

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

**REQUEST FOR CHANGE OF OPERATOR
TRANSFER OF INJECTION OR SURFACE PIT PERMIT**

Form T-1

April 2004

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 1 **
- ☐ 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: 2/1/2005KS Dept of Revenue Lease No.: 213853Lease Name: Wiles____ - SW - NW - SW Sec. 22 Twp. 29 R. 16 ☒ E ☐ WLegal Description of Lease: N/2 SW/4 and SE/4 SW/4 of
Section 22-29S-16ECounty: WilsonProduction Zone(s): n/aInjection Zone(s): n/aSurface 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 *yes*Type of Pit: ☐ Emergency ☐ Burn ☐ Settling ☐ Haul-Off ☐ Workover ☐ DrillingPast Operator's License No. 7130Past Operator's Name & Address: Floyd Energy Company
114 South Depot, Cherryvale KS 67335

Title: _____

Contact Person: INACTIVE COMPANY

Phone: _____

Date: MAR 14 2005Signature: Please see attached Lease
KANSAS CORPORATION COMMISSION
CONSERVATION DIVISION
WICHITA, KSNew Operator's License No. 33344New Operator's Name & Address: Quest Cherokee, LLC
9520 N. May, Suite 300, Oklahoma City, OK 73120Title: CEOContact Person: Mr. Jerry CashPhone: 405-488-1304Oil / Gas Purchaser: BlueStem Pipeline, LLCDate: February 9, 2005

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 3/18/05 PRODUCTION MAR 23 2005 UIC 3/21/05

Mail to: Past Operator _____ New Operator _____ District _____

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

* Lease Name: Wiles * Location: SW/4 NW/4 SW/4 Section 22-29S-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.

EXTENSION OF OIL AND GAS LEASERECEIVED
KANSAS CORPORATION COMMISSION

MAR 14 2005

STATE OF KANSAS

COUNTY OF WILSON

CONSERVATION DIVISION
WICHITA, KS

WHEREAS, on the 7th day of May 2001, Richard E. Wiles and Pearl Maxine Wiles, as Lessor, executed an Oil and Gas Lease in favor of Quest Oil & Gas Corporation, a Kansas corporation, as Lessee, recorded in Volume 161 at Page 175 of the Deed of Records of Wilson County, Kansas, covering the following described lands (hereinafter referred to as said "Lease"):

The North Half of the Southwest Quarter (N2 SW4) and the Southeast Quarter of the Southwest Quarter (SE4 SW4) of Section Twenty-two (22), Township Twenty-Nine South (129S), Range Sixteen East (16E), of the Sixth Principal Meridian in Wilson County.

WHEREAS, in accordance with said Lease, it is the desire of the parties hereto that the primary term of said Lease be extended;

NOW, THEREFORE, we, the present owners of the oil, gas and other minerals in, on and under said land, in consideration of the sum of One Dollar and other valuable considerations cash in hand paid by Quest Cherokee LLC, the receipt of which is acknowledged, do hereby agree: that the primary term stipulated in said Lease is hereby extended, with the same tenor and effect as if such extended term had been originally expressed in said Lease, for a period of one year (1) from the date of expiration of said Lease, (which therefore changes the primary term of said Lease to a period of Four years (4), and as long thereafter as oil or gas is produced from any well on the land covered by said Lease.

Subject to the provisions of said Lease and any recorded amendments thereto, and subject to the provisions of this Extension, said Lease shall remain in full force and effect, and is hereby ratified, adopted and confirmed the same as if incorporated herein. The covenants hereof shall extend to our heirs, executors, administrators, successors or assigns.

IN WITNESS WHEREOF this instrument is executed on this 30th day of April 2004.

