

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: Spring Hill

**** Side Two Must Be Completed.**

Effective Date of Transfer: 03/01/2007

KS Dept of Revenue Lease No.: 227600-11B

Lease Name: Shirk

15 - 121 - 28208 - 0000 Sec. 18 Twp. 16S R. 25 ☒ E ☐ W

Legal Description of Lease: SEE ATTACHED

NE/4

County: MIAMI

Production Zone(s): MARMATON AND CHEROKEE

Injection Zone(s): _____

Surface Pit Permit No.: 15-121-28208-0000

(API No. if Drill Pit, WO or Haul)

1650 feet from ☒ N / ☐ S Line of Section
2310 feet from ☒ E / ☐ W Line of Section

Type of Pit: ☐ Emergency ☐ Burn ☐ Settling ☐ Haul-Off ☐ Workover ☒ Drilling

Past Operator's License No. 32294 ✓

Contact Person: Jim Osborn

Past Operator's Name & Address: Osborn Energy, LLC

Phone: 913-533-9900

24850 Farley, Bucyrus, KS 68013

Date: _____

Title: President

Signature: See Attached:

New Operator's License No. 33872 ✓

Contact Person: Brian Lucklanow

New Operator's Name & Address: PR Operating, LP

Phone: 214-549-5600

2601 Network Blvd, Ste 415

Oil / Gas Purchaser: _____

Frisco, TX 75034

Date: 3/1/07

Title: Vice President Production and Facilities

Signature: Brian Lucklanow

Acknowledgment of Transfer: The above request for transfer of injection authorization, surface pit permit # 15-121-28208-0000 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

PR Operating, LP is acknowledged as the
new operator of the above named lease containing the surface pit
permitted by No.: 15-121-28208-0000

Date: 8/1/07 Janelle R. Rains

Authorized Signature

DISTRICT _____ EPR 7-31-07 PRODUCTION 8-2-07 UIC 8-1-07
Mail to: Past Operator 8-2-07 New Operator 8-2-07 District # 3 8-2-07 RECEIVED

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

MAY 07 2007

CONSERVATION DIVISION
WICHITA, KS

* Location: NW-SW-NE

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.

CLARY ENERGY

May 2, 2007

Kansas Corporation Commission
Attn: Olivia Riagosa
Conservation Division
130 S. Market, Room 2078
Wichita, KS 67202

Re: Change of Operator

Dear Ms. Riagosa:

Clary Energy, LLC ("Clary") owns 100% of the working interest in the wells that are described on Exhibit A attached hereto. Effective March 1, 2007, Clary Energy, LLC ("Clary") has terminated Osborn Energy, LLC ("Osborn") (KCC License #32294) as the operator of those wells. The new operator of those wells is PR Operating, LP (KCC License #33872). Enclosed are KCC Form T-1s for each of the wells on Exhibit A reflecting that change of operator. We request that you change the "Operator of Record" with the Kansas Corporation Commission (the "KCC") for those wells. Despite our request for them to do so, Osborn has refused to sign the enclosed KCC T-1 forms.

Clary owns 100% of the working interest in these wells and is not contractually obligated to use Osborn to operate these wells. We sent a letter to Mr. Jim Osborn on March 16, 2007 requesting that he sign the respective forms so that we could submit our request for transfer to the KCC. Unfortunately, Osborn has not signed the transfer forms.

Operator responsibility for these wells has changed to PR Operating, LP and Osborn's consent is not necessary to effect that change. Accordingly, we request the KCC change its records to reflect that change of operator for these wells.

If you have any questions, please feel free to contact John Land, Clary Energy at 501.225.0204 or our attorney, Mr. David Bengtson, Stinson Morrison Hecker LLP at 316.268.7943.

Sincerely,



John H. Land
President

cc: David Bengtson, Stinson Morrison Hecker LLP
Brian Luckianow, PR Operating, LP

Attachment: Exhibit A

Enclosures: KCC Transfer Forms (4 forms)

RECEIVED
KANSAS CORPORATION COMMISSION

MAY 07 2007

CONSERVATION DIVISION
WICHITA, KS

EXHIBIT A

(to letter dated May 2, 2007)

	Lease	Well #
1	Stock	1-10
2	Stegeman	1-10
3	Rose	1-16
4	Shirk	1-16

RECEIVED
KANSAS CORPORATION COMMISSION

MAY 07 2007

CONSERVATION DIVISION
WICHITA, KS