

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

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MAR 17 2003

KCC WICHITA

DCR 125194

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: BrewsterEffective Date of Transfer: February 28, 2003Lease Name: J. Mitchell_____ Sec. 3 Twp. 33 R. 16 ☒ E ☐ W

Legal Description of Lease: _____

See AttachedCounty: MontgomeryProduction Zone(s): Cherokee Coals

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. 32999Past Operator's Name & Address: Layne Christensen Canada, Ltd
106 W. 14th Street, 7th Floor, Kansas City, MO 64105Title: AgentContact Person: Jeff MohajirPhone: 816-474-7777Date: March 7, 2003Signature: New Operator's License No. 33152New Operator's Name & Address: Shawnee Oil & Gas, LLC
106 W. 14th Street, 7th FloorKansas City, MO 64105Title: AgentContact Person: Jeff MohajirPhone: 816-474-7777

Oil / Gas Purchaser: _____

Date: March 7, 2003Signature: 

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

MAR 3/20/03 MAR 24 2003 3/03

* Location: 3-33-16E

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* 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

AND RIGHT OF WAY AGREEMENT

This lease (this "Lease"), made by and between Jack D. Mitchell and Marcialee J. Mitchell Individually and as CO-Trustees of the Jack D. Mitchell and Marcialee J. Mitchell Revocable Trust dated June 29, 1999, of Rt. 4, Box 71, Coffeyville, KS 67337, husband and wife (hereinafter called Lessor) (whether one or more), and Wheatley Oil Company of 8646 West Colfax Ave - Suite 2111, Lakewood, CO 80215, (hereinafter called Lessee):

WITNESSETH, That Lessor, in consideration of TEN DOLLARS (\$10.00) cash in hand paid, the receipt of which is hereby acknowledged, and of the royalties herein provided and of the agreements of Lessee herein contained, hereby GRANTS, LEASES AND LETS exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil, liquid hydrocarbons, all gases (including gas producible from coal-bearing formations), and their respective constituent products, injecting gas, waters, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid, hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, the following described land, together with any reversionary rights and after-acquired interest (hereinafter called the "Land"), therein situated in the County of Montgomery, State of Kansas, described as follows, to-wit:

Township 33 South, Range 16 East, 6th P. M.

Section 3: NE $\frac{1}{4}$, NW $\frac{1}{4}$ lying North and East of the Center of the Verdigris River. EXCEPT beginning at a point 572 feet West of the Northeast corner of Section 3, thence 316 feet South, thence 138 feet West, thence 316 feet North, thence 138 feet East to the point of beginning said last excepted tract containing 1.011 acres and, also EXCEPT a tract of land located in a portion of the NE $\frac{1}{4}$ of Section 3, and being more particularly described as follows: COMMENCING at the Northeast corner of said Section 3; thence, N90°00'00"W along the North line of said NE $\frac{1}{4}$ a distance of 710.00 feet to the POB; thence S00°00'00"E a distance of 316.00 feet; thence S90°00'00"W a distance of 532.00 feet; thence N00°00'00"E a distance of 316.00 feet to the North line of said NE $\frac{1}{4}$; thence N90°00'00"E along the said North line a distance of 532.00 feet to the POB said last excepted tract containing 3.8593 acres

and containing 217.0 acres, more or less, and all accretions thereto.

1. It is AGREED that this Lease shall remain in force for a term of three (3) years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced from the Land, or drilling or reworking operations are continued as hereinafter provided. If, at the expiration of the primary term of this Lease, oil or gas is not being produced from the Land, but Lessee is then engaged in drilling or re-working operations thereon, then this Lease shall continue in force so long as operations are being continuously prosecuted on the Land; and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on the Land, the production thereof should cease from any cause after the primary term, this Lease shall not terminate if Lessee commences additional drilling or re-working operations within ninety (90) days from the date of cessation of production or from the date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this Lease, this Lease shall continue in force so long as oil or gas is produced from the Land.

2. This is a PAID-UP LEASE. In consideration of the cash tendered to Lessor, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this Lease as to all or any portion of the Land and as to any strata or stratum by delivering to Lessor or by filing for record a release or releases.

3. Lessee covenant and agrees to pay royalty to Lessor as follows:

- On oil, to deliver to the credit of Lessor, free of cost in the pipe line to which Lessee may connect wells on the Premises, the equal one-eighth (1/8th) part of all oil produced and saved from the Premises.
- On gas of whatsoever nature of kind, including coalbed gas and other gases, liquid hydrocarbons and their respective constituent elements, casinghead gas or other gaseous substances, produced from the Premises ("Gas") Lessee shall pay, as royalty, one-eighth (1/8th) of the net proceeds realized by Lessee from the sale thereof, provided that the net proceeds shall be after deduction for all post-production costs including, without limitation, costs related to gathering, transporting, dehydrating, compressing, processing, marketing and treating the Gas.

4. Where gas from a well capable of producing gas is not sold or used, Lessee may pay or tender as royalty to the royalty owners Five Dollar (\$5.00) per year per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this Lease next ensuing after the expiration of ninety (90) days from the date such well is shut in and thereafter on or before the anniversary date of this Lease during the period such well is shut-in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this Lease. Notwithstanding any other provision to the contrary, this Lease shall not terminate because of a failure to properly or timely make shut-in well payments unless Lessor shall have given Lessee written notice of such failure to properly or timely make such shut-in well payment and Lessee shall have failed for a period of thirty (30) days after receipt of such notice to tender such payment in the proper amount, together with a late or improper payment penalty of One Hundred (\$100.00).

5. Without impairment of Lessee's rights under the warranty given in Paragraph 14 below in the event of failure of title, if Lessor owns a lesser interest in the Land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) provided for herein, shall be paid Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

6. Lessee shall have the right to use, free of cost, gas and other fluids produced on the Land for Lessee's operations thereon, except water from the wells, springs and reservoirs of Lessor.

7. Lessee shall bury Lessee's pipe lines and electric lines a minimum of 24" deep on cultivated ground and a minimum of 12" on non-cultivated ground. Overhead electric services is not permitted.

8. No well shall be drilled nearer than 200 feet to the house or barn now on the Land without the written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops and to said Land. Further, Lessee shall pay to Lessor the sum of Four Hundred (\$400.00) for each well location and tank battery site. Well and tank battery locations are to be discussed with Lessor as well as service road locations. Lessor's wishes are to be accommodated whenever practicable. Abandoned oil field equipment on the lease as of the date hereof is to either be put to use by Lessee or removed from the land within Eighteen (18) months of the date of this lease.

10. Lessee shall have the right at any time to remove all machinery and fixtures placed on the Land, including the right to draw and remove casing.

11. The rights of Lessor and Lessee hereunder may be assigned in whole or in part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain or record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all of Lessee's operations may be conducted without regard to any such division. If all or any part of this Lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

12. Abandoned well bores on the Land as of the date hereof are to be logged if possible by Lessee. The Lessee shall then determine if each existing well bore is useable and if in the sole discretion of the Lessee the well bore is determined to be unuseable, the well bore shall be plugged in accordance with law and regulation within Eighteen (18) months

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