Richard E. Wiles
Richard E. Wiles

State of Kansas)
County of Wilson)

SS:



978 Wilson County
Register of Deeds
Book: 271 Page: 313
Receipt #: 3868 Total Fees: \$8.00
Pages Recorded: 1
Date Recorded: 5/14/2004 12:39:28 PM
Teresa A. Young
REC'D

ORIGINAL COMPARED WITH RECORD

Before me, the undersigned, a Notary Public, in and for said County and State, on this 30th day of April 2004, personally appeared Richard E. Wiles to me well known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

WITNESS my hand and official seal the day and year first above written.

George E. Slaughter
George E. Slaughter Notary Public

My commission expires: 4-1-2006



OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this 7th day of May, 2001, by and between Richard E. Wiles and Pearl Maxine Wiles, husband and wife, as joint tenants with full rights of survivorship, hereinafter called Lessor (whether one or more), and Quest Oil & Gas Corporation, a Kansas corporation, hereinafter called Lessee, does witness:

1. That the said Lessor, for and in consideration of TEN OR MORE DOLLARS cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let exclusively unto Lessee, for the sole and only purposes of investigating, exploring by geophysical and other means, drilling, producing, saving, taking, owning, gathering, transporting, storing, handling, processing, treating, and marketing; oil and liquid hydrocarbons (including, but not limited to, distillates and condensates) and all gases (including, but not limited to, casinghead gas, methane gases from coals and shales, helium and all other constituents and substances produced therewith) and; to the extent reasonably necessary or convenient to enable Lessee to carry out said purposes, including the dewatering for production of any gases, the right of constructing, operating and maintaining pipelines, flowlines, gathering lines, compressors, tank batteries, electric lines, roadways, metering facilities and equipment, facilities for the injection of water, other fluids and gaseous substances into subsurface strata, and other facilities, structures, and equipment required by Lessee for said purposes; all of the following described land, together with any reversionary rights and after acquired interest therein, situated in the County of Wilson, State of Kansas described as follows, to wit:

The North Half of the Southwest Quarter (N/2 SW/4) and the Southeast Quarter of the Southwest Quarter (SE/4 SW/4) of Section 22, Township 29S, Range 16E.

less and except the wellsite of any abandoned well(s) existing on this land on the date of this lease that is not claimed by Lessee, and containing 117 acres, more or less (herein called leased premises).

2. This lease shall remain in full force for a term of three (3) years from this date, and as long thereafter as oil or gas, or either of them, is produced from the leased premises, or the leased premises are being developed or operated, or are otherwise perpetuated as provided herein. Lessee shall begin drilling operations on a new well within one (1) year from the date of this lease.

3. In consideration of these premises Lessee covenants and agrees:

(a) To deliver to the credit of Lessor, as royalty, one-eighth (1/8th) part of the oil produced and saved from the leased premises, said payments to be made monthly.

(b) To pay Lessor, as royalty, for gas of whatsoever nature or kind (with all of its constituents) produced and sold (whether to an affiliate or otherwise) or used off the leased premises or used on the leased premises by Lessee for any purpose other than the development or operation thereof or used in the manufacture of any products therefrom, one-eighth (1/8) of the proceeds at the wellhead at the prevailing market rate, said payments to be made monthly.

(c) To pay Lessor a minimum payment per year from royalties and/or rentals of \$5.00 per acre of the leased premises. If the Lessor's annual royalty and/or rental payments fail to meet that amount, then Lessee shall have forty-five (45) days after receiving written notice from Lessor to pay the difference.

(d) To bury all pipelines associated with this lease below normal plow depth when requested by Lessor, except in places where it may not be practical such as where pipelines lay on rock.

(e) To pay for damages caused by Lessee's operations to the leased premises. Said damage compensation for new wells shall be \$400.00 per wellsite payable prior to commencement of drilling.

(f) To avoid drilling a well closer than 300 feet to the house(s) now existing on said premises.

(g) To provide availability for Lessor's free use of gas for domestic purposes only in the principal dwelling located on the leased premises from a gas well on the leased premises by Lessor making his own connections with the well at his expense, all in a manner approved by Lessee, with the use of such gas at the sole risk and expense of Lessor.

