

**DANA L. GORMAN**  
ATTORNEY AT LAW

SHARING OFFICES WITH  
JON R. VIETS

SUITE 604, PROFESSIONAL BUILDING  
P.O. BOX 1176  
INDEPENDENCE, KANSAS 67301  
PHONE: 620-331-0144  
FAX: 620-331-1808

November 8, 2016

**TITLE OPINION**  
(Mineral Interests Only)

RE: The Brougham Ranch and Adjacent Ranchlands, situated in Chautauqua County, Kansas, consisting of approximately 7,672 acres, legal description of which is appended hereto as Exhibit "A".

Schrader Real Estate  
and Auction Company, Inc.  
P.O. Box 508  
950 North Liberty Dr.  
Columbia City, IN 46725

Mac-O-Chee, Farms, L.P.  
and E. Wayne Willhite  
and Eugena L. Willhite  
c/o P. O. Box 707  
Howard, KS 67349

Gentlemen:

This is to certify that I have examined the land and lease transfer records with respect to the above-described property for the period of time from the U.S. Government patent down to November 7, at 7:00 o'clock a.m. and the uniform commercial filings in the Chautauqua County Register of Deeds office; the ad valorem tax records in the office of the Chautauqua County Treasurer; and the Mechanic's Lien and Plaintiff/Defendant Indexes in the office of the Clerk of the Chautauqua County District Court as of said date.

My examination has been conducted in connection with the pending sale of the subject property at public auction scheduled for November 17, 2016. This opinion covers only the oil and gas mineral interests and is supplemental to a separate preliminary commitment for title insurance covering title to the surface rights with respect to these lands. Based on the examination, my opinion with respect to the oil and gas mineral interests is as follows:

I. OVERVIEW

Subject to the "Exceptions" set forth herein in Part III, below and further subject to the oil and gas leases described in Part IV, below, title to the oil and gas mineral interests in and under the subject property is vested jointly and/or severally as follows:

Mac-O-Chee Farms, L.P. ("Mac-O-Chee")  
 And/Or  
 E. Wayne Willhite and Eugena L. Willhite, Trustees of the E. Wayne and  
 Eugena L. Willhite Revocable Trust dated  
 November 29, 2007 ("Willhite Trust")

**II. DETAILS OF OWNERSHIP REGIME**

The description of these lands contained in Exhibit "A", attached hereto, is divided into 3 parts; Part A., the Mac-O-Chee Ranchlands, Part B., the Willhite Trust Ranchlands, and Part C., the Brougham Ranch Headquarters. Subject to the Exceptions set forth herein Part III, below, and further subject to the oil and leases described in Part IV, below, title to the oil and gas mineral interests in and under the subject property is held as follows:

<u>PROPERTY</u>	<u>OWNERS</u>	<u>PROPORTIONS</u>
Mac-O-Chee Ranchlands (Exhibit A., Part A.)	Mac-O-Chee	100%
Willhite Trust Ranchlands (Exhibit A., Part B.)	Willhite Trust	100%
Brougham Ranch Headquarters (Exhibit A., Part C.)	Mac-O-Chee Willhite Trust	50% 50%

**III. EXCEPTIONS**

A. The Hylton Farm: S/2NW/4 and W/2SW/4, Section 31, T33S, R13E, Chautauqua County, Kansas.

Title to the oil and gas mineral interests in and under the Hylton Farm is held by Mac-O-Chee Farms, LLC, subject to a life estate reserved to Judith Kaye Dickerson in a 1/24<sup>th</sup> undivided mineral interest. The 1/24<sup>th</sup> severed mineral interest (life estate) of Judith Kaye Dickerson is carved out of about 160 acres situated in Sale Tract No. 8.

B. Graeber Severance (100%): NW/4NE/4 and SW/4NW/4 and NW/4SW/4, all in Section 36, T33S, R12E, Chautauqua County, Kansas.

