

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 224926

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: Cherokee Basin Coal Gas Area

Effective Date of Transfer: February 1, 2004

Lease Name: J. Tucker

_____ Sec. 28 Twp. 32 R. 16 ☒ E ☐ W

Legal Description of Lease: _____

See Attached.

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KANSAS CORPORATION COMMISSION

MAR 01 2004

County: Montgomery

Production Zone(s): Cherokee Coals

CONSERVATION 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

432

Identify:

☐ Emergency Pit

☐ Burn Pit

☐ Storage Pit

☐ Drill Pit

Past Operator's License No. 33152

Past Operator's Name & Address: Shawnee Oil & Gas, LLC
106 W. 14th Street, 7th Floor, Kansas City, MO 64105

Title: Agent

Contact Person: Jeff Mohajir

Phone: 816-474-7777

Date: February 23, 2004

Signature: [Signature]

New Operator's License No. 33365

New Operator's Name & Address: Layne Energy Operating, LLC
1900 Shawnee Mission Parkway
Mission Woods, Kansas 66205

Title: Senior Attorney

Contact Person: Alan C. Anderson

Phone: 913-362-0510

Oil / Gas Purchaser: _____

Date: February 23, 2004

Signature: [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 8/3/04 DIST 7/30/04

* Location: 28-32-16E

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.

OIL AND GAS LEASE

(PAID-UP)



3:07:17 PM 8/1/2003 Receipt No. 3709
 ADDITIONAL PAGES \$6.00
 TECHNOLOGY FUND \$2.00
 \$4.00

BOOK: 532 PAGE: 645

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 KANSAS CORPORATION COMMISSION

MAR 01 2004

CONSERVATION DIVISION
 WICHITA, KS

Agreement, made and entered into this 31st day of JULY, 2003,
 by and between Joe E. Tucker and Lara J. Tucker, Husband and Wife

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

1. **GRANT.** Lessor, for and in consideration of the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration, receipt and efficiency of which are 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 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 of 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 SOUTHEAST QUARTER OF THE NORTHEAST QUARTER (SE $\frac{1}{4}$ NE $\frac{1}{4}$)

Section 28 Township 32 S Range 16 E containing 40 acres more or less
 located in MONTGOMERY COUNTY, KANSAS.

2. **PRIMARY TERM.** This Lease shall remain in full force for a term of THREE (3) year(s) from this date, (herein called "Primary Term"), and long thereafter as oil or gas, or any of the substances covered by this Lease, is produced from said land by Lessee in paying quantities, or the premises are being developed. Lessee is granted the right and option to extend said Primary Term for an additional two (2) years by tendering to Lessor the sum of FIFTEEN DOLLARS (\$15.00) per net mineral acre at any time before the expiration of three (3) years from this date.

3. **PAID-UP LEASE.** This Lease may be maintained during the Primary Term hereof without further payment or drilling operations. If Lessee shall commence to drill a well within the Primary Term of this Lease or any extension thereof, then 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 in paying quantities, this Lease shall continue and be in effect with like effect as if such well had been completed within the Primary Term.

4. **ROYALTY.** Lessor shall receive royalties 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 or storage tanks to which Lessee may connect its wells, the equal ONE-EIGHTH (1/8) part 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, and their respective constituent elements or other gaseous substances ("Gas"), produced and marketed from the leased premises ONE-EIGHTH (1/8) of the market value at the mouth of the well.

(C) 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 expiration of the Primary Term, Lessee shall pay or tender as royalty to Lessor FIVE DOLLAR (\$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. If such payment is not timely made, this Lease shall not terminate unless Lessee fails to make or tender such payment in thirty (30) days after receipt of written notice of default given by Lessor to Lessee by certified mail, return receipt requested. So long as payment is made as provided herein, the Lessee shall be deemed to be producing oil and/or gas in accordance with paragraph 2 of this Lease.

5. **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 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 of any operation necessary to keep this Lease in force, which results from force majeure; and the obligations of Lessee shall be suspended if and while drilling or operations are delayed or interrupted by force majeure. Force majeure includes Act of God, storm, flood, strike, scarcity of labor or material, lockout, shut-out, breach of contract by drillers, subcontractors or suppliers, surface or subsurface conditions which impede normal operations or which would result in damages or waste, or other bona fide cause beyond the reasonable control of Lessee. Lessee shall have a reasonable time after the removal or termination of force majeure within which to commence or resume performance under the Lease. If force majeure occurs during the Primary Term, the time force majeure exists shall be added to the Primary Term.

6. **LESSER INTEREST.** If said Lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein, then royalties and other payments herein provided shall be paid to said Lessor 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.

7. **OPERATIONS AND REMOVAL.** Lessee shall bury its pipelines below plow depth where reasonably possible. No well shall be drilled nearer than TWO HUNDRED (200) feet to any house or barn on said land as of the date of this Lease without written consent of Lessor. Lessee shall pay for damages caused by its operations to said land. Lessee shall fill in drilling pits and restore well location(s) as nearly as reasonably possible to the general condition before drilling operations began, within a reasonable time after a well has been plugged or completed. Lessee shall fence all tanks and wells requested by Lessor. Lessee shall have the right at any time to remove any or all machinery and fixtures placed on said land, including the right to enter and remove casing.

8. **FREE SUBSTANCES.** Lessee shall have the right to use, free of cost or royalty, gas, oil, and water produced on said land for Lessee's operations thereon, except fresh water from the wells of Lessor. If gas is produced from any well and not used by Lessee for operations or sold, Lessor shall have the right to take such surplus gas, free of charge, for domestic purposes in one single family dwelling on the leased premises. This provision shall not extend to additional dwellings that may be located upon tracts into which the leased premises may be divided. Lessor's lines, appliances at the meters and connections shall be of good quality and installed at Lessor's expense. Lessee shall have the right to designate the point of connection and impose such rules and regulations as may be necessary.