

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

RECEIVED

Form T-1
April 2004

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

OCT 03 2007
Form must be Typed
Form must be Signed
All blanks must be Filled
CONSERVATION DIVISION
WICHITA, KS

Check Applicable Boxes:

- ☐ Oil Lease: No. of Oil Wells _____ **
- ☐ Gas Lease: No. of Gas Wells _____ **
- ☐ 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.: **E-07606**
- Entire Project: ☒ Yes ☐ No
- Number of Injection Wells **3** **

Field Name: **Trapp**

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

Effective Date of Transfer: **08-01-1997**

KS Dept of Revenue Lease No.: **105387** *WLB*

Lease Name: **J. W. Meharg**

_____ Sec. **17** Twp. **15** R. **13** ☐ E ☒ W

Legal Description of Lease: **NE/4 of Sec. 17-15-13W**

County: **Russell**

Production Zone(s): _____

Injection Zone(s): **LKC**

Surface Pit Permit No.: **P 09438**
(API No. if Drill Pit, WO or Haul)

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

3696 feet from ☐ N / ☒ S Line of Section

1056 feet from ☒ E / ☐ W Line of Section

Past Operator's License No. **3871 expired 8-30-1998**

Past Operator's Name & Address: **Hugton Energy Corp.**
301 N. Main, Suite 1900
Wichita, KS 67202

Title: _____

Contact Person: _____

Phone: _____

Date: _____

Signature: **See Attachment**

New Operator's License No. **6622 Exp 6-30-06**

New Operator's Name & Address: **Schoenberger, J. L.**
d/b/a Jason Oil Company
P. O. Box 701, Russell, KS 67665

Title: **Owner**

Contact Person: **James L. Schoenberger**

Phone: **785-483-4204**

Oil / Gas Purchaser: _____

Date: **10-1-2007**

Signature: *James L. Schoenberger*

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.

J.L. Schoenberger is acknowledged as the new operator and may continue to inject fluids as authorized by Permit No.: **E-07606**. Recommended action: **None**

Date: **10-4-07** *Barbara Montgomery*
Authorized Signature

Jason Oil Company is acknowledged as the new operator of the above named lease containing the surface pit permitted by No.: **P09438**.

Date: **10/4/07** *Janelle R Rains*
Authorized Signature **CC:KH**

| | | | |
|---------------------------------------|-----------------------------|-------------------------------|--------------------|
| DISTRICT | EPR 10-4-07 | PRODUCTION OCT 05 2007 | UIC 10-4-07 |
| Mail to: Past Operator 10-4-07 | New Operator 10-4-07 | District 10-4-07 | 4 |

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

Must Be Filed For All Wells

KDOR Lease No.: 105387

* Lease Name: J. W. Meharg

* Location: NE/4 Sec. 17-15-13

| Well No. | API No. (YR DRLD/PRE '67) | Footage from Section Line (i.e. FSL = Feet from South Line) | Type of Well (Oil/Gas/INJ/WSW) | Well Status (PROD/TA'D/Abandoned) |
|----------|------------------------------|--|-----------------------------------|--------------------------------------|
|----------|------------------------------|--|-----------------------------------|--------------------------------------|

[illegible]

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.

ASSIGNMENT AND BILL OF SALE

STATE OF KANSAS
COUNTY OF RUSSELL

of
of
of

Filed ✓
Dated ✓
Noted 248
Notarized ✓
Clerk ✓



State of Kansas, Russell County, ss
This instrument filed for record
September 4, 1997
2:00 P.M. Recorded at
Book 195 Page 790-796
Dee Ann Matheson
Register of Deeds

9/97

For sufficient consideration, receipt of which is hereby acknowledged, **HUGOTON ENERGY CORPORATION**, a Kansas corporation, whose mailing address is 301 N. Main, Suite 1900, Wichita, Kansas 67202, hereinafter called "Assignor", does hereby sell, transfer, and assign to **JASON OIL COMPANY DBA JAMES L. SCHOENBERGER**, whose mailing address is P.O. Box 701, Russell, Kansas 67665-0701, hereinafter called "Assignee", all of Assignor's right, title and interest in and to the oil and gas lease(s) described on Exhibit "A", attached hereto and made a part hereof. The lease(s) described on the attached Exhibit "A" and assigned hereby are hereinafter referred to as the "Assigned Premises".