4. During any period (whether before, on, or after expiration of the primary term hereof) when gas is not being sold or used and a gas well capable of producing in paying quantities is shut in on the leased premises, whether or not said well has theretofore actually produced, and there is no current production of oil or gas or operations on the leased premises sufficient to keep this lease in force, this lease shall, nonetheless, remain in full force and effect, and it will be deemed that gas is being produced in paying quantities if Lessee pays or tenders annually as shut-in royalty, at the end of each yearly period during which such gas is not sold or used, an amount equal to the delay rental provided in paragraph 5 hereof.

5. If a well is not commenced on said land within one (1) year from the date of this Agreement, this lease shall terminate as to both parties, unless the Lessee shall on or before that date pay or tender to the Lessor the sum of five (\$5.00) dollars per acre of leased premises, which shall operate as a delay rental and cover the privilege of deferring the commencement of a well for twelve (12) months from said date. In like manner and upon a like payment or tender, the commencement of a well may be further deferred during the primary term of this lease. Upon failure of Lessee to pay said rental, Lessor shall notify Lessee by registered mail of its failure to pay, and Lessee shall have forty-five (45) days from Lessor's mailing of said notice to make payment. Failure to tender payment of the delay rental within that period of time shall terminate the Lease. It is understood and agreed that the consideration first recited herein, the down payment, covers not only the privilege granted to the date when said first rental is payable as aforesaid, but also the Lessee's option of extending that period as aforesaid, and any and all other rights conferred.

6. During the primary term of this lease, should a well drilled on the leased premises be a dry hole or should all existing wells cease to be productive, this lease shall not terminate provided that drilling operations for another well or efforts to restore production shall be commenced within twelve (12) months from the expiration of the last rental period for which rental has been paid, or provided that Lessee, on or before the expiration of said twelve (12) months, shall resume the payment of rentals in the same amount and in the same manner as hereinbefore provided. And it is agreed that upon the resumption of the payment of rentals, as above provided, that paragraph 5 hereof, governing the payment of rentals and the effect thereof, shall continue in force just as though there had been no interruption in the rental payments.

7. If, at the expiration of the primary term of this lease, there is no well on the leased premises which is capable of producing oil or gas in paying quantities, but Lessee is then engaged in drilling or reworking operations, then this lease shall continue in force so long after the primary term as drilling or reworking operations are being conducted on said land and drilling or reworking operations shall be considered to be conducted if not more than one-hundred-twenty (120) consecutive days shall lapse between the completion or abandonment of a well and the beginning of operations for the drilling or reworking of the well or another well whether such completion or abandonment occurred during or after the primary term.

OIL AND GAS LEASE

8. If, after the expiration of the primary term, at any time, or from time to time, there is no production from Lessee's well(s), and there is no well on the leased premises which is capable of producing oil or gas in paying quantities and there are no drilling or reworking operations being conducted on the leased premises, this lease shall continue in effect if, within three hundred sixty five (365) days from the date of cessation of production or drilling or reworking operations, Lessee restores the capability of a well to produce in paying quantities, or if Lessee has commenced additional drilling or reworking operations or other operations designed to restore production, and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then this lease shall remain in force as long as such production continues.

9. If said Lessor owns a less interest in the leased premises than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid to the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

10. If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to its heirs, executors, administrators, successors or assigns. However, no change in or division of the ownership of the right to receive royalties, delay rentals or other payment to Lessors hereunder, whether such change is by assignment, partition or otherwise, shall operate to increase or enlarge the obligation or to diminish the rights of Lessee hereunder. No change in the ownership of the land or assignment of royalties shall be binding on Lessee until after Lessee has been furnished with a written transfer or deed or a true copy thereof. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission on the part of any other leasehold owner. In case Lessee assigns this lease, in whole or in part, Lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment. Lessee shall not sell or assign any portion of this lease without consent of Lessor, but such consent shall not be unreasonably withheld.

