



OIL AND GAS LEASE

(Paid-up)

AGREEMENT, made and entered into this 6th day of December, 20 10, by and between:
Elton L. Cardwell and Martie L. Cardwell, husband and wife
P.O. Box 295
Lamont, OK 74643

party of the first part, hereinafter called Lessor (whether one or more), and **SandRidge Exploration and Production, LLC**, 123 Robert S. Kerr Avenue, Oklahoma City, Oklahoma 73102, party of the second part, hereinafter called Lessee. WITNESSETH, that the said Lessor, for and in consideration of Ten Dollars, cash in hand paid, and other good and valuable consideration receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto the said Lessee, for the sole and exclusive right to explore by geophysical and other methods, for mining and operating for oil (including but not limited to distillate and condensate), gas (including casinghead gas and helium and all other constituents), and for laying pipelines, and building drill sites, access roads, tanks, power stations and structures thereon, to produce, save and take care of said products, all that certain tract of land, together with any reversionary rights therein, situated
in the County of GRANT, State of Oklahoma, described as follows, to-wit:

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SEE EXHIBIT "A" ATTACHED HERETO AND MADE AN INTEGRAL PART HEREOF

of Section 32, Township 26N, Range 04W, and containing 160.000000 acres, more or less.

1. It is agreed that this lease shall remain in force for a term of THREE (3) years from date (herein called primary term) and so long thereafter as oil or gas, or either of them, is produced from said land or lands pooled therewith.

2. In consideration of the premises the said Lessee covenants and agrees:

A. To deliver to the credit of Lessor free of cost, in the pipeline to which it may connect its wells, a 3/16TH part of all oil (including but not limited to condensate and distillate) produced and saved from the leased premises.

B. To pay Lessor for gas (including casinghead gas) and all other substances covered hereby, a royalty of 3/16TH of the proceeds realized by Lessee from the sale thereof, less a proportionate part of production, severance and other excise taxes and the cost incurred by Lessee in processing, gathering, treating, compressing, dehydrating, transporting, and marketing, or otherwise making such gas or other substances ready for sale or use, said payments to be made monthly. At the expiration of the primary term hereof or any time thereafter, when gas is not being so sold or used and the well or wells are shut in and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, Lessee shall pay or tender a royalty of One Dollar (\$1.00) per year per net royalty acre retained hereunder, such payment or tender to be made, on or before the later of ninety (90) days following the date of shut in or the anniversary date of this lease during the period such well is shut in, to the Lessor. When such payment or tender is made it will be considered that gas is being produced within the meaning of the entire lease.

3. If, at the expiration of the primary term, there is no production in paying quantities on the leased land or on lands pooled therewith but Lessee is conducting operations for drilling, completing or reworking a well, this lease nevertheless shall continue as long as such operations are prosecuted or additional operations are commenced and prosecuted (whether on the same or successive wells) with no cessation of more than ninety (90) days, and if production is discovered, this lease shall continue as long thereafter as oil or gas are produced. In addition, if at any time or times after the primary term, there is a total cessation of all production, for any cause (other than an event of force majeure), this lease shall not terminate if Lessee commences or resumes any drilling or reworking operations or production within ninety (90) days after such cessation. Drilling operations or mining operations shall be deemed to be commenced when the first material is placed on the leased premises or when the first work other than surveying or staking the location is done thereon which is necessary for such operations.

4. Lessee is hereby granted the right at any time and from time to time to unitize the leased premises or any portion or portions thereof, as to all strata or any stratum or strata, with any other lands as to all strata or any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate. However, no unit for the production primarily of oil shall embrace more than 160 acres, or for the production primarily of gas with or without distillate more than 640 acres; provided that if any governmental regulation shall permit or prescribe a spacing pattern for the development of the field or allocate a producing allowable based on acreage per well, then any such unit may embrace as much additional acreage as may be so permitted or prescribed or as may be used in such allocation of allowable. Lessee shall file written unit delineations in the county in which the leased premises are located unless the pooling or unitization

