease shall remain in full force for a term of three (3) years from this date, and as long thereafter as oil or gas, or either of them, is produced from said land by the lessee, or the premises are being developed or operated.

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 he may connect his wells, the equal one-eighth ($\frac{1}{8}$) part of all oil produced and saved from the leased premises.

2nd. The lessee shall pay to lessor for gas produced from any oil well and used by the lessee for the manufacture of gasoline or any other product as royalty $\frac{1}{8}$ of the market value of such gas at the mouth of the well; if said gas is sold by the lessee, then as royalty $\frac{1}{8}$ of the proceeds of the sale thereof at the mouth of the well. The lessee shall pay lessor as royalty $\frac{1}{8}$ of the proceeds from the sale of gas as such at the mouth of the well where gas only is found and where such gas is not sold or used, lessee shall pay or tender annually at the end of each yearly period during which such gas is not sold or used as royalty, an amount equal to the delay rental provided in the next succeeding paragraph hereof, and while said royalty is so paid or tendered this lease shall be held as a producing lease under the above term paragraph hereof; the lessor to have gas free of charge from any gas well on the leased premises for stoves and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of such gas to be at the lessor's sole risk and expense.

If no well be commenced on said land on or before June 8th, 1973, 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 State Bank at Winfield, Kansas 67156 or its successors, which shall continue as the depository regardless of changes in the ownership of said land, the sum of Two Hundred Forty & No/100- DOLLARS, which shall operate as a rental and cover the privilege of deferring the commencement of a well for twelve 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 or the same number of months successively. All such payments or tenders of rental may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before 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 lessee 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 conferred. 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 and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereon is reduced by said release or releases.

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 commenced 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 herein before provided. And it is agreed that upon the resumption 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. However, such rental shall be increased at the next succeeding rental anniversary after any reversion occurs to cover the interest so acquired.

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.

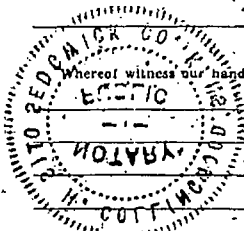
Lessee shall pay for damages caused by its operations to growing crops on said land.

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.

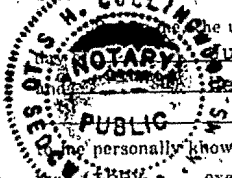
If the estate of either party hereto is transferred, and the privilege of transferring in whole or in part is expressly allowed, or if the rights hereunder of either party hereto are vested by descent or devise, the covenants hereof shall extend to and be binding on the heirs, devisees, executors, administrators, successors, or assigns, but no change in the ownership of said land or of any right hereunder shall be binding on the lessee until after lessee has been furnished with the original or a certified copy thereof of any transfer by lessor or with a certified copy of the will of lessor together with a transcript of the event of the death of lessor and no administration being had on the estate, with an instrument satisfactory to lessee executed by lessor's heirs payable or due, 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, 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 assignee thereof shall make due payments of said rentals. 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. 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 obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may hereafter be divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks for the oil 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 and may reimburse itself from any rental or royalties accruing hereunder.



Raymond C. Muret (SEAL)
Raymond C. Muret (SEAL)
Helen R. Muret (SEAL)
Helen R. Muret (SEAL)

STATE OF Kansas } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Okla., and Colo.)
COUNTY OF Cowley



Before me, the undersigned, a Notary Public, within and for said county and state, on this 8th
day of June, 19 72, personally appeared Raymond C. Muret
Helen R. Muret, his wife
who personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me
that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.
IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires November 21, 1972

Otis H. Collingwood Notary Public.

STATE OF _____ } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Okla., and Colo.)
COUNTY OF _____

Before me, the undersigned, a Notary Public, within and for said county and state, on this _____
day of _____, 19____, personally appeared _____
and _____

to me personally known to be the identical person _____ who executed the within and foregoing instrument and acknowledged to me
that _____ executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth.
IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires _____

Notary Public.

STATE OF _____ } ss. ACKNOWLEDGMENT FOR CORPORATION
COUNTY OF _____

On this _____ day of _____, A. D., 19____, before me, the undersigned, a Notary Public
in and for the county and state aforesaid, personally appeared _____
to me personally known to be the identical person who signed the name of the maker thereof to the within and foregoing
instrument as its _____ President and acknowledged to me that _____ executed the same as _____ free and
voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

My commission expires _____

Notary Public.

