

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form T-1

July 2014

Form must be Typed
Form must be Signed
All blanks must be Filled

**REQUEST FOR CHANGE OF OPERATOR
TRANSFER OF INJECTION OR SURFACE PIT PERMIT**

*Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act,
MUST be submitted with this form.*

Check Applicable Boxes:

- ☐ Oil Lease: No. of Oil Wells _____ **
- ☐ Gas Lease: No. of Gas Wells _____ **
- ☐ Gas Gathering System: _____
- ☐ Saltwater Disposal Well - Permit No.: _____
- Spot Location: _____ feet from ☐ N / ☐ S Line
_____ feet from ☐ E / ☐ W Line
- ☐ Enhanced Recovery Project Permit No.: _____
- Entire Project: ☐ Yes ☐ No
- Number of Injection Wells _____ **

Field Name: _____

**** Side Two Must Be Completed.**

Effective Date of Transfer: _____

KS Dept of Revenue Lease No.: _____

Lease Name: _____

_____-_____-_____-Sec. _____Twp. _____R. _____ ☐ E ☐ W

Legal Description of Lease: _____

County: _____

Production Zone(s): _____

Injection Zone(s): _____

Surface Pit Permit No.: _____
(API No. if Drill Pit, WO or Haul)

_____ feet from ☐ N / ☐ S Line of Section_____ feet from ☐ E / ☐ W Line of Section

Type of Pit: ☐ Emergency ☐ Burn ☐ Settling ☐ Haul-Off ☐ Workover ☐ Drilling

Past Operator's License No. _____

Contact Person: _____

Past Operator's Name & Address: _____

Phone: _____

Title: _____

Date: _____

Signature: _____

New Operator's License No. _____

Contact Person: _____

New Operator's Name & Address: _____

Phone: _____

Oil / Gas Purchaser: _____

Date: _____

Title: _____

Signature: _____

Acknowledgment of Transfer: The above request for transfer of injection authorization, surface pit permit # _____ has been noted, approved and duly recorded in the records of the Kansas Corporation Commission. This acknowledgment of transfer pertains to Kansas Corporation Commission records only and does not convey any ownership interest in the above injection well(s) or pit permit.

_____ is acknowledged as
the new operator and may continue to inject fluids as authorized by
Permit No.: _____. Recommended action: _____

Date: _____

Authorized Signature

_____ is acknowledged as
the new operator of the above named lease containing the surface pit
permitted by No.: _____. .

Date: _____

Authorized Signature

DISTRICT _____ EPR _____ PRODUCTION _____ UIC _____

KDOR Lease No.: _____

[illegible]

* When transferring a unit which consists of more than one lease please file a separate side two for each lease. If a lease covers more than one section please indicate which section each well is located.

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Form KSONA-1
July 2014
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CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

This form must be submitted with all Forms C-1 (Notice of Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); T-1 (Request for Change of Operator Transfer of Injection or Surface Pit Permit); and CP-1 (Well Plugging Application). Any such form submitted without an accompanying Form KSONA-1 will be returned.

Select the corresponding form being filed: ☐ **C-1** (Intent) ☐ **CB-1** (Cathodic Protection Borehole Intent) ☐ **T-1** (Transfer) ☐ **CP-1** (Plugging Application)

OPERATOR: License # _____

Name: _____

Address 1: _____

Address 2: _____

City: _____ State: _____ Zip: _____ + _____

Contact Person: _____

Phone: (_____) _____ Fax: (_____) _____

Email Address: _____

Well Location:

____ - ____ - ____ Sec. ____ Twp. ____ S. R. ____ ☐ East ☐ West

County: _____

Lease Name: _____ Well #: _____

If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:

Surface Owner Information:

Name: _____

Address 1: _____

Address 2: _____

City: _____ State: _____ Zip: _____ + _____

When filing a Form T-1 involving multiple surface owners, attach an additional sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the county, and in the real estate property tax records of the county treasurer.

If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary non-binding estimates. The locations may be entered on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.

Select one of the following:

- ☐ I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this form; 2) if the form being filed is a Form C-1 or Form CB-1, the plat(s) required by this form; and 3) my operator name, address, phone number, fax, and email address.
- ☐ I have not provided this information to the surface owner(s). I acknowledge that, because I have not provided this information, the KCC will be required to send this information to the surface owner(s). To mitigate the additional cost of the KCC performing this task, I acknowledge that I must provide the name and address of the surface owner by filling out the top section of this form and that I am being charged a \$30.00 handling fee, payable to the KCC, which is enclosed with this form.

If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.

I hereby certify that the statements made herein are true and correct to the best of my knowledge and belief.