11. Lessee may at any time and from time to time surrender this lease as to all or any part of the leased premises by delivering or mailing a release thereof to Lessor, or by placing a release of record in the proper county, and thereafter Lessee shall be relieved of all obligations accruing hereunder as to the portion of the leased premises so surrendered. This lease shall continue in full force and effect as to all of the leased premises not surrendered.

12. Lessee shall have the right to use, free of cost, gas, oil and water produced on the leased premises for Lessee's operations thereon, except water from wells of Lessor, or from ponds of Lessor without Lessor's consent. Lessee shall have the right at any time to remove all equipment and fixtures placed on the leased premises, including the right to draw and remove casing. Lessee disclaims ownership or responsibility for any abandoned well(s) existing on the land described in paragraph 1. herein which is not claimed by Lessee, and Lessee shall bear no liability for the plugging of such unclaimed wells.

13. In the event the Lessor, at any time, considers that operations are not being conducted in compliance with this lease or that Lessee is otherwise in breach of any term of this lease, either express or implied, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee shall have 60 days after receipt of such notice in which to commence any operations or other activities that are then legally necessary to comply with the requirements hereof.

14. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and producing of wells, and the price of oil, gas and other substances covered hereby. When drilling, reworking, producing or other operations are prevented or delayed by such laws, rules, regulations or orders, or by operation of force majeure, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and if such prevention or delay shall occur during the primary term the period of such prevention or delay shall be added to the primary term hereof. If any such prevention or delay should commence after the primary term hereof, Lessee shall have a period of 120 days after the termination of such period of prevention or delay within which to commence or resume drilling, producing or other operations hereunder, and this lease shall remain in force during such period and thereafter in accordance with the other provisions of this lease. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, producing or other operations are so prevented, delayed or interrupted.

15. Lessor hereby grants and warrants to the Lessee all of the rights granted to the Lessee under this lease and warrants that Lessor has merchantable title to the leased premises, subject to mortgages and easements of record, and that Lessor has full and exclusive right to lease the same. Lessor further warrants and agrees to defend the title to the leased premises and agrees that the Lessee shall have the right at any time to redeem for Lessor by payment, any mortgages, taxes or other liens on the leased premises, in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof. Lessee may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty, shut-in royalty, or rentals accruing hereunder.

16. This lease shall be effective as to each Lessor on execution hereof as to its interest and shall be binding on those signing, regardless of whether it is signed by any other Lessor party. This lease shall at all times and in all respects be subject to valid orders, rules, and regulations of any duly constituted authority having jurisdiction of the subject matter hereof. This instrument contains the entire agreement of the parties and it may not be changed or modified except by subsequent written agreement signed by both parties.

IN WITNESS WHEREOF, this lease agreement is signed and executed on the day and year first above written:

Richard E. Wiles
Richard E. Wiles

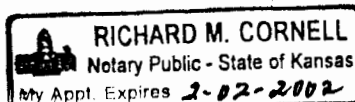
Pearl Maxine Wiles
Pearl Maxine Wiles

STATE OF KANSAS, COUNTY OF WILSON

The foregoing instrument was acknowledged before me this 7th day of May, 2001, by Richard E. Wiles and Pearl Maxine Wiles.

My commission expires: 2/2/2002

Richard M. Cornell



| | |
|-----------------------------------|-----------------|
| STATE OF KANSAS, WILSON COUNTY | |
| FILED FOR RECORD THIS | 9 DAY |
| OF MAY 20 01 | AT 4:00 |
| O'CLOCK P | M. AND RECORDED |
| IN BOOK 161 | AT PAGE 175 |
| TERESA A. YOUNG | |
| TERESA A. YOUNG REGISTER OF DEEDS | |
| \$8.00 | |

ORIGINAL COMPARED WITH RECORD