By Quit Claim Deed dated November 16, 1953, recorded in Book 66, Deeds, Page 206, Clyde P. Graeber and his spouse, Dorothy Dell Graeber, conveyed the surface rights only in and to the NW/4NE/4 and SW/4NW/4 and NW/4SW/4 of

Section 36, T33, R12, to Helen M. Davis, et al. In that Deed, the Graebbers reserved and expected "all oil, gas and mineral rights with the right to enter upon and remove the same..." Title to the severed minerals follows a broken chain of title, but appears to be last vested in PEC Minerals, L.P., as shown by Statement of Claim filed on behalf of PEC Minerals, L.P., dated April 1, 2010, recorded at Book 148, Page 659. The Graber Severance carves out all of the oil and gas mineral interest with respect to about 120 acres situated in Sale Tract No. 9.

C. The Baird-Johnson ½ mineral interest:

The NW/4SW/4, Section 13 and  
the E/2SE/4, Section 14, T33S,  
R12E, Chautauqua County, Kansas.

By Mineral Deed dated June 11, 1936, recorded at Book 55, Deeds, Pages 263, Henry Hill and Ida Hill conveyed a one-half interest in and to all oil, gas, and other minerals with respect to the NW/4SW/4 of Section 13 and the E/2SE/4 of Section 14, all in T33S, R12E, Chautauqua County, Kansas, to A.H. Baird. Probate proceedings are shown indication the one-half mineral interest descended to Olive Baird, the spouse of A.H. Baird. By descent and later deeds, title to the severed one-half mineral interest is last vested in May Ann Johnson, a/k/a Mary Ann Smith. The Baird-Johnson severed ½ mineral interest is ½ of the oil and gas mineral interest with respect to about 120 acres situated in Sale Tract No. 4.

IV. OIL AND GAS LEASES

A. The following described Oil and Gas Leases appear of record:

1. Hattrup Lease

LESSOR:	Richard J. Hattrup and Juanita E. Hattrup, husband and wife
LESSEE:	United States Exploration, Inc.
DATE:	February 10, 2000
RECORDED:	Book 103, Page 849, corrected and re-recorded at Book 104, Page 380
PRIMARY TERM:	Two years
PROPERTY:	<u>T32S, R12E, Chautauqua County, Kansas</u> Section 36: -E/2 and SW/4 <u>T33S, R12E, Chautauqua County, Kansas</u> Section 2: -NE/4 Section 1: -W/2 -W/2 NE/4 -W/2 SE/4 -NE/4 SE/4
OWNER/OPERATOR:	Clark Energy, LLC
SALE TRACT (S):	All of No. 3

2. Perkins/Willhite (Brougham) Lease

LESSOR: James R. Perkins Energy, LLC, et al.  
LESSEE: Quest Oil and Gas Corporation  
DATE: September 24, 2003  
RECORDED: Book 115, Page 728  
PROPERTY: T33S, R13E, Chautauqua County, Kansas  
Section 18: -S/2NE/4 and S/2NW/4 and S/2  
Section 19: -NW/4, less the North 1155' of the  
West 660' thereof  
OWNER/OPERATOR: Clark Energy, LLC  
SALE TRACT (S): Part of No. 4; Part of No.5

NOTE:

With respect to the Perkins/Willhite/Brougham Lease there appears of record a Rental Receipt and Ratification dated October 26, 2016, showing the landowners receipt of \$3,112.50 as shut-in royalty payment for the lease year ended September 24, 2016. The payment of shut-in royalty by the Lessee holds the lease in force until September 24, 2017. If production does not resume prior to that date the lease might expire but may be extended for another lease year by another payment of shut-in royalty.

3. Mac-O-Chee/Willhite Lease

LESSOR: Mac-O-Chee Farms, L.P. and  
The E. Wayne Willhite and Eugena  
L. Willhite Revocable Trust  
LESSEE: Quail Run Oil & Gas, LLC  
DATE: October 5, 2016  
RECORDED: Book 177, Page 225  
PROPERTY: See Exhibit "B"  
OWNER/OPERATOR: Quail Run Oil & Gas, LLC  
SALE TRACT (S): Part of No. 3 (SE/Corner, casement only)  
Most of No. 2  
Most of No. 4  
Small part of No. 5  
Part of No. 9 (Lease Yard only)

Each of the above described oil and gas leases appear to be in full force and effect as of the date of examination.