For the same consideration recited above, Assignor does hereby grant, bargain, sell and convey unto Assignee all wells, including the wellbores, the casing and tubing therein, all downhole and wellhead equipment, and all leasehold equipment, structures and other personal property situated on the Assigned Premises described on Exhibit "A", but IN SO FAR AND ONLY IN SO FAR as same is(are) used solely and directly in connection with the Assigned Premises. Assignor expressly reserves to itself and its successors and assigns any and all such wells and other personal property which is(are) not situated on and used solely and directly in connection with the Assigned Premises.

Additionally, for the same consideration recited above, Assignor does hereby sell, transfer and assign to Assignee, all of Assignor's rights and obligations derived from or created by unitization, pooling or communitization agreements or units formed under or pursuant to orders of any governmental authority (exclusive, however, of any revenue interests derived from the unitization, pooling or communitization of royalty or overriding royalty owned by Assignor) and any rights and obligations derived from or created by operating or joint operating agreements to the extent and only to the extent that such rights and obligations relate to the lands and depths described in Exhibit "A", and all contracts and contractual rights, obligations and interests including but not limited to unit agreements, farmout or farmin agreements, operating agreements, production sales contracts, gas purchase contracts, processing contracts, gas balancing agreements, only insofar as such relate to the interests described in Exhibit "A".

TO HAVE AND TO HOLD unto Assignee, the heirs, successors and assigns of Assignee, forever. This Assignment and Bill of Sale is made without warranty of title, either express or implied.

THE WELL(S), EQUIPMENT AND OTHER PERSONAL PROPERTY COVERED HEREBY ARE USED AND ARE SOLD ON AN "AS IS, WHERE IS" BASIS WITH ALL FAULTS, IF ANY. ASSIGNOR SHALL HAVE NO LIABILITY TO ASSIGNEE FOR ANY CLAIMS, LOSS OR DAMAGE CAUSED OR ALLEGED TO BE CAUSED DIRECTLY OR INDIRECTLY, INCIDENTALLY OR CONSEQUENTIALLY, BY SAID WELL(S), EQUIPMENT OR PERSONAL

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PROPERTY, BY ANY INADEQUACY THEREOF OR THEREWITH, ARISING IN STRICT LIABILITY OR OTHERWISE, OR IN ANY WAY RELATED TO OR ARISING OUT OF THIS ASSIGNMENT AND BILL OF SALE. ASSIGNOR MAKES NO EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, INCLUDING THOSE OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO SAID WELL(S), EQUIPMENT AND PERSONAL PROPERTY AND EXPRESSLY DISCLAIMS ANY WARRANTIES WITH RESPECT THERETO.

Assignee agrees to properly plug and abandon the well(s) assigned herein whenever such well(s) shall have served its intended purpose, all in accordance with the valid rules and regulations of the appropriate state or federal regulatory agency or agencies having jurisdiction, and Assignee agrees to indemnify and hold Assignor harmless from and against all losses, costs, claims and expenses arising out of or in any way connected with Assignee's failure to so perform. Further, Assignee agrees to indemnify and hold Assignor harmless from any and all surface or subsurface restoration, well abandonment or other similar obligations pertinent to the well(s) assigned herein which may arise out of any oil and gas lease, contract, permit or other agreement or laws or regulation affecting the lands upon which said wells are located. Assignee hereby agrees and acknowledges that it has had access to and the opportunity to inspect the Assigned Premises for all purposes, including without limitation, for the purposes of detecting the presence of hazardous substances, environmental hazards or naturally occurring radioactive material (NORM) and produced water contamination of the surface and/or subsurface and has satisfied itself as to their physical and environmental condition and further agrees to indemnify and hold Assignor harmless from any environmental condition existing on, in, or under, or resulting from any operations, whether past or present, of the Assigned Premises.

Within 180 days after the Execution date, Assignor shall forward a post-closing statement, or statements, to Assignee to account for any production proceeds, less all royalty, overriding royalty, production payments, taxes, including production, severance and ad valorem taxes, operating and other costs and expenses incurred in connection with the Assigned Premises from the Effective Date of the sale to and including the Execution Date. Any sums which may be due either party shall be paid one party to the other as may be appropriate, promptly after receipt of the post-closing statement.

