

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form T-1
April 2019
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: _____

New Operator's Email: _____

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

_____ is acknowledged as the new operator of the above named lease containing the surface pit

Permit No.: _____. Recommended action: _____

permitted by No.: _____.

Date: _____

Date: _____

Authorized Signature

Authorized Signature

DISTRICT _____ EPR _____ PRODUCTION _____ UIC _____

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form KSONA-1
July 2014
Form Must Be Typed
Form must be Signed
All blanks must be Filled

**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: _____

OIL AND GAS LEASE

On the 15th day of April, 2021 comes Jay M. Schendel and Terri A. Schendel, husband and wife, as Lessors, and Tom Cain, both individually and as owner of JTC Oil, Inc., As Lessee, and for an agreed sum of money, receipt and sufficiency of which is acknowledged, Lessor does hereby grant, lease and let unto Lessee, exclusively, the land hereinafter described, for the purpose of drilling, mining and operating for, producing, saving, storing and marketing oil, being situated in Miami, County, Kansas, with a legal description as set as follows:

Township 16 South, Range 21 East, Section ~~16~~²⁴ W/2NW/4;
 Containing 80 acres more or less *J.M.S., T.A.S., TC*

WHEREAS this lease agreement is over the above referenced real estate that previously operated a lease known as the Louis Schendel Lease. The Parties agree that in referencing this lease they wish to call this lease agreement the Louis Schendel Lease.

TERM: This lease is to continue so long as oil is produced at a rate of 150 barrels per year at minimum. At such time as the lease is not producing in that quantity then the lease shall become null and void, pursuant to the terms hereto.

PAYMENT: Lessee shall pay to Lessor the amount of One Hundred Thousand Dollars (\$100,000.00) for the rights and obligations he assumes and is entitled to under this lease agreement. This amount shall be paid as follows: Lessee shall pay forty percent (40%) of their net royalty interest a month from the sale of the oil for a period of four years. At the end of the four-year term, a balloon payment for any remaining balance shall be due and payable to Lessor from Lessee. In the event oil would drop to under \$40.00 per barrel of oil during the course of these four years, Lessor may extend the payout term one additional year at the forty percent (40%) before the balloon payment would be due, making the total term for payments to be made over five years not four. This extension is a one-time extension, to be exercised at the discretion of the Lessor. Lessee is obligated to pay the amount of \$100,000.00, regardless of what is produced or what actions are initiated by Lessee in the development or production.

ROYALTY: In addition to the amount set out for payment above, Lessee also agrees to pay Lessor a royalty payment of 12.5%, and Lessee shall receive 87.5% of the net royalty interest.

OPERATIONS/RESPONSIBILITIES OF LESSOR: Lessor will be the pumper of said lease as long as he is able and willing to do so, regardless of any future transfer of ownership. Lessor will provide his own vehicle and tools to preform his labor, needed to maintain motors, belts, and hose replacements. During such time as Lessor is the pumper of the lease he shall be compensated as follows, in addition to the payments and interests set out above. Lessor shall pay Lessee \$30.00 per active producing well each month; \$15.00 per active injector each month and \$30.00 to maintain the tank battery each month. So long as JTC Oil, Inc. is specifically holding the lease the charges for the wells and injectors shall be only for when they are active.



However, should this lease be assigned to a new Lessee, then this charge shall be for any and all wells or injectors, producing or not. Lessee acknowledges this option of Lessor to be the pumper is in the sole discretion of Lessor, could stop at anytime and it shall then become the responsibility of Lessee.

OPERATIONS/RESPONSIBILITIES OF LESSEE: Lessor acknowledges that Lessee shall be able to construct roads, lay pipe lines, electric lines and other utilities, building tanks and erecting other structures and equipment thereon, to produce, save, treat, manage and market said substances and product, at the sole expense of Lessee. However, any such construction or erection of roads, buildings, pipelines, or any other action that would be required by Lessee to occur upon the real estate described herein, shall be approved in writing by Lessor. Lessee shall provide a written request to Lessor, and once the parties agree on the details of any such action, then Lessor shall approve in writing the action and details thereof. Any approval shall not be unreasonably withheld by Lessor.

Some restrictions of Lessee's actions would include (but not be limited to) when required by Lessor, Lessee shall bury its pipelines below plow depth. No well shall be drilled nearer than 150 feet to the house or barn on the premises as of the date of this Lease without the written consent of the Lessor. Lessee shall reasonably notify Lessor prior to commencement of drilling operations and shall notify its contractors and employees to consult with Lessor in respect to points of access to the premises. Overhead power lines shall be of sufficient height so as not to interfere with the reasonable and necessary movement of farm machinery or irrigation equipment, or else buried below plow depth. Any fences damaged as a result of Lessee's operations shall be restored to prior condition at Lessee's expense. Any property, trees, or other items of value that shall be destroyed by Lessee shall be restored or replaced by Lessee, or at the discretion of Lessor, Lessee shall pay an assessed monetary value for the loss thereof. Lessee shall pay for any damage caused by its operations to growing crops on the leased premises, which payments shall be made to Lessor or Lessor's tenant, whichever shall sustain such damage. The amount of such crop damage shall be determined by the United States Department of Agriculture Extension Service office that serves Miami County, Kansas, or if such office is unable or unwilling to determine the same, then in accordance with the data established or maintained by such office with respect to average yield per acre and market price paid at the local elevator for the same crop in the same growing season.