7. 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.
8. If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns. However, no change or division in ownership of the land or royalties shall enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land or royalties shall be binding on the Lessee until after the Lessee has been furnished with a written transfer or assignment or a true copy thereof. 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.
9. If at any time within the primary term of this lease or any continuation thereof, Lessor receives any bona fide offer, acceptable to Lessor, to grant an additional lease (top lease) covering all or part of the aforesaid lands, Lessee shall have the continuing option by meeting any such offer to acquire such top lease. Any offer must be in writing and must set forth the proposed Lessee's name, bonus consideration and royalty consideration to be paid for such lease, and include a copy of the lease form to be utilized reflecting all pertinent and relevant terms and conditions of the top lease. Lessee shall have fifteen (15) days after receipt from Lessor of a complete copy of any such offer to advise Lessor in writing of its election to enter into an oil and gas lease with Lessor on equivalent terms and conditions. If Lessee fails to notify Lessor within the aforesaid fifteen (15) day period of its election to meet any such bona fide offer, Lessor shall have the right to accept said offer. Any top lease granted by Lessor in violation of this provision shall be null and void.
10. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules and Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or such failure is the result of any such Law, Order, Rule or Regulation, or operation of force majeure.
11. This lease shall be effective as to each Lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the Lessors above named may not join in the execution hereof. The word "Lessor" as used in this lease means the party or parties who execute this lease as Lessor, although not named above.
12. Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to Lessor, or by placing a release of record in the proper County.
13. Lessor hereby warrants and agrees to defend the title to the lands herein described and to indemnify Lessee of all adverse claims thereto, and all expenses incurred by Lessee in defending such claims, including reasonable attorney fees, 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.
14. Notwithstanding anything to the contrary contained in this lease, no litigation shall be initiated by Lessor for damages, forfeiture, termination or cancellation with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default within such period. In the event the matter is litigated and there is final judicial determination that a breach or default has occurred, this lease shall not be cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so or such judicial determination shall specify that the lease shall be forfeited or cancelled.

IN TESTIMONY WHEREOF, I/we sign this the 7 day of December, 20 10.

Elton L. Cardwell
Elton L. Cardwell

Mattie L. Cardwell
Mattie L. Cardwell

STATE OF Oklahoma }
COUNTY OF Grant } ss: (Individual Acknowledgment)

Before me, the undersigned, a Notary Public, in and for said County and State, on this day of , 2010, personally appeared Elton L. Cardwell and Mattie L. Cardwell, husband and wife, known to me to be the person(s) who executed the within and foregoing instrument, and acknowledged to me that he/she executed the same as his/her free and voluntary act and deed, for the uses and purposes therein set forth.

"EXHIBIT A"

Attached to that certain Oil & Gas Lease dated December 6th, 2010, by and between Elton L. Cardwell and Mattie L. Cardwell, husband and wife, as Lessor, and Sandridge Exploration and Production, LLC, as Lessee, and made an integral part thereof, covering lands in Section 32 of Township 26N Range 04W, to wit:

The following agreements and provisions shall supersede the provisions in the printed form text of this lease to the contrary, and shall inure to the benefit of, and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns.

USE OF SURFACE:

- a) Lessee shall pay for all actual permanent damages caused by Lessee in its operations hereunder to any buildings, fences, road, culverts, merchantable timber, growing crops, or any other improvements, or to livestock on the lease premises. If Lessor is the surface owner, then Lessee agrees to pay to Lessor \$10,000.00 per well location prior to spudding the well as full and final consideration for any and all damages caused or created by reason of the reasonable and customary ingress, egress, drilling, completion, production and maintenance operations associated with the well and facilities, and \$50.00 per rod for any pipeline or electrical crossing damages. In the event Lessee uses existing roads of surface owner, Lessee shall maintain such roads. Upon Lessor's request, Lessee shall fence the well site to turn livestock.
- b) All pipelines shall be buried and maintained below three feet of depth.
- c) In the event of production, Lessee shall restrict the production site to as small a dimension as is reasonably practicable for its operations.
- d) Lessee agrees to consult with the surface owner as to the placement of any tanks, location and route of any pipeline or road taking into account surface owner's existing use of the property, and, to the extent reasonably practicable, will select locations and routes that will cause the least interference with such existing use and still serve the needs of Lessee's operations.
- e) Cattle guard(s) a minimum of 20 feet wide and of adequate strength with steel gate(s) will be constructed as necessary at all places where lease roads enter the lease premises or go through existing fences. Said cattle guard(s) and gate(s) shall remain on the property of surface owner upon the termination of the lease unless otherwise directed by Lessor. Existing fences shall be H-Braced before cutting to install gates, utilizing posts with minimum 8 inch tops.
- f) Lessee shall maintain production site in a clean and uncluttered condition.
- g) Lessee shall not use wells on the leased premises for disposal of salt water produced off of the leased premises or lands pooled therewith without the written consent (not to be unreasonably withheld or delayed) of Lessor.
- h) No earthen reserve pits shall be utilized in the re-entry, drilling, completion or operation of any well that may be drilled on the lease premises or any of Lessor's property in said section. This does not include a 20 mill liner haul off pit.
- i) No well shall be located closer than 200 feet to existing dwellings, barns, and outbuildings on the lease premises.
- j) Lessee may not use fresh water from water wells existing on the lease premises without the prior written consent of the surface owner.
- k) Upon written notice from Lessor within six (6) months after abandonment, Lessee shall have one hundred and twenty (120) days from Lessee's receipt of Lessor's written notice to proceed with the plugging of such well drilled by Lessee on the lease premises and shall return the well site and road site to its original condition as nearly as is reasonably practicable, including the removal of concrete pads and large rocks.