Oil remaining in the tanks above the pipeline connection on the Effective Date hereof shall be the property of Assignor. All gas produced and saved up to such Effective Date shall belong to Assignor. All gas produced and saved after such Effective Date shall belong to Assignee.

All ad valorem taxes, real property taxes, personal property taxes, and similar obligations ("property taxes") with respect to the tax period in which the Effective Date occurs shall be apportioned as of the Effective Date between Assignor and Assignee. With respect to properties which immediately prior to the Effective Date are not operated by Assignor, Assignor and Assignee shall agree on the manner in which property taxes will be remitted to operator of the properties. If Assignor remits the property taxes to the operator, Assignee shall reimburse Assignor for its apportioned share of such property taxes as determined under this paragraph within thirty (30) days of receipt of Assignor's

invoice therefor. If Assignee remits the property taxes to the operator, Assignor shall reimburse Assignee for its apportioned share of such property taxes as determined under this paragraph within thirty (30) days of receipt of Assignee's invoice therefor. With respect to properties operated by Assignor, the payment of each party's proportionate share of such property taxes shall be paid or reimbursed in accordance with the post-closing statement.

All taxes (other than income taxes) which are imposed on or with respect to the production of oil, natural gas or other hydrocarbons or minerals or the receipt of proceeds therefrom (including but not limited to severance, production, and excise) shall be apportioned between the parties based upon the respective shares of production taken by the parties. All such taxes which accrued prior to the Effective Date have been or will be properly paid or withheld by Assignor and all statements, returns, and documents pertinent thereto have been or will be properly filed on behalf of Assignor. Payment or withholding of all such taxes which accrue after the Effective Date and the filing of all statements, returns, and documents incident thereto shall be the responsibility of Assignee. Nothing in the post-closing statement shall operate to alter the ultimate responsibility for the bearing or paying of taxes as set forth in this grammatical paragraph.

Assignee agrees that the purchase price provided for hereunder excludes any sales taxes or other taxes, if any, required to be paid in connection with the sale of property pursuant to this agreement. Assignee shall be liable for and bear all sales and use taxes, conveyance, transfer and recording fees and real estate transfer stamps or taxes, if any, imposed on any transfer of property pursuant to this agreement.

Assignee shall remove Assignor's name from the property within ten (10) working days after the Execution Date hereof. In the event Assignee fails to do so, Assignor's representatives shall have full access to the property for such purpose.

Each party to this Assignment and Bill of Sale shall provide the other party with access to all relevant documents, data and other information which may be required by the other party for the purpose of preparing tax returns and responding to any audit by any governmental agency. Each party to this agreement shall cooperate with all reasonable requests of the other party made in connection with contesting the imposition of taxes. Notwithstanding anything to the contrary in this agreement, neither party to this agreement shall be required at any time to disclose tax returns or other confidential tax information.

Subject to the provisions of the following paragraph, Assignee agrees that all books and records delivered to Assignee by Assignor pursuant to the provisions of this agreement shall be open for inspection by representatives of Assignor at reasonable times and upon reasonable notice during regular business hours for a period of ten (10) years following the Effective Date (or for such longer period as may be required by law or governmental regulation), and that Assignor may during such period at its expense make such copies thereof as it may reasonably request.

Without limiting the generality of the foregoing, for a period of ten (10) years after the Execution Date (or for such longer period as may be required by law or governmental regulation), Assignee shall not destroy or give up possession of any original or final copy of any of the books and records delivered to Assignee by Assignor hereunder without first offering Assignor the opportunity, at Assignor's expense (without any payment to Assignee), to obtain such original or final copy or a copy thereof. After the conclusion of such period, Assignee shall offer to deliver to Assignor, at Assignor's expense (without any payment to Assignee), all such books and records prior to destroying the same.

Assignee agrees to obtain any and all necessary permits, bonds, leases, rights of way, or other authorities, which may be necessary in order to operate the well(s) assigned herein, and agrees to indemnify and hold Assignor harmless from and against any and all losses, claims, damages or liability which may result directly or indirectly from Assignee's possession, ownership or operation of the said well(s) and related equipment assigned herein on and from the Effective Date hereof.