Date: _____ Signature of Operator or Agent: _____ Title: _____

Bear Petroleum LLC

Property DOI Report

For All Wells

For Selected Leases

For ib DOI Types Only

For All Counties

All Acquisition Codes

All Prospects

Sorted On: Lease/Well

DOI Numbers From 1.00 through 1.00

DOI #	Owner Code	Owner Name	Int. Type	Net Hold	Ex Acq	RC	Royalty	Override	Working
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Property: JONES-M-JONES-M

Active: Y

Jones

Jones

State: KS

County: MONTGOMERY

Jones M Deck

JB 1 JONESMIKE Mike Jones W N Y N 1.00000000
 1800 S. Little Ave.
 Cushing, OK 74023

Active Date: 4/1/2011

DOI Total		0.00000000	0.00000000	1.00000000
Header Total	1.00000000	0.00000000	0.00000000	1.00000000
Deck Variance		0.00000000	0.00000000	0.00000000

OPERATING AGREEMENT

THIS AGREEMENT entered into this 1st day of May, 2018, by and between KANSAS GAS CO., INC., Denver, Colorado as party of the first part, hereinafter referred to as "OPERATOR" and

Mike Jones
1800 S. Little Ave.
Cushing, OK 74023

hereinafter referred to as "NON-OPERATOR".

WHEREAS, the parties to this agreement own interests hereinafter set forth, in a certain valid and subsisting Oil and Gas Lease, all more fully described in Exhibit "A" which is attached hereto and made a part hereof by reference.

WHEREAS, the parties hereto desire to enter into an agreement for the purpose of setting forth the terms and provisions under which said lease shall be developed and operated.

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. The OPERATOR shall superintend and manage the leaseholds for itself and NON-OPERATORS subject to the following terms and conditions.
 - A. OPERATOR shall have the right to charge, for necessary materials, supplies, equipment, and labor for services reasonably necessary to drill, equip, operate, and operation of the said leasehold.
 - B. The OPERATOR shall have right to charge \$100.00 per day for drilling wells from spud date to casing point date to cover administrative overhead.
 - C. The OPERATOR shall have the right to charge, for overhead on each well as follows: \$250.00 per well per month, and supervision on each lease where such charges are applicable.
 - D. At the option of the OPERATOR, the well rates shall be adjusted as of the first day of January each year following the effective date of the agreement. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the index of the average weekly earnings of Crude Petroleum and Gas Production Workers as published by the United States Department of

Labor, Bureau of Labor Statistics, American Association of Petroleum Geologist, or the equivalent Canadian index as published by Statistics Canada as applicable. The adjusted rates shall be the rates currently in use, plus or minus the completed adjustment.

- E. The OPERATOR shall have the right to adjust the aforementioned charges at anytime with all parties consent.
2. All the parties to the agreement, agree to pay the actual cost and expense incurred in the drilling, equipping, and operation of said leasehold estate in proportion of their interest in said leasehold estate.
 3. OPERATOR shall promptly pay all costs and expenses incurred on the oil and gas lease subject to this Agreement. Each Working Interest Owner shall reimburse Unit Operator for its share of Unit Expense which shall be the same as interest owners Unit Participation. The OPERATOR agrees to keep accurate books of account, inventory all property on the leasehold, show all items of expense and charges, and render a monthly statement to interest owners. OPERATOR may, at its own option, receive the entire run check, deduct monthly proportionate expenses of Working Interest Owners from income and pay the balance, if any, to said Working Interest Owners. Any balance remaining due OPERATOR shall be paid within fifteen (15) days after receipt of said statement.
 4. Each NON-OPERATOR grants to OPERATOR lien upon its oil and gas rights in the subject lease, and a security interest in its share of oil and/or gas when extracted and its interest in all equipment, to secure payment of its share of expense, together with the interest thereon at the rate of 18% per annum until paid. To the extent that the OPERATOR has a security interest under the Uniform Commercial Code of the state, OPERATOR shall be entitled to exercise the rights and remedies of a secured party under the Code. The bringing of a suit and the obtaining of a judgement by the OPERATOR for the secured indebtedness shall not be deemed an election of remedies or otherwise affect the lien rights of security interest as security for the payment thereof. In addition, upon default by any NON-OPERATOR in the payment of its share of expense, OPERATOR shall have the right without prejudice to other rights or remedies, to collect from the purchaser the proceeds from the sale of such NON-OPERATORS share of oil and/or gas. Each purchaser shall be entitled to rely upon OPERATOR'S written statement concerning the amount of default. OPERATOR grants a like lien and security interest to the NON-OPERATORS to secure payment of OPERATORS proportionate share of the expense
 5. The OPERATOR shall have the right to charge out as expense in said drilling, equipping, and operation, an amount of office expense incidental to the said operation. This provision shall only apply to unusual office expense and it is understood that the said overhead rate will cover all usual expenses.

