

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

**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.*

Form T-1

April 2019

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

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
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.: _____

* Lease Name: _____ * Location: _____

A separate sheet may be attached if necessary.

* 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.

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form KSONA-1

July 2021

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 (see Chapter 55 of the Kansas Statutes Annotated), 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: _____

PARTICIPATION AGREEMENT

THIS PARTICIPATION AGREEMENT (“Agreement”) is entered into on the 11/14/2024 day of November, 2024, by and between: **McGinness Energy Company, Inc.**, a company organized and existing under the laws of the state of Kansas, U.S.A, with its principal place of business at 1635 N Waterfront Parkway, Suite 220, Wichita, Kansas 67206 United States of America (hereinafter referred to as “MEC” or “Operator”), **RA Energy II House, LLC**, a Kansas limited liability company (hereinafter referred to as “RA House”) and **RA Energy Shorter Ranch, LLC**, a Kansas limited liability company (hereinafter referred to as “RASR”)(RA House and RASR each and collectively, “Participant”).

MEC and Participant are herein individually referred to as “Party” and collectively referred to as “Parties”.

WITNESSETH:

WHEREAS, RASR own oil and gas leases located Cowley County, Kansas, known as the Shorter Ranch (the “Prospect”) described in **Exhibit A**; and

WHEREAS, as of the date of this Agreement, RASR holds 100% of the Working Interest in the Prospect; and the NRI of the Prospect is 80.00%.

WHEREAS, RASR is willing to assign and transfer 50% working interest in the Prospect to MEC in accordance with the terms set forth in this Agreement and Participant is willing to accept such assignment and transfer subject to the terms of this Agreement; and

WHEREAS, the Parties have agreed to expand this agreement to the House acreage, currently controlled by RA House and depicted in Exhibit A as “expanded acreage”, at MEC election and under the same terms and conditions herein.

NOW, THEREFORE, in consideration of the above Recitals and in consideration of Ten dollars (\$10.00) and other good and valuable considerations, the receipt of which is hereby acknowledged, MEC and Participant agree as follows:

ARTICLE 1

DEVELOPMENT OF PROSPECT

- 1.1 Upon receipt of the prepayment of drilling funds (see AFE Exhibit C), McGinness Energy Company will cause the drilling of a 3400' Mississippian development well, to be known as the Shorter Ranch #31-2, and is to be located 2310' FWL & 660' FNL of Section 31-33S-6E, Cowley County, Kansas. The Shorter Ranch #31-2 will be drilled under the provisions of the JOA and Participation Agreement for the Prospect.
- 1.2 The AFE drilling and completion cost for the Shorter Ranch #31-2 is \$(see attached estimate). Both MEC and RASR will receive 50% of the net production proceeds until each receives One hundred and ten percent (110%) of their proportionate share of the actual drilling,

completion, and operating costs for the Shorter Ranch #31-2. After 110% investment return has been received by MEC, MEC agrees to assign RASR a 30.0% GWI (net 15.00% WI) in the well and undeveloped leasehold. Therefore, following this assignment, RASR will hold a 65% WI (50% + 30% of 50%) and MEC will hold the remaining 35% WI. It is understood and agreed that the net revenue interest (NRI) for the Prospect and all wells drilled by MEC is 80%.

- 1.2a RASR agrees that MEC shall have the right to all existing infrastructure, including any saltwater disposals by paying a operating expense fee of \$300 per month per well - to RA Energy II, LLC). -

1.3 **Joint Operating Agreement**

MEC and Participant each agree that the drilling and operating of all wells on the oil and gas leases comprising the Prospect shall be conducted pursuant to the provisions of an accompanying JOA prepared by MEC and approved by RASR and will be executed by all Parties. McGinness Energy Company, Inc. will be the Operator of the Prospect.

1.4 **Binding Effect**

The parties shall be bound by this Agreement as of the date hereof and shall fully perform all of their respective obligations under this Agreement. This agreement will be binding upon all assignees, heirs, trustees, executors, administrators and successors of the parties hereto.

