

SEP 08 2008

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

CONSERVATION DIVISION
WICHITA, KS

Form T-1

April 2004

Form must be Typed

Form must be Signed

All blanks must be Filled

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

Check Applicable Boxes:

☒ Oil Lease: No. of Oil Wells 5 **
☐ 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 25450
Entire Project: ☒ Yes ☐ No
Number of Injection Wells 3 **
Field Name: Bush City Shoestring

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

Effective Date of Transfer: 8/25/2008

KS Dept of Revenue Lease No.: 115577 115577

Lease Name: Craig

Sec. 27 Twp. 26 R. 21 ☒ E ☐ W

Legal Description of Lease: SE/4 of 27.20.21E

County: Anderson

Production Zone(s): Squirrel

Injection Zone(s): Squirrel

Surface Pit Permit No.: _____
(API No. if Drill Pit, WO or Haul)

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

Past Operator's License No. CHR001 #33337 33337

Past Operator's Name & Address: Christian Operating
11250 West Road, Bldg. H, Houston, Texas 77065

Title: President

Contact Person: Phil Christian

Phone: (281) 894-6300

Date: N/A

Signature: (SEE ATTACHED)
Add'l Info On file

New Operator's License No. #34170

New Operator's Name & Address: Sirius Energy Corp.
17 Briar Hollow Lane
Houston, Texas 77027

Title: President

Contact Person: Frank Snorheim

Phone: (281) 818-3450

Oil / Gas Purchaser: _____

Date: 8/25/2008

Signature: _____

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.

Sirius Energy Corp. is acknowledged as the
new operator and may continue to inject fluids as authorized by
Permit No. E-25,450. Recommended action: U3C's
Due on All Wells - 2003-07
Date: 10-15-08 Barbara Montgomery
Authorized Signature

_____ is acknowledged as the
new operator of the above named lease containing the surface pit
permitted by No.: _____
Date: _____
Authorized Signature

DISTRICT _____ EPR 10-14-08 PRODUCTION OCT 16 2008 UIC 10-15-08
Mail to: Past Operator 10-15-08 New Operator 10-15-08 District 10-15-08 3

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

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SEP 08 2008

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WICHITA, KS

KDOR Lease No.: 11557 '7

* Lease Name: Craig

* Location: Sec 27 Twp 20 R21E

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, BILL OF SALE AND CONVEYANCE

STATE OF KANSAS

COUNTIES OF ANDERSON, BOURBON
CRAWFORD, LABETTE, LEAVENWORTH
NEOSHO, LINN

STATE OF KANSAS } S.S. Fee \$ 44.00
ANDERSON COUNTY }
This note was filed for Record
on this 20th day of Aug, A.D. 2008
at 11:55 a M. and duly Recorded
Book 86 of mcl on Page 35
Sandra J. Baughen
REGISTER OF DEEDS

This Assignment, Bill of Sale and Conveyance ("Assignment") is

FROM: **CHRISTIAN OPERATING COMPANY**
11250 West Road, Building H
Houston, Texas 77065

TO: **SIRIUS ENERGY CORP.**
c/o Bureson Cooke L.L.P.
711 Louisiana, Suite 1701
Houston, Texas 77002

By _____ Deputy

("Assignor")

("Assignee")

Assignor, for and in consideration of \$10.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed by Assignor, subject to the exceptions and reservations set forth below, does hereby sell, assign, convey, transfer, set over and deliver unto Assignee and Assignee's successors in title and assigns, effective as of 7:00 a.m. Central time on June 12, 2008 (the "Effective Time"), the following properties and rights (collectively, the "Subject Interests"):

All of Assignor's right, title, interest and estate as set forth on Exhibit A, whether real or personal, recorded or unrecorded, movable or immovable, tangible or intangible, in, to and under the lands, leases and wells as described on Exhibits A and A-1, including Assignor's leasehold interests, operating rights, mineral interests, fee mineral interests, overriding royalty interests (except the Assignor Override as reserved herein), reversionary interests, net profits interests, net revenue interests, and any other similar or dissimilar property interests, the undivided interests therein and the underlying oil, gas and mineral leasehold estates associated therewith, together with rights in any pooled or unitized acreage by virtue of any lands covered by the Leases (as defined below) being a part thereof, in, to, under and derived from:

- 1) the oil and gas leases, oil, gas and mineral leases, subleases and other leaseholds, overriding royalties (except as reserved in this Assignment), royalty or mineral deeds, and mineral fee interests, described on Exhibit A, together with corresponding interests in and to all the property and rights incident thereto, subject to such depth limitations and other restrictions as may be set forth on Exhibit A (collectively, the "Leases"), including all rights in any pooled or unitized acreage by virtue of the Leases being a part thereof, all production from the pool or unit allocated to any such Leases, and any and all oil, gas, water, CO2 or injection wells thereon, including the interests in the wells shown on Exhibit A-1 attached hereto (the "Wells");
- 2) the equipment and other personal and mixed property, improvements, easements, rights-of-way, permits, licenses, servitudes and any other estates situated in or upon, or used or useful, or held for future use in connection with the exploration, development and production of Hydrocarbons from any of the Leases or the treatment, storage or transportation of such Hydrocarbons therefrom, including, but not limited to, wells, casing, tubing, derricks, tanks, batteries, boilers, separators, rods, dehydrators, compressors, pumps, flow lines, gathering lines, water lines, gas lines, buildings, field offices, fixtures, machinery, gas production, gathering or processing equipment, systems or pipelines, gas marketing systems or pipelines, power lines, telephone and telegraph lines, and all other fixtures and improvements, currently located on the Leases or lands pooled therewith or located thereon as of the Effective Time, and other appurtenances pertaining to the Leases (all such personal property and fixtures are referred to in this Assignment as the "Assigned Appurtenances");
- 3) all easements, rights-of-way, licenses, authorizations, permits, and similar rights and interests applicable to, or used or useful in connection with, any or all of the interests described as part of the Subject Interests ("Oil and Gas Interests");

