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DEC 14 2001

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 PERMITKCC WICHITA
DOR 115908

Check Applicable Boxes:

☒ Oil Lease: No. of Wells 2☐ Gas Lease: No. of Wells _____

** 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: NurseEffective Date of Transfer: August 1, 2001Lease Name: Packard #1-15C SE SE SE Sec. 15 14 Twp. 31S R. 13W ☐ E ☐ WLegal Description of Lease: E/2 SE/4Section 15-T31S-R13WCounty: BarberProduction Zone(s): LansingInjection Zone(s): N/ASurface Pond Permit # _____ feet from N / S Line of Section
(API # if Drill Pit)

_____ feet from E / W Line of Section

Identify: ☐ Emergency Pit☐ Burn Pit☐ Storage Pit☐ Drill PitPast Operator's License No. 31406Past Operator's Name & Address: Prairie Resources, Inc.1016 Amanda Pines Drive, Parker, CO 80138Title: PresidentContact Person: Robert W. PackardPhone: 303-840-3313

Date: _____

Signature: Robert W. PackardNew Operator's License No. 5399New Operator's Name & Address:
American Energies Corporation
155 North Market
Suite 710
Wichita, Kansas 67202Title: Alan L. DeGood, PresidentContact Person: Alan L. DeGoodPhone: 316-263-5785Oil / Gas Purchaser: EDTTDate: 12/11/01Signature: Alan L. DeGood

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: _____

_____ is acknowledged as the
new operator of the above named lease containing the surface pond
permitted by # _____

Date: _____

Authorized Signature

Authorized Signature
SPAR 7/10/02 JUL 10 2002 UIC 7/02

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

Backard #1-15

* Location:

C SE SE SE Section 15-T31S-R13W

Barber County, Kansas

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

© 1983 David Carter Company

THIS AGREEMENT, Entered into this 10th day of March, 1989
between Lynn Packard and Jayne E. Packard, husband and wife,

hereinafter called lessor,
and Prairie Resources, Inc., hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of \$1.00 (One) Dollars in hand paid and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted, leased, and let and by these presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land, with any reversionary rights therein, and with the right to utilize this lease or any part thereof with other oil and gas leases as to all or any part of the lands covered thereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work thereon, including core drilling and the drilling, mining, and operating for, producing and saving all of the oil, gas, gas condensate, gas distillate, casinghead gasoline and their respective constituent vapors, and all other gases, found thereon, the exclusive right of injecting water, brine, and other fluids and substances into the subsurface strata, and for constructing roads, laying pipe lines, building tanks, storing oil, building power stations, electrical lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and the injection of water, brine, and other substances into the subsurface strata, said tract of land being situated in the County of Barber State of Kansas and described as follows:

West Half of the Southwest Quarter of Section 14 - 31 South - 13 West (80 Acres)

East Half of the Southeast Quarter of Section 15 - 31 South - 13 West (80 Acres)

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KCC WICHITA

containing 160 (One Hundred and Sixty) acres, more or less.

2. This lease shall remain in force for a term of 2 (Two) years (called "primary term") and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of the products covered by this lease is or can be produced.

3. The lessee shall deliver to lessor as royalty, free of cost, on the lease, or into the pipe line to which lessee may connect its wells the equal one-eighth part of all oil produced and saved from the leased premises, or at the lessee's option may pay to the lessor for such one-eighth royalty the market price at the wellhead for oil of the grade and gravity prevailing on the day such oil is run into the pipe line or into storage tanks.

4. The lessee shall pay to the lessor, as a royalty, one-eighth (1/8th) of the proceeds received by the lessee from the sale of gas, gas condensate, gas distillate, casinghead gas, gas used for the manufacture of gasoline or any other product, and all other gases, including their constituent parts, produced from the land herein leased. If such gas is not sold by the lessee, lessee may pay or tender annually at or before the end of each yearly period during which such gas is not sold, as a shut-in royalty, whether one or more wells, an amount equal to one dollar per net mineral acre, and while said shut-in royalty is so paid or tendered, it will be considered under all provisions of this lease that gas is being produced in paying quantities. The first yearly period during which such gas is not sold shall begin on the date the first well is completed for production of gas.

5. This lease is a paid-up lease and may be maintained during the primary term without further payments or drilling operations.

6. In the event said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein then the royalties herein provided for shall be paid to said lessor only in the proportion which his interest bears to the whole and undivided fee; however, in the event this title to any interest in said land should revert to lessor, or his heirs, or his or their grantees, this lease shall cover such reversion.

7. The lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water from existing wells of the lessor. When required by lessor, the lessee shall bury its pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during, or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.

8. 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 the heirs, devisees, executors, administrators, successors, and assigns, but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee, and no change of ownership in the land or in the royalties or any sum due under this lease shall be binding on the lessee until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof, or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to lessor of the full interest claimed, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, or administrator, executor, or heir of lessor.

9. If the leased premises are now or shall hereafter be owned in severalty or in separate tracts, the premises may nonetheless be developed and operated as one lease, and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage; there shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may now or hereafter be divided by sale, lease, descent or otherwise, or to furnish separate measuring or receiving tanks.

10. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge in whole or in part any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such options it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty accruing hereunder.

