

# COLT NATURAL GAS, L.L.C.

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Thomas M. Rawson  
Vice President of Finance & Administration, Kansas State University  
Anderson Hall Suite 102  
Manhattan, Kansas 66506-0108

March 26, 2008

Re: Extend the date of the oil and gas lease located in SE/4 of Section 8, Township 33 South, Range 18 East, Labette County, Kansas.

Dear Mr. Rawson,

In the Oil and Gas Lease between Colt Natural Gas, LLC (COLT) and The Board of Regents of the State of Kansas, fbo Kansas State University (BRKSU) dated April 6, 2007 and recorded in Book 41, page 248 at the Register of Deeds Labette County, Kansas, and under such lease in Exhibit "A" Specifications (Contract IFB #40149, page 10), it states that "Lessee must drill at least one well within one year and have it in production within 2 years". Therefore, since the Lease is dated April 6, 2007, and according to the lease, COLT is required to drill at least one well by April 7, 2008 to meet the terms of the lease, COLT will have to drill such well next week.

Even though the lease was dated April 6, 2007, it was not signed until July 9, 2007 and the final documents (Memorandum of Agreement) were not completed by Kansas State University until August 17, 2007 (see enclosed oil and gas lease and letter from Carla K. Bishop). Therefore, it is COLT's feeling and request that the lease date and the effective date should be amended to August 17, 2007 to reflect the actual date that COLT would have had the right to enter and drill the property. This should be the new starting date of the oil and gas lease basically moving back all dates in the lease by nearly 4½ months to the actual date the rights were given by BRKSU to COLT.

Enclosed you will find an amendment to the oil and gas lease changing the starting date of the lease from April 6<sup>th</sup>, 2007 to August 17, 2007 to adjust for the loss of time from the circulation of the document and locating the appropriate BRKSU people to sign the lease. We have been in contact with Dr. Lyle Lomas at the KSU Experimental Farm, Parson, Kansas and he agrees with our request for an extension and actually would prefer us to drill this summer rather than next week, when the ground conditions would be dryer.

If Thomas M. Rawson accepts the Terms of this Letter Agreement, then sign below and fax back to us as soon as possible so we will not drill next week, also I will FEDEX out today an original copy of this letter and the amendment that would need to be executed by the appropriate people (I'm assuming the same people who originally signed the original lease or whoever holds those positions now) and mailed back for recording.

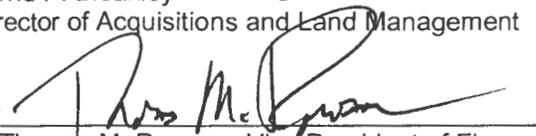
Thank you in advance for your help in this matter.

Sincerely,



David P. Bleakley  
Director of Acquisitions and Land Management

By



Thomas M. Rawson, Vice President of Finance & Administration

Attest:

By \_\_\_\_\_

Date Accepted \_\_\_\_\_, 2008

## AMENDMENT OF OIL AND GAS LEASE

The Board of Regents of the State of Kansas, fbo Kansas State University, hereinafter referred to as Lessor, and Colt Natural Gas, L.L.C., hereinafter referred to as Lessee, make this agreement.

Whereas, Lessor is the present owner of all right, title and interest of Lessor, and Lessee is the present owner of all right, title and interest of Lessee, in and to that certain oil and gas lease executed by Lessor in favor of Lessee, dated April 6, 2007 which lease was recorded on September 12, 2007 at Book 41 O & G, Page 248, covering the following described land in Labette County, Kansas:

THE SOUTHEAST QUARTER OF SECTION 8, TOWNSHIP 33, RANGE 18, EXCEPT THE FOLLOWING DESCRIBED PORTION THEREOF TO-WIT: COMMENCING AT THE NORTHWEST CORNER OF SAID SOUTHEAST QUARTER OF SECTION 8, THENCE EAST 1,980 FEET, THENCE SOUTH 860 FEET, THENCE WEST 1980 FEET, THENCE NORTH 860 FEET TO THE PLACE OF BEGINNING, AND COMMENCING AT THE SOUTHWEST CORNER OF SOUTHWEST QUARTER OF SECTION 9, TOWNSHIP 33 SOUTH, RANGE 18 EAST OF THE 6<sup>TH</sup> P.M., THENCE EAST SIX RODS; THENCE NORTHWESTERLY TO THE NORTHWEST CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION, THENCE SOUTH TO THE POINT OF BEGINNING, ALL BEING IN LABETTE COUNTY, KANSAS, AND ALL EXCEPT SO MUCH THEREOF AS IS USED FOR PUBLIC HIGHWAY OR ROAD.

Reference being made to said recorded lease for all purposes herein; and

Whereas, said oil and gas lease provides, as follows:

The original date of the of April 6<sup>th</sup>, 2007;

under paragraph 5. "Minimum Royalty"

The first minimum royalty shall be due within SIXTY (60) days after the 6<sup>th</sup> day of April, 2010;

under paragraph A. "Special Provisions",

Lessee must drill at least one well within one year and have it in production within 2 years. (within the April 6, 2007 date).

Whereas, the date of the oil and gas lease and the actual final documents for Lessee to have access and rights under such lease were nearly 4½ months different and now the Lessor and Lessee have agreed to amend the date of such lease and all requirements from such date from the original date upon the terms stated herein;

Therefore, for the sum of TEN DOLLARS and other valuable consideration, the receipt and sufficiency of which are acknowledged, Lessor and Lessee agree as follows:

1. The amended new date of the above oil and gas lease shall be August 17<sup>th</sup>, 2007.
2. The required date Lessee must drill at least one well shall be amended to August 17<sup>th</sup>, 2008.
3. The required date Lessee must have production shall be August 17<sup>th</sup>, 2009.
4. The required date for the first minimum royalty payment shall be August 17<sup>th</sup>, 2010.
5. Except as amended herein, said lease remains unchanged, and for the consideration above recited: (a) Lessor and Lessee ratify, confirm and adopt said lease as hereby amended and acknowledge that same is valid, subsisting and in full force and effect; and (b) Lessor does hereby grant, lease and let the lands described herein exclusively to Lessee, its successors and assigns, upon all and singular the terms and provisions of said lease as amended hereby.

This agreement shall be binding upon and shall inure to the benefit of the respective heirs, successors, legal representatives or assigns of the parties hereto.

Dated this 26 day of March, 2008.

ATTEST:

The Board of Regents of the State of Kansas

By: \_\_\_\_\_  
Secretary, Kansas Board of Regents

By: \_\_\_\_\_  
Chairperson

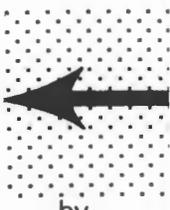


By: Nicholas K Powell  
Colt Natural Gas, L.L.C. by  
Nicholas K. Powell, President  
Colt Energy, Inc., Managing Member

**ACKNOWLEDGMENTS**

STATE OF \_\_\_\_\_, COUNTY OF \_\_\_\_\_, ss:

This instrument was acknowledged before me on \_\_\_\_\_ by \_\_\_\_\_, Chairperson of the Board of Regents of the State of Kansas.



\_\_\_\_\_  
Notary Public  
Commission/Appointment Expires:

STATE OF KANSAS, COUNTY OF JOHNSON, ss:

This instrument was acknowledged before me on MARCH 26, 2008 by Nicholas K. Powell, President of Colt Energy, Inc., Managing Member of Colt Natural Gas, L.L.C., a Kansas limited liability company, on behalf of the company.

David P. Bleakley

Notary Public  
Commission/Appointment Expires: 9/2/2009

