

NATURAL GAS STORAGE AGREEMENT (transfers with land)

Main File NO. 00424 Page # 01 of 04

ORIGINAL COMPARED WITH RECORD

* 2 0 0 8 - 0 6 7 2 3 *

CARA BARKDOLL, REGISTER OF DEEDS

ALLEN COUNTY, KS

2008-0672

DATE RECORDED: 03/31/2008 10:01:45AM

HTG INDEBT: 0.00 RECEIPT#: 1663

REC FEE: \$ 10.00

TECH FEE: \$ 6.00

STATE OF KANSAS

COUNTY OF ALLEN

MINERAL CONVEYANCE AND UNDERGROUND GAS STORAGE EASEMENT AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

That **JAMES D. Craig** and **JANET J. CRAIG**, husband and wife, whose address is 318 Elm Street, Baldwin City, Kansas 66006-4129 hereinafter called Grantor for and in consideration of the sum of One Dollar (\$1.00), cash in hand paid, and other good and valuable considerations, the receipt of which is hereby acknowledged, do hereby GRANT, BARGAIN, SELL, CONVEY, TRANSFER, ASSIGN AND DELIVER unto **SOUTHERN STAR CENTRAL GAS PIPELINE, INC.**, whose address is 4700 Highway 56, Owensboro, Kentucky 42301, hereinafter called Grantee, free and clear of all liens, mortgages, and other encumbrances, all of their undivided mineral interest, including but not limited to, all of the oil, gas, coal and other minerals in and under and that may be produced or stored from or in sands and formations thereunder from a depth of approximately seven hundred (700) feet to a depth of approximately one thousand fifty (1050) feet below the surface (also described as the Top of the Pawnee Limestone to one hundred (100) feet below the base of the Colony Sandstone) underlying the following described lands situated in Allen County, State of Kansas, to-wit:

The Northwest Quarter (NW ¼) of Section Twenty-Two (23), Township Twenty-three (23) South, Range Eighteen (18) East of the Sixth Principal Meridian, containing 160 acres, more or less,

together with the right of ingress and egress at all times for the purpose of mining, drilling, exploring, operating and developing said lands for oil, gas, coal and other minerals, and storing, handling, transporting and marketing the same therefrom with the right to remove from said land all of Grantee's property and improvements.

This conveyance is made subject to any rights now existing to any Lessee or assigns under any valid and subsisting oil and gas lease of record heretofore executed, it being understood and agreed that said Grantee shall have, receive and enjoy the herein granted undivided interests in and to all bonuses, rents, royalties and other benefits which may accrue under the terms of said lease insofar as it covers the above-described land from and after the date hereof, precisely as if the Grantee herein has been at the date of the making of said lease the owner of a similar undivided interest in and to the land described and Grantee one of the lessors therein.

In consideration of the mutual covenants and agreements herein, Grantor also hereby grants, bargains, sells, conveys, transfers assigns, and delivers unto Grantee the exclusive right, privilege, and

cont.

easement to use the Storage Reservoir for the introduction, injection, and storage therein of natural gas and the removal and withdrawal of natural gas therefrom through wells now located on Grantor's lands legally described above and/or through wells to be drilled thereon and/or through wells located in the vicinity thereof, together with all rights incident to said introduction, injection, storage, withdrawal, and removal, including without limitation, the following:

- (a) The right to all storage gas in the Storage Reservoir and to retain possession, ownership, and title of natural gas so stored as personal property.
- (b) Grantee shall have the right to drill, install, construct, operate, monitor, maintain, renew, repair, replace, produce, plug, and remove, from time to time, such existing wells and/or no more than two (2) future observation wells, pipeline, gas transmission pipelines, casing, drips, valves, structures, and other related equipment, appliances, and appurtenances as Grantee may deem desirable, utilizing the surface of Grantee's lands legally described above to the extent necessary to accomplish such purposes. Grantee's rights shall include the right to perform downhole work that may be required to maintain any and all such wells in usable condition and the right to flow test any and all such wells.
- (c) Grantee shall have the right of ingress and egress at all times for the purpose of drilling, monitoring, producing, testing, and plugging the wells situated on the property.
- (d) Grantee agrees to repair and restore any damage to the surface of the land incurred while Grantee is testing, producing, monitoring, plugging or caused by Grantee's ingress and egress, or to pay reasonable compensation for damages to the surface incurred during such activities, including crop damages, as soon as practical.
- (e) Grantee agrees not to drill the observation wells allowed herein nearer than two hundred (200) feet from any house or barn on said land, unless Grantor consents thereto. Grantee agrees to consult with Grantor regarding the locations of such wells and Grantor shall not unreasonably withhold approval of the proposed locations.

It is hereby agreed that, if a well or wells is/are subsequently drilled on the above described acreage for the production and sale of oil, gas, coal and/or any other minerals (however, Grantor and Grantee expressly agree and reaffirm that the Grantee and its successors shall have no obligation to drill and/or produce any wells on said acreage), then the Grantor shall be entitled to a one-eighth (1/8) royalty, based upon the actual proceeds received by Lessee from the sale of the oil, gas, coal and/or other minerals actually produced and sold.

Grantor shall execute such additional documents and give further assurances as may be required for the full and complete enjoyment of the rights granted.

Grantee will have the right at any time to redeem for Grantor by payment of any mortgage, taxes, or other liens on the land, on default in payment by Grantor, and be subrogated to the right of the holder thereof.

TO HAVE AND TO HOLD the above-described property and easement with all and singular the rights, privileges, and appurtenances thereunto or in any wise belonging to said Grantee herein, its, successors and assigns forever; and Grantor does hereby warrant said title to Grantee, its successors and assigns forever and does hereby agree to defend all and singular the said property unto the said Grantee herein, its successors and assigns against every person whomever claiming or to claim the same or any party thereof.

cont.

If pursuant to a Federal Energy Regulatory Commission abandonment Order or Certificate Southern Star Central Gas Pipeline, Inc. should abandon the Colony Gas Storage Field, including the acreage legally described herein, and if Grantor, their successors or assigns should thereafter deliver a written request to Grantee, at the address stated above or such subsequent address as authorized by Grantee, for the release of the mineral interests conveyed herein, then Grantee shall record a Release of said mineral interests with the Anderson County Register of Deeds, within thirty (30) days after delivery of such written request or such additional period of time as may be reasonably necessary.

WITNESS my hand this 14th day of March ~~February~~, 2008.

James D. Craig
James D. Craig
JAMES D. CRAIG

Janet J. Craig
Janet J. Craig
Janet J. Craig

STATE OF KANSAS)
COUNTY OF Douglas) ss.

~~March~~ Before me, the undersigned, a Notary Public in and for the County aforesaid on this 14th day of August, 2008, personally appeared James D. Craig and Janet J. Craig to me known to be the identical persons 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 set forth.

Witness my hand and official seal.

Danette D. Gregg
Notary Public

My Commission Expires:

6-8, 2009