15587

OIL AND GAS LEASE	
FROM	TO
Date _____, 19____	Section _____ Twp _____ Rge _____
No. of Acres _____	Term _____
County _____	County _____
STATE OF <u>Kansas</u>	County of <u>Cowley</u>
This instrument was filed for record on the _____ day of <u>Sept</u> , 19 <u>72</u> at <u>9:30</u> o'clock <u>A.M.</u> , and duly recorded in Book <u>191</u> Page <u>24</u> of the records of this office. By <u>Raymond K. Schmidt</u> Register of Deeds. When recorded, return to _____	
THE KANSAS BLUE PRINT CO. WICHITA, KANSAS PHOTOSTAT SERVICE-UP-TO-DATE OIL MAPS	

4.00 Zenth ④

NOTE: When signature by mark in Kansas, said mark to be witnessed by at least one person and also acknowledged.
For acknowledgment by mark, use regular Kansas acknowledgment.

STATE OF _____ } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Okla., and Colo.)
COUNTY OF _____

Before me, the undersigned, a Notary Public, within and for said county and state, on this _____
day of _____, 19____, personally appeared _____
and _____

to me personally known to be the identical person _____ who executed the within and foregoing instrument and acknowledged to me
that _____ executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth.
IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires _____

Notary Public.

LAW OFFICES OF
THOMAS M. RHOADS LC
200 E. 1ST STREET, SUITE 301
WICHITA, KANSAS 67202-2114

TELEPHONE: (316) 260-4440
FACSIMILE: (316) 260-4419
CELLULAR: (316) 253-9665

EMAIL: tmrhoads@sbcglobal.net

May 19, 2025

Via Email: jschlatter@morrislaing.com

Jon Schlatter
Morris Laing Law Firm
300 N. Mead, Suite 200
Wichita, Kansas 67202-2745

Re: Application of Darrah Oil Company, LLC
for Drummond 1 Well Location Exception
KCC Docket No. 25-CONS-3342-CWLE

Jon:

In order to resolve the issues raised by the application of Darrah Oil Company, LLC (“Darrah”) in the above docket and our clients’ (“Protesters”) protest of the same, Protesters submit the following proposal allowing the Drummond 1 well to be drilled at its proposed location and unitization of the lease on which the well is to be drilled (the “Muret Lease”) with a lease of Protesters’ land to the South:

Protesters will agree to grant Darrah a new oil and gas lease of the North Half of the Northeast Quarter (N/2 NE/4) of Section 35, Township 33 South, Range 5 East having a six (6) month term, permitting the formation of one forty (40) acre unit for oil, and providing that production from the unit will hold only acreage from the new lease included in the unit. This will also be a non-drilling lease, so that production from the unit will have to be from a well located on acreage contributed to the unit from the Muret Lease. No further drilling or development of the new lease to be granted will be permitted.


We believe that this will satisfy Darrah’s objectives by allowing it to drill its Drummond 1 well at its desired location, eliminating the need for a well location exception, and allow Darrah to hold its lease of some of the Protesters’ mineral rights associated with their land to the South. It also prevents Protesters’ mineral rights from being unfairly drained by Darrah’s well located too close to their property line, and protects Protesters’ surface rights against damage from drilling on their land. Rather than cause uncompensated drainage, Darrah’s well will result in royalty paid to Protesters on a unit acreage attribution basis if it is productive. The short term of the new lease to be granted should not pose a problem for Darrah, given the June 1, 2025 expected spud date for the new well shown on the Notice of Intent to Drill submitted with Darrah’s application.

Jon Schlatter
Morris Laing Law Firm
May 19, 2025
Page Two

We expect that the unit to be formed will have its North boundary located 430 feet North of the South line of the Muret Lease, and its South boundary located 890 feet South of the North line of Protesters' property. East-West dimensions will be 1,320 feet each to form the forty (40) acre unit, with the Drummond 1 well located on the Muret Lease at the center of the East-West measurement. A different configuration may be acceptable, so long as it does not reduce Protester's royalty on unit production.

Please let us know if this proposal is acceptable so that the trouble and expense of a hearing on Darrah's application can be avoided. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Thomas M. Rhoads', written in a cursive style.

Thomas M. Rhoads
Attorney at Law

TMR:fmv

cc: Protesters