6. The NON-OPERATORS shall have the right to confer with the said OPERATOR at any time in the OPERATORS office during normal hours of operation to discuss the said operation on said leasehold.
7. The OPERATOR agrees to carry at expense of the NON-OPERATOR, covering PUBLIC LIABILITY and such other insurance as is prudent to operation of the lease.
8. It is further agreed that the OPERATOR shall direct all mail and notices to the NON-OPERATORS at the address shown opposite their signatures.
9. It is further provided that the OPERATOR herein shall have a right to terminate this contract by giving notice to the NON-OPERATORS. Said notice of termination shall set forth the amount owing to the OPERATOR, and he shall be reimbursed forthwith. Upon termination by OPERATOR, said OPERATOR agrees to deliver to the NON-OPERATORS or their nominee such records and books of account as are necessary for the continuing operation of said leasehold.
10. The OPERATOR shall not undertake any single project reasonably estimated to require an expenditure in excess of Ten Thousand Dollars (\$10,000) without the 100% approval of the NON-OPERATORS.
11. Upon the approval of 80% of the NON-OPERATORS, the NON-OPERATORS, shall have the right to discharge the OPERATOR giving the OPERATOR 30 days notice of the intended removal. NON-OPERATORS shall select a successor OPERATOR and the original OPERATORS duties shall terminate 15 days after selection of a successor and said original OPERATOR shall deliver all records and information to its successor.
12. Should the OPERATOR or any NON-OPERATOR desire to sell all or part of its interest under this contract, it shall promptly give written notice to the OPERATOR giving sale price and all terms of offer. Operator shall notify and send copies to NON-OPERATORS. At anytime within thirty (30) days after receipt of such notice, the existing OPERATOR or NON-OPERATORS may elect to purchase, at the price specified in said notice, that portion of the selling owners interest in proportion to his working interest participation (not taking into consideration the interest owned by the selling owner), together with his proportionate share of such other available working interest to which other existing working interest owners fail to exercise their rights to purchase. Any such available interest that working interests fail to purchase in time and manner hereinabove set forth may then be sold to a non-working interest owner at a price equal to, or in excess of, but not less than, the price specified in said written notice; provided, that if such sale is not effected by such selling owner within three (3) months following the expiration of the aforesaid thirty (30) day option period, thereafter none of said working owner's interest may be sold to a non-working interest owner at any price without again complying with the aforesaid

procedure in the same manner as if such working interest had never been offered for sale. If selling owners interest is not purchased by the existing OPERATOR or other existing working interest owner, selling owner must provide OPERATOR with full information concerning its sale, which shall include the name and address of prospective purchaser (who must be ready, willing, and able to purchase), the purchase price and terms of this offer. Purchaser must also be ready, willing, and able to comply with the terms of this Operating Agreement.

13. While each of the parties hereto recognizes that its rights and liabilities hereunder are individual, if solely for Federal Income Tax purposes, and for no other reason, the parties should be regarded as partners for joint ventures, and the operations carried on under this agreement be required to be treated as a partnership of joint venture as defined in Section 761 of the Internal Revenue Code of 1954 for Federal Income Tax purposes, all the parties hereto do elect to exclude such, operations from the Internal Revenue Code of 1954, as provided in section 761 (a) as said subchapter.
14. The terms and provisions of this agreement shall be considered and construed as covenants running with the leasehold estate herein referred to. The provisions shall extend to and be binding upon the respective heirs, administrators, executors, successors, trustees, and assigns of the parties hereto.
15. OPERATOR agrees to sell and NON-OPERATOR agrees to buy for and in consideration of the sum of cost an undivided 100% working interest in and to said oil and gas lease and properties.
16. As provided under this agreement, OPERATOR shall furnish NON-OPERATOR an AFE prior to the commencement of a test well. Said AFE shall be furnished thirty (30) days before operations are commenced. Should the occasion arise where NON-OPERATOR does not consent to the drilling of the specific test well, it shall advise OPERATOR with written notice of their decision. NON-OPERATOR shall be taken out of the acreage not attributed to the existing production. If the condition occurs as above, NON-OPERATOR shall have no further interest in the lease or leases covered thereby, and shall assign all right, title, and interest to the participating parties insofar as said interest covers acreage not attributed to existing producing wells.

OPERATING AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year above mentioned.

**KANSAS GAS CO., INC.
OPERATOR**

MAILING ADDRESS:

BY Mike Jones
MIKE JONES

1560 BROADWAY, STE 1900
DENVER, CO 80202

DATE 05-01-2018

WITNESS

BY

Charla Burns

DATE 5/1/18

NON-OPERATOR

MAILING ADDRESS

BY Mike Jones
MIKE JONES

MIKE JONES
1800 S. LITTLE AVE.
CUSHING, OK 74023

DATE 05-01-2018

WITNESS

BY

Charla Burns

DATE 5/1/18

Exhibit "A"

Jones
NW/4 of Sec 7
T34S-R16E
Montgomery County, KS