

INJECTION AUTHORIZATION
OR TRANSFER OF SURFACE POND PERMIT

CONSERVATION DIVISION
200 COLORADO DERBY BLDG.
WICHITA, KS 67202

Effective Date of Transfer May 1, 1991

Check Applicable Boxes:

Lease Name NeMac

[x] Oil Lease: No. of Wells 9

36 Sec. T 29 S R 17 W/E

[x] Gas Lease: No. of Wells 6

Legal Description of Lease: NW/4

[x] Saltwater Disposal Well - Docket No. 20,078
Spot Location: 2805 feet from N/S Line
4950 feet from E/W Line

County Neosho

[] Enhanced Recovery Project Docket No. _____
Entire project: Yes/No
Number of injection wells _____

Production Zone(s) Weiser

Injection Zone(s) Weiser

Field Name Thayer

Surface Pond Permit # _____

_____ Feet from N/S Line of Section
_____ Feet from E/W Line of Section

Identify: Emergency Pit ☐

Burn Pit ☐

Storage Pit ☐

List API #'s on all post-1967 wells transferred with lease: _____

Past Operator's License No. _____

Contact Person: Louis A. Castellucci

Past Operator's Name and Address:

Phone: (316) 839-5656

Production Gas, Inc.

Route #1, Box 11

Thayer, KS 66776

Date _____

Title President

Signature _____

New Operator's License No. 9418

Contact Person Douglas L. Lamb

New Operator's Name and Address

Phone (316) 698-2250

Bonanza Energy Corporation

P.O. Box 100

Benedict, KS 66714

Oil/Gas Purchaser Bonanza Energy Corporation

Date May 1, 1992

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

BONANZA ENERGY CORP. is acknowledged as the new operator and may continue to inject fluids as authorized by Docket # E-20.078. Recommended action _____

_____ is acknowledged as the new operator of the above named lease containing the surface pond permitted by # _____.

Date 8-19-92 Alan Linder
Authorized Signature

Date _____
Authorized Signature

cc: **BONANZA ENERGY CORP., PRODUCTION GAS, INC., UIC, KGS, PI, DIST. #3**

Form T1 10/91

action, governmental delay, restraint or inaction, unavailability of equipment and any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the Party claiming suspension.

10. Notices. All notices authorized or necessary between the Parties shall be given in writing by mail and sent to the appropriate party at the address listed below:

Mr. Dick Mogg
Mogg Energy Services, Inc.
P. O. Box 32
Perrysburg, Ohio 43551

Quest Energy Service, Inc.
P. O. Box 100
Benedict, Kansas 66714

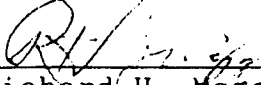
11. Term of Agreement. This Agreement shall remain in full force and effect until terminated by either Party hereto.

12. Governing Law. This Agreement shall be interpreted and governed by the laws of the State of Kansas.

13. Binding Effect. This Agreement shall be binding and inure to the benefit of all Parties and to their respective heirs, legatees, legal representatives, successors and assigns.

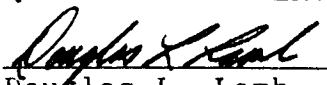
IN WITNESS WHEREOF, this Agreement shall be effective as of the 1st day of March, 1997.

OWNER
MOGG ENERGY SERVICES, INC.


Richard H. Mogg, President

3/1/97
Date

OPERATOR
QUEST ENERGY SERVICE, INC.


Douglas L. Lamb, President

10/1/97
Date

authorized by the Owner; provided however, in the case of explosion, fire, flood or other sudden emergency, Operator may take such steps and incur such expenses as in its opinion are required to deal with the emergency to safeguard life and property but Operator, as promptly as possible, shall report the emergency to the Owner.

6. **Operating Expenses.** Operator shall pay the operating expenses incurred in the normal operation of the Property on a monthly basis and in a timely manner. Operator shall reimburse itself for such expenses by deducting them from the revenue attributable to the Owner's interest in the Property. In the event that such revenue is insufficient to reimburse Operator, then Operator shall submit to Owner the balance due which Owner shall pay to Operator within ten days after Owner receives notice of such shortfall.

7. **Insurance.** Owner will provide insurance for the Property in accordance with Owner's judgement and discretion.

8. **Compensation of Operator.** The Operator shall provide contract services to operate the Property and shall receive the following compensation on a monthly basis:

a) Lease Operating Charge- \$ 600.00

b) Administrative Charge- \$ 100.00

As operational demands change on the Property the Operator must meet those demands which may require a change in compensation. If a compensation adjustment is required by the Operator, then Operator shall submit a request for change in compensation to Owner. Such change shall not become effective until Owner grants approval of the change in compensation.

9. **Force Majeure.** If either Party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this Agreement, other than the obligation to make money payments, that Party shall give prompt, written notice of the force majeure with reasonably full particulars concerning it; thereupon, the obligations of the Party giving the notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than, the continuance of the force majeure. The affected Party shall use all reasonable diligence to remove the force majeure situation as quickly as practicable.

The requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lock-outs, or other labor difficulty by the Party involved, contrary to its best interest; how all such difficulties shall be handled will be entirely within the discretion of the Party concerned.

The term "force majeure", as here employed, shall mean an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood, explosion, governmental

OPERATING AGREEMENT

RECEIVED
KANSAS CORPORATION COMMISSION

THIS AGREEMENT is entered into by MOGG ENERGY SERVICES INC. ("Owner") and QUEST ENERGY SERVICE, INC. ("Operator"). APR 28 1997

WITNESSETH:

CONSERVATION DIVISION
WICHITA, KS

WHEREAS, the Owner owns the oil and gas leases on the properties referred to as the NEMAC lease ("Property") which is situated as follows:

Nemac Lease: W/2 Sec36-T29S-R17E; and the E/2 SE/4 Sec35-T29-R17E; all in Wilson County, Kansas;

WHEREAS, Owner desires to secure an Operator for the Property;

NOW THEREFORE, it is agreed as follows:

1. **Designation and Responsibilities of Operator.** Bonanza Energy Corporation shall be the Operator and shall conduct and direct and have full control of all operations as permitted and required by, and within the limits of, this Agreement. Operator shall conduct all such activities in a good and workmanlike manner, but it shall have no liability as Operator to the Owner for losses sustained or liabilities incurred, except those such as may result from gross negligence or willful misconduct by the Operator.
2. **Resignation or Removal of Operator.** Operator may resign at any time by giving written notice thereof to the Owner at least thirty days prior to the effective date of resignation. Operator may be removed as Operator of the Property by the Owner upon issuance of written notice thereof by Owner at least thirty days prior to the effective date of removal.
3. **Employees.** The number of employees used by the Operator in conducting operations hereunder, their selection and the hours of labor and compensation for services performed, shall be determined by Operator, and all such employees shall be employees of the Operator.
4. **Abandonment of Properties.** In the event that the operations at the Property become non-commercial, the Operator is empowered to cease such operations and notify the Owner accordingly. At such time, the Owner shall notify the Operator within thirty days of such notice as to the necessary disposition of the Property.
5. **Limitation of Expenditures.** Operator shall not undertake a single repair, rework or replacement reasonably estimated to require an expenditure in excess of Two Thousand Dollars (\$2,000.00) except if such expenditure has been