FREE SUBSTANCES. Lessee shall have the right to use, free of cost or royalty, oil and water found on the leased premises for its operations thereon, with the prior consent and approval of Lessor. If Lessee uses the rural water meter Lessee is responsible to pay any fees or charges associated with his use thereof.

DRY HOLE: If at any time prior to the discovery of oil on the leased premises and during the term of this lease, the Lessee drills a dry hole on the leased premises, this Lease shall not terminate, so long as the Lessee is still producing a minimum of 150 barrels per year. Lessee shall be sure that prior to the drilling of another subsequent hole, that any damage, or debris, left at the dry hole is repaired and cleaned up as approved by Lessor.

CONTINUOUS OPERATIONS: If Lessee commences operations to drill a well, or to rework or recomplete an existing well, if any, at any time while this lease is in force, and is making consistent progress (as determined by the Lessor), this Lease shall remain in full force and effect and continue so long as such operations are continuously prosecuted, and as long as production in paying quantities of 150 barrels per year results therefrom. Such operations shall be deemed continuously prosecuted if no more than thirty days elapse between the date operations on a well are abandoned and operations on another well are commenced and consistent progress is made.

CESSATION OF PRODUCTION: If, during any time during the term of this Lease, production on the leased premises falls below 150 barrels per year, this Lease shall terminate. However, if within thirty days of the date production ceases due to the minimum 150 barrels not being obtained within the twelve month window, and Lessee reworks or recompletes an existing well, or finished operations on a well already commenced, then with the written consent of Lessor, he may resume production. This lease shall then remain in full force and effect during said operations so long as production continues at the same rate that Lessee and Lessor agree to in a timeline, in writing, prepared and submitted by Lessee and approved by Lessor.

SURRENDER AND REMOVAL: Lessee may at any time surrender or cancel this Lease in whole or in part by delivering or mailing such release to the Lessor, or by placing the release of record in the County where said land is situated. Regardless of Lessee surrendering or canceling this lease, Lessee shall remain liable to Lessor for any remaining payment of the \$100,000.00. At such time as Lessee may wish to surrender or cancel this lease, then the remaining balance of the \$100,000.00 shall be paid in a balloon payment at such time. Lessee shall have the right at any time during the term of the lease, or within a reasonable time after the expiration of the Lease, to remove all machinery, fixtures, buildings, and other structures placed on the leased premises, including the right to draw and removing casing. If the lease is abandoned, Lessee shall remove its equipment and restore the premises to as close to the same condition as possible to its original surface condition and contour within four months after expiration or termination of the lease. If Lessor is required to take any action due to Lessee not fulfilling its obligations to do so in a timely fashion, then Lessor may take what action they deem appropriate to return the property to a previous condition and Lessee shall be responsible for any expense incurred by Lessor.

ABANDONED WELLS: Upon abandonment of a well, Lessee shall restore the premises, including but not limited to the drill site area and access thereto, and fill the grade pits, as nearly as possible to the prior surface condition and contour, at Lessee's expense. If a well drilled by Lessee is permanently abandoned as a dry hole, it shall be plugged and in accordance with law and the regulations promulgated by the State Corporation Commission. Before abandoning a well, Lessee shall notify Lessor of the intention to abandon. Lessor shall then have the right to purchase the well by paying Lessee the fair value of the casing, tubing, pipe and other equipment in and on the well. If Lessor exercises the right to buy the well, Lessee shall be released from any further liabilities or obligations in respect to such well, including the obligation to plug it at any time, which obligations shall in that event be entirely upon Lessor.

In the event that Lessee abandons said wells without properly plugging them in accordance with the laws and regulations pertaining thereto, and does not contact Lessor to purchase the same, then Lessee shall be deemed to have gifted them to Lessor, in the event Lessor shall wish to utilize them at his discretion. If Lessor does not wish to utilize them, then any expense incurred in the removal of them shall be the responsibility of Lessee.

ASSIGNMENT: Lessee shall not be allowed to assign their rights in this agreement to anyone else without the prior written consent of Lessor. This would include transferring interest in the corporation to another party. At the expiration of ten years of the date of this lease, Lessee may assign the lease without the prior written approval of Lessor. If the estate of either party hereto is assigned, the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors and assigns, but no change of ownership in the land or in the rentals or the royalties or in the sum due under this Lease shall be binding on Lessee until it has been furnished with either the original recorded instrument of conveyance, or certified copy thereof, or certified copy of the will of any deceased owner and the probate record thereof, or certified copy of the proceedings showing the appointment of an administrator or executors for the estate of any deceased owner, whichever is appropriate together with all recorded instruments of conveyance; and all advance payments of rentals made hereunder before receipt of such documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of Lessor.