1.5 **Recording**

Upon the spudding of the initial well RASR shall assign MEC 50% working interest in the Shorter Ranch #1 and the leasehold (Prospect) and shall promptly record the assignment with the Register of Deeds for Cowley County, Kansas -. RASR will then promptly deliver a copy of the recorded original assignment to MEC, retaining the original for its files.

1.6 **Rights of Assigns**

It is expressly understood by the parties to this agreement, that MEC reserves the right to make assignments of its working interest to other parties, so long as any such assignee agrees to be bound by this Agreement any other agreements between the Parties.

ARTICLE 2

CONFIDENTIALITY

- 2.1 Except as otherwise provided in the JOA, each Party agrees that all information disclosed under this Agreement, except information in the public domain, shall be considered confidential and shall not be disclosed to any other person or entity without the prior written

consent of the Party which owns such confidential information. This obligation of confidentiality shall remain in force during the term of the JOA and for a period of two (2) years thereafter.

ARTICLE 3

NOTICES

- 3.1 All notices authorized or required between the Parties by any of the provisions of this Agreement shall be in writing (in English) and delivered in person or by courier service or by any electronic means of transmitting written communications which provides written confirmation of complete transmission, and properly addressed to the other Party. Verbal communication does not constitute notice for purposes of this Agreement, and telephone numbers for the Parties are listed below as a matter of convenience only. Any notice required or allowed pursuant to the terms of this Agreement shall be deemed sufficient if given by certified mail, return receipt requested and by e-mail.

McGinness Energy Company, Inc.	RASR & RA House
Name: Douglas H. McGinness II Address: 1635 N. Waterfront Pkwy, Ste 220 City, State: Wichita, Kansas Zip Code: 67206 Telephone: 316-267-6065 Email: mcginness.doug@mcginnessenergy.com	Name: RA Energy Shorter Ranch, LLC and RA Energy II House, LLC Attn. Jeff Plummer Address: 11615 Rosewood St., Suite 100 City, State: Leawood, KS Zip Code: 66211 Telephone: 913-401-3055 Email: jeff.plummer@18cg.com AND annraney@mac.com AND douglas.raney@gmail.com

MEC as Operator agrees to provide to Participant daily drilling reports and copies of all geological and related information gained by the drilling of each well on the Prospect via email. MEC also agrees to provide montly production reports to RASR and Participant via email.

ARTICLE 4

LAW AND DISPUTE RESOLUTION

- 4.1 **Governing Law**

The substantive law of the State of Kansas, exclusive of any conflicts of laws principles that could require the application of any other law, shall govern this Agreement for all purposes, including the resolution of disputes between or among Parties.

4.2 **Exclusive Forum**

The sole and exclusive forum for any disputes that relate in any way to the terms and provisions of this Agreement, or the parties' rights and obligations related to the development of the Prospect, shall be resolved in the Eighteenth Judicial District, Sedgwick County, Kansas.

ARTICLE 5

GENERAL PROVISIONS

5.1 **Relationship of Parties**

The rights, duties, obligations and liabilities of the Parties under this Agreement shall be individual, not joint or collective. It is not the intention of the Parties to create, nor shall this Agreement be deemed or construed to create, a mining or other partnership, joint venture or association as defined in the Internal Revenue Code of the United States, the parties hereby hereto elect to exclude such operations from application of any such rule. This Agreement shall not be deemed or construed to authorize any Party to act as an agent, servant or employee for any other Party for any purpose whatsoever except as explicitly set forth in this Agreement. In their relations with each other under this Agreement, the Parties shall not be considered fiduciaries except as expressly provided in this Agreement.

5.2 It is understood that Participant is acquiring this interest for their own account for investment, and that Participant is both an experienced and an accredited investor and has performed their own due diligence investigation of this venture, as Participant deemed necessary. Participant understands that this is not a public offering, and has not been registered with the Securities Exchange Commission, the Security Commissioner of the state of Kansas or the Securities Commissioner in any other state.