NOTE:

Most of the subject property was once subject to a series of oil and gas leases dating from and after 2003. Except for the three leases described above, all of those leases have been released recently. This leaves Sale Tract Nos. 2, 3, 4, and part of 5 subject to currently effective oil and gas leases. On the other hand, except for the

lease yard in Sale Tract No. 9, there is no currently effective oil and gas lease of record with respect to Sale Tracts Nos. 1, 6, 7, 8, 9, 10, 11, and 12.

B. Related to oil and gas operations previously conducted upon the subject Property, there appears of record an Access Agreement, dated October 5, 2016, granting rights of ingress and egress to Perkins Oil Enterprises, Inc., for purposes of plugging and abandonment oil and gas wells, and the salvage and removal of related oil field pipe and equipment, of which the said Perkins Oil Enterprises, Inc., has served or is serving as operator or owner. The Access Agreement covers all of the subject property. The term of the Access Agreement is for ten years after October 5, 2016, but may be extended at the request of Perkins Oil Enterprises, Inc.

#### IV. MORTGAGES AND ENCUMBRANCES

A. There appears of record a Mortgage by E. Wayne Willhite Energy, LLC to Frontier Farm Credit, FLCA dated October 25, 2006, recorded at Book 134, Page 216, given to secure the principal sum of \$600,000.00 and covering the Willhite Trust interest in and to this property.

B. There appears of record a Mortgage by the Willhite Trust, to Frontier Farm Credit, FLCA dated August 1, 2016, recorded at Book 176, Page 654, given to secure the principal sum of \$425,000.00 and covering the interests of the Willhite Trust in this property.

C. There appears of record a Mortgage by Mac-O-Chee Farms, L.P. to Frontier Farm Credit, FLCA dated October 22, 2012, recorded at Book 162, Page 105, given to secure the principal sum of \$355,000.00 and covering the Hatttrup Land, only, described in Exhibit "A", attached hereto, in subpart A. (5).

#### V. MISCELLANEOUS

A. This opinion excepts all instruments filed in the office of the Secretary of State of the State of Kansas under the Uniform Commercial Code. Filings in that office may serve to perfect the security interests of creditors in equipment, inventory, accounts, and contract rights.

B. This opinion excludes those matters which would be disclosed by assessment of the subject property by a licensed engineer qualified to conduct preliminary environmental assessments.

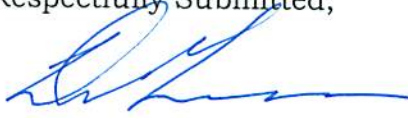
C. Ad valorem taxes on the subject property for 2015 and all prior years are shown paid in full.

D. You should inspect the property and assure yourself that no one in possession claims an interest therein adverse to the record interest owner, that any easements or right of ways do not affect the scope of your intended operations, that there are no encroachments that would be shown by survey.

SUMMARY

Based on the examination, it is my opinion that title to the oil and gas mineral interests are held as set forth herein.

Respectfully Submitted,



Dana L. Gorman

DLG/MG

Attachment

**EXHIBIT "A"**

**BROUGHAM AND ADJACENT RANGLANDS  
Chautauqua County, Kansas**

**A. Mac-O-Chee Ranchlands**

**(1) Brougham Ranchlands**

The South Half of the Southwest Quarter (S/2 SW/4) of Section 6; the Northwest Quarter (NW/4); the West Half of the Northeast Quarter (W/2 NE/4) of Section 7; All in Township 33 South, Range 13 East of the 6<sup>th</sup> P.M.;

All of the North Half (N/2) lying South and East of the former location of the Missouri-Pacific Railroad right-of-way; the Southeast Quarter (SE/4); the Southwest Quarter (SW/4) of Section 13, except an undivided one-half (1/2) of the oil, gas and other minerals in the N/2NW/4SW/4 said Section 13.

The East Half of the Southeast Quarter (E/2 SE/4) of Section 14; All in Township 33 South, Range 12 East of the 6<sup>th</sup> P.M. except an undivided one-half (1/2) of the oil, gas and other minerals in said Section 14.