FORCE MAJEURE: All provisions hereof, express or implied shall be subject to all federal and state laws, and the orders, rules, or regulations of all governmental agencies administering the same, and this Lease shall not be in any way terminated wholly or partially, nor shall the Lessee be liable in damages for failure to comply with any of the express or implied provisions hereof if such failure occurred by reason of compliance with or enforcement of any such laws, orders, rules or regulations. Lessee shall not be liable in damages, forfeiture or termination, on account of breach of covenant, express or implied, or failure of any condition necessary to keep the lease in force, which results from force majeure; and the obligations of Lessee shall be suspended if and while drilling or other operations are delayed or interrupted by force majeure. Force majeure includes Acts of God, storm, flood, strike, scarcity of labor or material, lockout, blowout, breach of contract by drillers, subcontractors or suppliers, surface or subsurface conditions which impede normal operations or which would result in other damages or waste, or other bonafide cause beyond the reasonable control of Lessee. Lessee shall have a reasonable time after the removal or cessation of force majeure within which to commence or resume performance under the Lease. This shall in no event be more than sixty days, unless approved and agreed to in writing by Lessor.

BREACH: Default in the performance of any provision or covenant of this Lease, express or implied, shall not cause a forfeiture, termination or cancelation of this Lease unless Lessor first notifies Lessee in writing of the default and the facts relied upon as constituting such default, together with a demand for the specific performance thereof, and the Lessee, if in default, fails within thirty days after receipt of such notice to commence work or operations to cure such default and complete the same with reasonable diligence and dispatch without unnecessary or unreasonable delay or interruption. Should Lessee believe Lessor to have breached the agreement in some form, Lessee shall be required to also provide a thirty-day written notice of default to Lessor in the same fashion and with the same terms.

FIRST RIGHT OF REFUSAL: The Lessee shall have the first right of refusal to purchase the real estate subject to this lease in the event Lessor wishes to ever sell the same. Lessor shall provide in writing to Lessee that they have 30 days to exercise their right to purchase the property upon terms and conditions presented by Lessor and negotiated by the parties.

WARRANTY AND SUBROGATION: Lessor warrants and covenants with Lessee that at the delivery hereof Lessor owns good and marketable title to the land covered hereby, free and clear of liens, encumbrances and adverse claims.

EXISTING WELLS: Lessee has done his due diligence, is familiar with the property and has had the opportunity to inspect the property and existing wells. Lessee is authorized to re-enter, re-work, re-complete and/or convert to injection or otherwise operating any existing wells located on the leased premises. Lessee by acceptance of this Lease assumes responsibility for any existing wells on the leased land on the date of his Lease, however, and Lessee obtains production from any such existing well then it shall have the same effect as if Lessee had drilled and completed such well and obtained production therefrom.

INJURY AND LIABILITY: The Lessor shall not be responsible for any injury or damage to any person who is on the property or to the personal property of the Lessee, for any reason, and Lessee shall take whatever actions necessary to defend Lessor from any cause of action anyone may bring against him for any such damages.

DUPLICATE ORIGINALS: Duplicate originals of this lease may be signed and acknowledged separately by different parties and separately executed leases shall constitute one lease to the same effect as if all the parties had executed the same instrument. If less than all parties whose names are shown herein have executed the lease or a duplicate original thereof, the lease shall nevertheless be valid and effective insofar as the interests owned by the parties who have signed the lease or a duplicate original thereof; and each separately executed duplicate lease may be duly recorded in the office of the register of deeds in the aforesaid county or counties.

GOVERNING LAW: This lease shall be governed by the laws of the State of Kansas. The parties hereto agree that in the event any legal action is necessary on this matter, that the unsuccessful party shall be responsible for any and all incurred attorneys fees of the other party. This is a binding agreement and each party is advised to seek independent legal counsel.

IN WITNESS WHEREOF this instrument is made effective as of the date shown above, notwithstanding the date of execution, acknowledgement, delivery or recording.

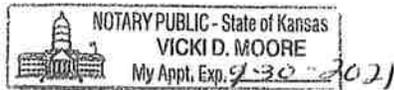
LESSOR Jay M. Schendel

LESSOR Terri A. Schendel

ACKNOWLEDGEMENT:

State of Kansas)
)SS:
County of Miami)

This instrument was acknowledged before me on the 1st day of April, 2020, by Jay M Schendel & Terri A Schendel



Vicki D. Moore
Notary Public

[Handwritten Signature]

LESSEE

ACKNOWLEDGEMENT:

State of Kansas)
)SS:
County of Miami)

This instrument was acknowledged before me on the 31 day of Mar, 2021, by
Thomas Cain

[Handwritten Signature]
Notary Public

