

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: Paola and Rantoul

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

Effective Date of Transfer: 3-1-07

KS Dept of Revenue Lease No.: 226622 MB

Lease Name: Truman

____ NE ____ NW ____ NE Sec. 8 Twp. 16 R. 25 ☒ E ☐ W

Legal Description of Lease: See attached

County: Miami

Production Zone(s): Bartlesville

Injection Zone(s): _____

Surface Pit Permit No.: 15-121-28110-0000

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

Pit cls 9/1/06

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

Past Operator's License No. 32294

Past Operator's Name & Address: Osborn Energy LLC

24850 Farley Bucyrus, Ks. 66013

Title: President

Contact Person: Jim Osborn

Phone: 913-533-9900

Date: _____

Signature: attachment

New Operator's License No. 33872 ✓

New Operator's Name & Address: PR Operating L.P.

11730 west 133rd Suite 14

Overland Park Kansas 66221

Title: VP Facilities and Production

Contact Person: Brian Luckianow

Phone: 214-549-5600

Date: _____

Signature: Brian Luckianow

RECEIVED
KANSAS CORPORATION COMMISSION

OCT 19 2007

CONSERVATION DIVISION
WICHITA, KS

Acknowledgment of Transfer: The above request for transfer of injection authorization, surface pit permit # 15-121-28110-0000 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

Brian Luckianow is acknowledged as the
new operator of the above named lease containing the surface pit
permitted by No.: 121-28110-0000

Date: 8-13-07

Authorized Signature

DISTRICT _____ EPR 12-4-07

Mail to: Past Operator _____ New Operator _____

PRODUCTION DEC 04 2007

District _____

WIC 12-4-07
CYNTHIA BERRY

Notary Public - State of Kansas
My Appt. Expires 6/11/2011

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

* Lease Name: Truman * Location: NE-NW-NE

* 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.

Insofar and only insofar as such lease covers the associated Well Unit for the following well:

Truman 5-8 API# 15-121-28110
 330'FNL & 1610'FEL of Section
 N38 40.671 W094 39.781

Together with a 20 acre squared spacing unit (the "Well Unit")
surrounding the well bore of such well as located within the following
lands:

In the NE/4 of Section 8, Township 16S, Range 25E, together with the
20 acre spacing attributed to such well. A total of 20 acres more or less
starting at a point 1320 feet west of the northeast corner of the section
then proceeding west along the north section line 660 feet, south 1320
feet, then east 660 feet, then north 1320 feet to the point of origin and
right, title, and interest of lessee in and to said well and the Well
Unit and ingress and egress thereto.
WI: 100% NRI: 87.5% of 8/8

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KANSAS CORPORATION COMMISSION

OCT 19 2007

CONSERVATION DIV.
WICHITA, KS

CLARY

ENERGY

October 16, 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 80% 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 80% 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 August 14, 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 (5 forms)

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KANSAS CORPORATION COMMISSION

OCT 19 2007

CONSERVATION DIVISION
WICHITA, KS