The North Half of the Northwest Quarter (N/2 NW/4); the Southeast Quarter of the Northwest Quarter (SE/4 NW/4); the South Half of the Northeast Quarter (S/2 NE/4); the Southwest Quarter of the Northwest Quarter (SW/4 NW/4); the South Half (S/2) of Section 18;

The West Half (W/2); the West Half of the East Half (W/2 E/2) of Section 19;

The Northwest Quarter (NW/4) of Section 30; All in Township 33 South, Range 13 East of the 6<sup>th</sup> P.M.;

The Northeast Quarter of the Southeast Quarter (NE/4 SE/4); the South Half of the Southeast Quarter (S/2 SE/4) of Section 26;

The Southeast Quarter of the Northeast Quarter (SE/4 NE/4); the Northeast Quarter of the Northeast Quarter (NE/4 NE/4); the Southwest Quarter of the Northeast Quarter (SW/4 NE/4); the Southeast Quarter of the Northwest Quarter (SE/4 NW/4); the Southwest Quarter (SW/4) of Section 25; All in Township 33 South, Range 12 East of the 6<sup>th</sup> P.M.;

**Brougham Ranchlands cont.**

The Northeast Quarter (NE/4); the North Half of the Southeast Quarter (N/2 SE/4) of Section 35;

The West Half of the Northeast Quarter (W/2 NE/4); the South Half of the Northwest Quarter (S/2 NW/4); the Northwest Quarter of the Southwest Quarter (NW/4 SW/4); the Southwest Quarter of the Southeast Quarter (SW/4 SE/4); the East Half of the Southeast Quarter (E/2 SE/4); the East Half of the Northeast Quarter (E/2 NE/4); the North Half of the Northwest Quarter (N/2 NW/4) of Section 36; All in Township 33 South, Range 12 East of the 6<sup>th</sup> P.M., except the oil, gas and other minerals in the NW/4NE/4, SW/4NW/4 of said Section 36.

The Northeast Quarter (NE/4) of Section 1, Township 34 South, Range 12 East of the 6<sup>th</sup> P.M.;

(2) **Hylton Farm**

The South Half of the Northwest Quarter (S/2 NW/4) and the West Half of the Southwest Quarter (W/2 SW/4) of Section 31, Township 33 South, Range 13, East of the 6<sup>th</sup> P.M., Chautauqua County, Kansas.

Subject, however, to life estate in favor of Judith K. Dickenson in a 1/24<sup>th</sup> undivided mineral interest.

(3) **O'Neil Lands**

The Southeast Quarter of Section 25, Township 33 South, Range 12, East of the 6<sup>th</sup> P.M., Chautauqua County, Kansas;

The Southeast Quarter of the Southeast Quarter of Section 35, Township 33 South, Range 12, East of the 6<sup>th</sup> P.M., Chautauqua County, Kansas;

The Northeast Quarter of the Southwest Quarter, the Northwest Quarter of the Southeast Quarter and the South Half of the Southwest Quarter of Section 36, Township 33 South, Range 12, East of the 6<sup>th</sup> P.M., Chautauqua County, Kansas;

Lots 3 and 4 of the Northwest Quarter of Section 1, Township 34 South, Range 12, East of the 6<sup>th</sup> P.M., Chautauqua County, Kansas;

Lot 1 of the Northeast Quarter of Section 2, Township 34 South, Range 12, East of the 6<sup>th</sup> P.M., Chautauqua County, Kansas;  
The Southwest Quarter of Section 30, Township 33 South, Range 13, East of the 6<sup>th</sup> P.M., Chautauqua County, Kansas;



O'Neil Lands cont.

The North Half of the Northwest Quarter and the West Half of the Northeast Quarter of Section 31, Township 33 South, Range 13, East of the 6<sup>th</sup> P.M., Chautauqua County, Kansas.

