

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form T-1

June 2000

Form must be Typed

Form must be Signed

All blanks must be Filled

REQUEST FOR CHANGE OF OPERATOR
TRANSFER OF INJECTION OR SURFACE POND PERMIT

DOR 224924

Check Applicable Boxes:

☐ Oil Lease: No. of Wells _____ **☒ Gas Lease: No. of Wells 1 **

** Side Two Must Be Completed.

☐ Saltwater Disposal Well - Docket No. _____

Spot Location: _____ feet from N / S Line

_____ feet from E / W Line

☐ Enhanced Recovery Project Docket No. _____Entire Project: ☐ Yes ☐ No

Number of Injection Wells _____ **

Field Name: Coffeyville-CherryvaleEffective Date of Transfer: February 1, 2004Lease Name: Gillen_____ Sec. 23 Twp. 32 R. 16 ☒ E ☐ W

Legal Description of Lease: _____

See Attached.RECEIVED
KANSAS CORPORATION COMMISSIONCounty: Montgomery

MAR 01 2004

Production Zone(s): Cherokee CoalsCONSERVATION DIVISION
WICHITA, KS

Injection Zone(s): _____

Surface Pond Permit # _____
(API # If Drill Pit)

_____ feet from N / S Line of Section

_____ feet from E / W Line of Section

Identify: ☐ Emergency Pit ☐ Burn Pit ☐ Storage Pit ☐ Drill PitPast Operator's License No. 33152Past Operator's Name & Address: Shawnee Oil & Gas, LLC
106 W. 14th Street, 7th Floor, Kansas City, MO 64105Title: AgentContact Person: Jeff MohajirPhone: 816-474-7777Date: February 23, 2004Signature: [Signature]New Operator's License No. 33365New Operator's Name & Address: Layne Energy Operating, LLC
1900 Shawnee Mission ParkwayMission Woods, Kansas 66205Title: Senior AttorneyContact Person: Alan C. AndersonPhone: 913-362-0510

Oil / Gas Purchaser: _____

Date: February 23, 2004Signature: [Signature]

Acknowledgment 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 acknowledgment 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.

_____ is acknowledged as the
new operator and may continue to inject fluids as authorized by
Docket # _____. Recommended action: _____

Date: _____
Authorized Signature

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

Date: _____
Authorized Signature

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

EP&R 8/2/04 PROD AUG 03 2004 DIST 7/30/04

* Location: 23-32-16E

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CONSERVATION DIVISION
WICHITA KS

* 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.



COPY

OIL AND GAS LEASE

ST. JOHNS
JEANNE EASTMAN, REGISTER OF DEEDS
3:36:07 PM, 7/3/2003 Receipt No.: 3186
LEASE \$6.00
ADDITIONAL PAGES \$2.00
TECHNOLOGY FUND \$4.00

rm 88 -
js (C&S GAS)

Agreement, Made and entered into this 3rd day of July, 2003, by and between **BOOK: 531 PAGE: 823**

WILMER GILLEN AND BEATRICE M. GILLEN, HUSBAND AND WIFE

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as Lessor (whether one or more), and Colt Natural Gas, L.L.C., P.O. Box 388, Iola, Kansas 66749 hereinafter called Lessee.

MAR 01 2004

WITNESSETH:

1. **GRANT.** That the Lessor, for and in consideration of the sum of TEN AND MORE DOLLARS (\$10.00) and other good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, and of the covenants and agreements hereinafter contained, does hereby grant, demise, lease and let unto said Lessee, exclusively, its successors and assigns, the following described land for the purpose of conducting geological, geophysical and other exploratory work, including drilling, mining and operating for, producing, saving, storing and marketing the oil and all gas of whatsoever nature or kind including but not limited to coalbed gas, shale gas or casinghead gas and all other hydrocarbons and their respective constituent products, and the exclusive right injecting gas, air, water, brine and other fluids and substances into the subsurface strata, and constructing roads, laying pipe lines, electric lines and other utilities, building tanks and erecting other structures thereon, necessary or convenient to produce, save and take care of, treat, dewatering any gas formations and market said substances and products, all that certain tract of land together with any reversionary rights and after-acquired interests therein, described as follows:

The NE/4 of Section 23, Township 32S, Range 16E, EXCEPT a tract located in the NE corner of the S/2 of the NE/4 described as follows:
Beginning at the NE corner of the S/2 of the NE/4, thence West 330 feet, thence South 660 feet, thence East 330 feet, thence North 660 feet to point of beginning (containing 5 acres more or less) TOTAL OF 155 ACRES MORE OR LESS;

The SW/4 of Section 23, Township 32S, Range 16E, TOTAL OF 160 ACRES MORE OR LESS;

Section 23 Township 32S Range 16E, containing 315 acres more or less located in the County of MONTGOMERY State of KANSAS.

2. **PRIMARY TERM.** It is agreed that this Lease shall remain in full force for a term of ONE (1) YEAR from this date, (herein called "primary term"), and as long thereafter as oil or gas, or any of the substances covered by this lease, is produced from said land by the Lessee in paying quantities, or the premises are being developed.

3. **ROYALTY.** Lessee agrees to pay Lessor a royalty on this Lease as follows:

(A) Lessee shall deliver to the credit of Lessor as royalty, free of costs of production, storage or treatment on the leased premises, into the pipe line or storage tanks to which lessee may connect its wells, the equal ONE EIGHT (1/8) of all oil produced, saved and marketed from the leased premises.

(B) Lessee shall pay to Lessor as royalty on all gas of whatsoever nature or kind, including but not limited to coalbed gas, shale gas or casinghead gas, liquid hydrocarbons and their respective constituent elements or other gaseous substances ("Gas"), produced and marketed from the leased premises ONE EIGHT (1/8) of the market value at the mouth of the well.

(C) Lessee shall pay to Lessor ONE EIGHT (1/8) of the proceeds from the sale of all other products of oil and gas not otherwise referred to herein.

(D) Where Gas from a well capable of producing Gas (or from a well in which dewatering operations have commenced), is not sold or used after the expiration of the Primary Term, Lessee shall pay or tender as royalty to Lessor FIVE DOLLARS (\$5.00) per year per net mineral acre, such payment or tender to be made on or before the anniversary date of this Lease next ensuing after the expiration of 90 days from the date such well is shut in or dewatering operations are commenced and thereafter on or before the anniversary date of this lease during the period such well is shut in or dewatering operations are being conducted. Upon such payment this lease shall remain in full force and effect.

4. **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 accords with 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 or 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 Act 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 bona fide 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.

5. **LESSER INTEREST.** If said Lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid to said Lessor only in the proportion that his/her interest bears to the whole and undivided fee title. If more than one party has executed this Lease as Lessor, then this provision applies to each such party.

6. **OPERATIONS AND REMOVAL.** Lessee shall bury their pipe lines electrical lines and telephone lines below plow depth where Lessee is able. Backfilling and compaction of pits and trenches to be performed promptly upon completion of any operations, work to be performed so as to avoid subsidence, with any rocks brought to surface to be buried or removed. No well shall be drilled nearer than TWO HUNDRED (200) feet to any house or barn on said premises as of the date of this Lease without the written consent of the Lessor. Lessee shall pay for damages caused by its operations to said land. If the lessee shall commence operations to drill a well within the term of this Lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them be found, this Lease shall continue and be in force with the like effect as if such well had