Assignee hereby assumes and agrees to comply with all obligations and covenants, express or implied, imposed upon the lessee in the oil and gas lease(s) assigned hereby or contained in any intermediate assignments thereof insofar as concerns the Assigned Premises (including, but not limited to, the proper payment of all royalties, overriding royalties or other burdens on production from the Assigned Premises), and agrees to indemnify and save harmless Assignor from any risk, liability or expenses of whatsoever kind arising from Assignee's operations on the Assigned Premises or operations of said wells after the Effective Date hereof.

This assignment is made subject to the agreements referenced on the Exhibit "A" as well as any and all other agreements to which the Assigned Premises are subject.

Any assignment of this agreement will be subject to any gas purchase contract now in existence which affects the Assigned Premises.

By executing this Assignment and Bill of Sale, Assignee acknowledges that Assignee is able to bear the economic risk of any oil and gas investment Assignee is obligated to or might choose to make in the Assigned Premises and that Assignee is capable of evaluating the merits and risks of investments in the Assigned Premises. Assignee also represents that Assignee is making the investment in the Assigned Premises for Assignee's own account and not with a view to the distribution or sale thereof, and that Assignee is acting solely for Assignee's own account in evaluating the Assigned Premises.

This Assignment and Bill of Sale shall bind and inure to the benefit of the heirs, successors and assigns of the parties hereto.

This instrument is executed on the respective dates indicated in the acknowledgments of the signatory parties hereto (the last of such dates being herein referred to as the "Execution Date"), but

effective for all purposes as of August 1, 1997, at 7:00 a.m. in the time zone in which the Assigned Premises are located (herein referred to as the "Effective Date").

HUGOTON ENERGY CORPORATION

By: Randall K. Click
Randall K. Click
Vice President - Land

"ASSIGNOR"

JASON OIL COMPANY DBA
JAMES L. SCHOENBERGER

By: James L. Schoenberger
James L. Schoenberger

"ASSIGNEE"

ACKNOWLEDGEMENTS

STATE OF KANSAS §
COUNTY OF SEDGWICK §

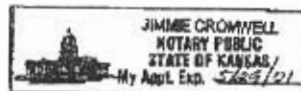
On this 24 day of August, 1997, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared **Randall K. Click**, known to me to be the identical person whose name is subscribed to the foregoing instrument and acknowledged to me that he, being fully authorized to do so, executed and delivered the same this date as Vice President of Land for **Hugoton Energy Corporation**, a Kansas corporation, as the act and deed of said corporation, for the purposes and considerations, and in the capacity therein stated.

Given under my hand and seal the day and year last above written.

My Commission Expires:

5/29/01

Jimmie Cromwell
Notary Public



STATE OF KANSAS

COUNTY OF Sedgwick

On this 26 day of August, 1997, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared **James L. Schoenberger**, known to me to be the identical person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed and delivered the same this date as his free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

My Commission Expires:

5/29/01

James Cromwell
Notary Public

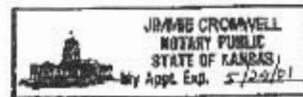


EXHIBIT "A"

Attached to and made a part of that certain Assignment and Bill of Sale by and between Hugoton Energy Corporation, a Kansas corporation, as Assignor, and Jason Oil Company dba James L. Schoenberger, as Assignee, dated effective August 1, 1997.

PROPERTY NAME: J. W. Meharg #1
J. W. Meharg #3
J. W. Meharg #4
J. W. Meharg #5
J. W. Meharg #6
J. W. Meharg #7
J. W. Meharg #10
J. W. Meharg #11
J. W. Meharg #14

LEASE NO. 1500081:

DATE: March 11, 1929

LESSORS: J. W. Meharg and Esther A. Meharg, his wife;
M. E. Anderson, a widow; Eugene Meharg, single;
Ruth C. Weeks, a widow; Josephene Detrich and
H. E. Detrich, husband & wife; Ruby Heckman and
Rob Heckman, husband and wife

LESSEE: D. S. Schuber

RECORDED: Book 13, Page 280

DESCRIPTION: The NE $\frac{1}{4}$ of Section 17-T15S-R13W
Russell County, Kansas

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1016L P. 32709