5.4 Each of the Parties shall do all such acts and execute and deliver all such documents as shall be reasonably required in order to fully perform and carry out the terms of this Agreement.

5.5 **Joint Preparation**

Each provision of this Agreement shall be construed as though all Parties participated equally in the drafting of the same. Consequently, the Parties acknowledge and agree that any rule of construction that a document is to be construed against the drafting party shall not be applicable to this Agreement.

5.6 **Modifications**

There shall be no modification of this Agreement except in writing by all Parties.

5.7 **Priority of Agreement**

In the event of any conflict between the provisions of the main body of this Agreement and its Exhibits, the provisions of the main body of the Agreement shall prevail. In the event of any conflict between this Agreement and the JOA, the Agreement shall prevail. In the event of any conflict between this Agreement and the oil and gas leases, this Agreement shall prevail unless such would be in violation of the Laws of the State of Kansas or the terms of the leases.

5.7 Counterpart Execution

This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed an original Agreement for all purposes; provided that no Party shall be bound to this Agreement unless and until all Parties have executed a counterpart. For purposes of assembling all counterparts into one document, MEC is authorized to detach the signature page from one or more counterparts and, after signature thereof by the respective Party, attach each signed signature page to a counterpart.

ARTICLE 6

ACCOUNTING RESOLUTION

- 6.1 PARTICIPANT shall pay its proportionate share of all joint interest billings within fifteen (15) days from the date of receipt. Any amounts due OPERATOR which are not paid within thirty (30) days shall thereafter accrue interest at the rate of 12% per annum until paid in full.
- i. To secure the payment of the amounts due OPERATOR hereunder, PARTICIPANT hereby grants to OPERATOR a mortgage and security interest in each leasehold estate comprising the Leases, the equipment located thereon, the oil and gas produced therefrom and the proceeds from the sale thereof to OPERATOR. PARTICIPANT hereby irrevocably grants to OPERATOR the right to receive the proceeds from the sale of oil or gas from the Shorter Rach Lease by the crude oil or gas purchasers and to deduct monthly leases operating costs and any applicable prior joint interest balance that PARTICIPANT may owe OPERATOR prior to making any distribution of proceeds to PARTICIPANT. PARTICIPANT hereby agrees to hold harmless any oil or gas purchaser who makes payments to the OPERATOR pursuant to this paragraph from any and all liability for any and all payments so made and agrees to look solely to the OPERATOR for an accounting of such proceeds.
 - ii. If OPERATOR brings an action against PARTICIPANT to collect any sums due hereunder, OPERATOR shall be entitled to recover its costs and expenses incurred in connection therewith, including reasonable attorney's fees.

IN WITNESS of their agreement each Party has caused its duly authorized representative to sign this instrument on the date set out in the first sentence of this Agreement.

McGinness Energy Company, Inc.

Signed by:
By: Douglas H McGinness II
Name: Douglas H McGinness II
Title: President

RA Energy II House, LLC

Signed by:
By: [Signature]
Name: Thomas Raney
Title: Authorized Signatory

RA Energy Shores Ranch, LLC

Signed by:
By: [Signature]
Name: Thomas Raney
Title: Authorized Signatory

Exhibit A

Leasehold Position

Shorter Ranch

T33S-R6E, COWLEY CO., KS

Sec. 31 – Lots 1 & 2 and E/2 NW/4 and SW/4 NE/4

200 acres more or less

House

T33S-R6E, Cowley Co., KS

Section 31: NW/4 NE/4

40 acres more or less

8


Exhibit B

AFE: Estimate

AUTHORITY FOR EXPENDITURE

12-Nov-24

By: D. H. McGinness II

Operator:	McGinness Energy Company, Inc.	
Lease Name:	Shorter Ranch #2-31	
Surface Hole Locaton:	TBD	
County, State	Cowley, Kansas	
Drilling Contractor:	TBD	
Estimated Spud Date:	TBD	
Projected TD:	3350' Basal Mississippian	
Est. Drilling Days:	7	