11. If after the expiration of the primary term, production of oil or gas should cease from any cause, this lease shall not terminate if lessee commences additional drilling or reworking operations within one hundred-twenty (120) days thereafter, or if at the expiration of the primary term, oil or gas is not being produced on said land, but lessee is then engaged in drilling or reworking operations thereon, then in either event, this lease shall remain in force so long as operations are prosecuted either on the same well or any other well thereafter commenced, with no cessation of more than one hundred-twenty (120) consecutive days, and if they result in production of oil or gas, this lease shall remain in effect so long thereafter as there is production of oil or gas under any provision of this lease.

12. Lessee may at any time surrender or cancel this lease in whole or in part by delivering or mailing such release to the lessor, or by placing same of record in the proper county. In case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion canceled shall cease and determine, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes.

13. All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules, or regulations (and interpretations thereof) of all governmental agencies administering the same, and this lease shall not be in any way terminated wholly or partially nor shall the 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 (or interpretations thereof). If lessee should be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction thereof, the primary term of this lease shall continue until six months after said order is suspended.

14. Lessee, at its option, is hereby given the right and power to pool or combine into one or more units the land covered by this lease, or any portion thereof, with other land covered by another lease, or leases when, in lessee's judgment, it is necessary or advisable to do so in order to properly develop and operate said leased premises so as to promote the conservation of such minerals in and under said land, such pooling to be in a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 840 acres each in the event of a gas and/or condensate or distillate well, plus a tolerance of ten percent (10%) to conform to Governmental Survey quarter sections. Lessee shall execute in writing and file for record in the county in which the land is situated an instrument identifying and describing the pooled acreage, the entire acreage so pooled into a unit or units shall be treated for all purposes, except the payments of royalties on production from the pooled unit, as if it were included in this lease. If production is found on any part of the pooled acreage it shall be treated as if production is had from this lease whether any well is located on the land covered by this lease or not. Any well drilled on any such unit shall be and constitute a well hereunder, in lieu of the royalties elsewhere herein specified lessor shall receive on production from the unit so pooled only such portion of the royalty stipulated herein as the amount of his net royalty interest therein on an acreage basis bears to the total net acreage so pooled in the particular unit involved.

15. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor and lessee.

16. In addition to the one-eighth (1/8 th) royalty reserved herein, the lessor,

ORIGINAL CONTAINED WITH RECORD

ASSIGNMENT AND CONVEYANCE

KNOW ALL MEN BY THESE PRESENTS THAT:

Prairie Resources, Inc., a Colorado Corporation, whose address is 1016 Amanda Pines Drive, Parker, CO 80138, (hereinafter referred to as Assignor) for and in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby assign, grant, bargain, sell, convey, set over, and deliver unto Packard Oil and Gas, LLC whose address is 514 North Walnut, Medicine Lodge, KS 67104 (hereinafter referred to as Assignee) an undivided fifty percent (50.00 %) of all of Assignor's right, title and interest in and to the Oil and Gas Lease described below, containing 160 acres more or less, insofar as said lease covers lands situated in the County of Barber, State of Kansas, to-wit:

LESSOR: Lynn Packard and Jayne E. Packard

LESSEE: Prairie Resources, Inc.

LEASE DATE: March 10, 1999
Recorded in Book 281 Page 597

DESCRIPTION: The West Half of the Southwest Quarter of Section 14 -
Township 31 South - Range 13 West (80 acres)

The East Half of the Southeast Quarter of Section 15 -
Township 31 South - Range 13 West (80 acres)

together with the rights incident thereto and the personal property thereon, appurtenant thereto, or used or obtained in connection therewith.

All of the provisions of this Assignment and Conveyance shall be available to and binding upon the respective heirs, executors, administrators, successors, and assigns of the Assignor and Assignee herein. This Assignment and Conveyance is made without any warranty of title, either expressed or implied.

Executed and made effective this 10 th day of March, 1999.



State of Kansas, Barber Co., SS
This instrument was filed for record on
the 21 day of July
1999 at 4:13 o'clock P. M., and
duly recorded in book 281 on page 597
Betty J. Subarden
Register of Deeds
Fees \$6.00

STATE OF COLORADO)
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 10 th day of March, 1999 by
Robert W. Packard as President of Prairie Resources, Inc.

PRAIRIE RESOURCES, INC.

July 01, 2002

Sammy Flaharty
Kansas Corporation Commission
Conservation Division
130 South Market, Room 2078
Wichita, KS 67202-3802

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RE: Packard #-15 (Previously Banks-Packard #1)
API # 15-007-22112-0001 and the
Packard #2 (Previously Eagle Packard #2)
API # 15-007-21187-0001

Dear Ms. Flaharty,
This in reference to our telephone conversation of July 01, 2002 regarding the Form T-1 that transfers operatorship of the referenced wells from Prairie Resources, Inc., to American Energies Corporation.

Enclosed please find a copy of PRI's original Oil and Gas Lease, along with the Assignment and Conveyance, from Lynn Packard and Jayne E. Packard. This lease agreement combined these two wells into one lease back on March 10, 1999.

If you have a further questions please call me at (303) 840-3313.

Sincerely,



Prairie Resources, Inc.
Robert W. Packard
President

Cc: American Energies Corporation
155 North Market
Suite 710
Wichita, KS 67202