(4) Ballard-Kimple Lands

The Southeast Quarter of the Southeast Quarter (SE/4 SE/4) of Section 19;

The South Half of the Southwest Quarter (S/2 SW/4) and the South Half of the Southeast Quarter (S/2 SE/4) of Section 20;

The South Half of the Southwest Quarter of the Southwest Quarter (S/2 SW/4 SW/4) of Section 21;

The Northwest Quarter (NW/4) and the North Half of the Southwest Quarter (N/2 SW/4) of Section 29, except 10 Acres, more or less, in the Southwest Corner described at commencing at the Southwest Corner of the North Half of the Southwest Quarter of said Section 29, running thence East 272', thence Northeasterly to a point 369' East of the West line of the Southwest Quarter of said Section 29, thence West 79', thence North 574', thence West 290', thence South 1320', more or less, to the point of beginning;

The Northeast Quarter (NE/4), the North Half of the Southeast Quarter (N/2 SE/4) and the Southwest Quarter of the Southeast Quarter (SW/4 SE/4) of Section 30;

All of the above in Township 33 South, Range 13, East of the 6<sup>th</sup> P.M., containing 730 acres, more or less.

(5) Hattrup Land

The Southwest Quarter (SW/4) of Section 36, Township 32 South, Range 12, East of the 6<sup>th</sup> P.M.; The West Half (W/2), the West Half of the Northeast Quarter (W/2 NE/4), the West Half of the Southeast Quarter (W/2 SE/4) and the Northeast Quarter of the Southeast Quarter (NE/4 SE/4) of Section 1 and the Northeast Quarter (NE/4) of Section 2, in Township 33 South, Range 12, East of the 6<sup>th</sup> P.M., Chautauqua County, Kansas.

**B. Willhite Trust Ranchlands**

(1) Brougham Ranchlands

T33S, R12E, Chautauqua County, Kansas

Section 1: SE/4 SE/4

Section 12: NE/4

N/2 SE/4

S/2 SE/4 lying South and East of the former location  
of the Missouri Pacific Railroad Right of Way

Section 23: NE/4 NE/4

Section 24: N/2 NW/4

E/2

Section 35: SW/4 SE/4; and

T34S, R12E, Chautauqua County, Kansas

Section 2: Lot 2 (a/k/a NW/4 NE/4)

S/2 NE/4

NE/4 SE/4; and

T33S, R13E, Chautauqua County, Kansas

Section 31: W/2 SE/4

E/2 SW/4; and

T34S, R13E, Chautauqua County, Kansas

Section 6: E/2 NW/4

W/2 NE/4; and

(2) Neitfeld Lands

The East Half of the East Half of the South Half of the Northwest Quarter, and all that part of the Northwest Quarter of the Southeast Quarter lying North of the River, and the Southeast Quarter of the Southeast Quarter, all in Section 2; and the Northeast Quarter of the Northeast Quarter of Section 11, all in Township 34 South, Range 12, East of the 6<sup>th</sup> Principal Meridian.

**C. Brougham Ranch Headquarters**

The Southwest Quarter (SW/4) and the West Half of the Southeast Quarter (W/2 SE/4) of Section 7, Township 33 South, Range 13 East of the 6<sup>th</sup> P.M.

(Brougham Ranch Headquarters jointly owned by Mac-O-Chee and Willhite)

**EXHIBIT "B"**

**Mac-O-Chee/Willhite Lease  
To Quail Run Oil & Gas**

**Township T33S, R12E, Chautauqua County, Kansas**

- Section 1: Easement only for gathering and disposal pipelines through the NE/4SE/4 and the SE/4SE/4.
- Section 12: NE/4, N2SE/4, and S/2SE/4 East of former location of the Missouri Pacific Railroad Right-of-Way.
- Section 13: All of the N/2 lying South and East of the location of the Missouri Pacific Railroad Right-of-Way, the SE/4, and the SW/4, except an undivided one-half (1/2) of the oil, gas and other minerals in the N/2NW/4SW/4 of said Section 13.
- Section 14: E/2SE/4, except an undivided one-half (1/2) of the oil, gas, and other minerals.
- Section 23: NE/4NE/4
- Section 24: N/2NW/4 and E/2
- Section 25: SE/4SW/4NE/4 (Lease Yard)

**Township 33 South, Range 13 East, Chautauqua County, Kansas**

- Section 7: NW/4, W/2SW/4
- Section 18: N/2NW/4
- Section 19: The NW/4SW/4, and also the North 1155 feet of the West 660 feet of the NW/4