		Drilling Costs - Tangible	
QUANTITY		DESCRIPTION	COST
225	Ft	8 5/8" Surface Casing @ \$30/ft FOB Location	\$ 6,750
Lot		Casinghead, valves & fittings	\$ 500
		TOTAL DRILLING COSTS - TANGIBLE	\$ 7,250
		DRILLING COSTS - INTANGIBLE	
QUANTITY		DESCRIPTION	COST
		Title & Legal	
		Surface Damages	\$ 3,000
		Location & Pits	\$ 10,000
3350	Ft	Footage Drilling	\$ 51,925
75	Hr	Daywork	\$ 31,875
		Rig Mobilization	\$ 15,000
		Oil, Lubricants, & Misc. 3rd Party Drilling Expenses	\$ 1,500
		Fuel Clause	\$ 9,500
		Water & pumps	\$ 11,000
		Drilling Mud & Mud Services	\$ 18,000
		Onsite Geological Supervision	\$ 6,000
		Drill Stem Testing	\$ 6,000
		Gas Detector & Trailer	\$ 3,000
		Surveying	\$ 750
		Drilling Foreman	\$ 2,000
		Overhead & Supervision	\$ 4,000
		Cementing & float equipment	\$ 6,500
		Trucking, Hauling, Dozer & Back-Hoe	\$ 1,500
		Well Logging (Triple Combo)	\$ 5,000
		Trash/Sewage Disposal Services	\$ 1,500
		Care, Custody & Hazard Insurance	\$ 1,750
		Roustabout, Welding, Casing Crews & miscellaneous labor	\$ 2,500
		Contingencies & Plugging, if dry hole	\$ 13,975
		TOTAL DRILLING COSTS - INTANGIBLE	\$ 206,275
		TOTAL DRILLING COSTS	\$ 213,525
		COMPLETION COSTS - TANGIBLE	
QUANTITY		DESCRIPTION	COST
3450	FT	5 1/2" J55 casing (New and Used 17 ppf)	\$ 34,500
3300	Ft	Tubing (2 7/8) Used Drifted & Tested	\$ 11,550
		Rods (Used) & Pump	\$ 12,500
		Fittings & Valves	\$ 8,500
		Pumping Unit & Engine	\$ 20,000
		Tank Battery & Installation (Use #1 tank Battery)	
		TOTAL COMPLETION COSTS - TANGIBLE	\$ 87,050
		COMPLETION COSTS - INTANGIBLE	
QUANTITY		DESCRIPTION	COST


Exhibit B to the Participation Agreement
Raney Group McGinness Energy Co

		Cementing & Float equipment	\$ 14,000
		Used Tubing Inspection and testing	\$ 1,600
		Engineering Consultation on Frac	\$ 1,250
		Casing Crew	\$ 5,000
		Completion Rig	\$ 25,000
		On-Site Field Supervision	\$ 6,500
		Overhead & Supervision	\$ 3,000
		Rental Equipment (Packer, PPT treating tools)	\$ 8,500
		Stimulation (PPI Acid, 15-tank Hybrid Frac)	\$ 105,000
		Frac Tank Rental & Frac Manifold	\$ 18,500
		Water Hauling	\$ 8,000
		Perforating & Bond Log	\$ 7,500
		Trucking & Roustabout	\$ 10,000
		Lead Lines	\$ 5,000
		Miscellaneous Material & Services	\$ 10,575
		TOTAL COMPLETION COSTS - INTANGIBLE	\$ 229,425
		TOTAL COMPLETION COSTS	\$ 316,475

SUMMARY

DRILLING	\$ 213,525.00
COMPLETION	\$ 316,475.00
GRAND TOTAL	\$ 530,000.00

The undersigned agrees to pay their proportionate share of all drilling and completion costs related to the drilling and completion of the McGinness Energy Shorter Ranch #2-31

By:  Signed by:
70F27E0CA3E047E...
Signature

Tom Raney

Print Name