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86 mcl Page 35

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AUG 27 2008

CONSERVATION DIVISION

- 4) all presently existing contracts, agreements and instruments by which the Oil and Gas Interests are bound, to the extent applicable to the Oil and Gas Interests, including but not limited to, any operating agreements, unitization, pooling and communitization agreements, declarations and orders, joint venture agreements, farmin and farmout agreements, exchange agreements, transportation agreements, agreements for the sale and purchase of oil, gas, casinghead gas, condensate or CO2 and processing agreements to the extent applicable to the Oil and Gas Interests or the production of oil and gas and other minerals and products produced in association therewith from the Oil and Gas Interests, dry hole, bottom hole, acreage contribution, purchase and acquisition agreements, area of mutual interest agreements, servicing contracts, easement and right of way agreements, permits (to the extent transferable), licenses, servitudes or other interests appertaining to the Leases, and all other executory contracts and agreements relating to the above-described interests (all of which are hereinafter collectively referred to as "Contracts" but excluding any contracts, agreements and instruments to the extent transfer is restricted by third-party agreement or applicable Law), and provided that "Contracts" shall not include the instruments constituting the Leases;
- 5) all Records associated with the Oil and Gas Interests owned by Assignor; "Records" shall include, all lease files, land files, well files, gas and oil sales contract files, gas processing files, records and information relating to the production from and expenses attributable to the Oil and Gas Interests, abstracts, title opinions, well logs, cores, production data, and all other books, files and records, information, and data (including engineering, geophysical and geological data), and all rights thereto, of Assignor insofar as the same are related to any of the Oil and Gas Interests, to the extent the transfer thereof is not prohibited by existing contractual obligations with third parties or are reasonably available to Assignor to convey to Assignee, but, expressly excludes the financial statements Assignee;
- 6) water disposal systems, wells, equipment contracts, easements, leases or any other interest in the water disposal system associated with the Oil and Gas Interests and the operations thereon or on acreage pooled therewith;
- 7) all oil, gas, casinghead gas, condensate, distillate or other liquid or vaporous hydrocarbons or other minerals (collectively, "Hydrocarbons") stored upon or produced from the Oil and Gas Interests after the Effective Time, including "line fill" and inventory below the pipeline connection in tanks, attributable to the Oil and Gas Interests, or the proceeds from the sale of production therefrom;
- 8) All of Assignor's interest in or to all claims, suits, proceedings or choses in action, arising from or relating to any of the undivided interests assigned in paragraphs 1 through 7 above;
- 9) any other Oil and Gas Interests, including, without limitation, Leases and Wells, owned by Assignor in the Counties of Anderson, Bourbon, Crawford, Labett, Leavenworth and Neosho Counties in the State of Kansas, whether or not correctly described or referenced on Exhibits A and A-1; it being the intention of Assignor to sell and Assignee to acquire all assets of Assignor of any nature whatsoever located within the aforementioned counties.

This Assignment is expressly made subject to the following ("Existing Burdens"):

- (A) a proportionate part of the covenants, provisions, royalties and terms of the Leases; and
- (B) the terms and conditions of all existing orders, rules and regulations and ordinances of federal, state and other governmental agencies having jurisdiction.

Assignor hereby EXCEPTS AND RESERVES unto Assignor from the grant above an overriding royalty interest in the production from or allocable to each of the Leases equal to fifteen per cent out of one hundred percent (15.0% out of 100%) of the Hydrocarbons, produced and saved or produced and allocable to and sold from any of the Leases under the terms of any of the Leases (the "Seller Override").

The Seller Override is subject to the following terms, provisions and conditions:

- (A) The Seller Override, as to each Lease, shall be calculated based upon the percentage interest described above, and in calculating the interest of Assignor, such percentage shall be multiplied by the volumes of Hydrocarbons produced, saved and sold from or allocable to any Lease, or lands unitized or pooled therewith, under the terms of such Lease and any renewal or extension thereof acquired by Assignee, its successors and assigns within one (1) year of the expiration, termination or relinquishment of the original Lease. The Seller Override shall be calculated and paid in the same manner and subject to the same terms and conditions as the lessor's royalty under the Lease burdened by the Seller Override. Any of the Leases may be amended by the owner thereof, from time to time, without the joinder of Assignor.
- (B) If Assignor owns less than the entire working interest in the Lease, or any portion thereof, or if any lessor of the Lease owned (at the time the Lease was made) less than the entire fee simple mineral estate in all or any portion of the lands covered thereby, whether said lesser interest is specified in the Lease or not, or if for any reason title should fail as to all or part of the leasehold interest owned by Assignor, then the Seller Override with respect to such Lease shall be reduced proportionately.
- (C) The Seller Override in any Lease may be pooled and unitized in the same manner and under the same and identical terms, conditions and provisions as the lessor's royalty may be pooled and unitized under the terms of the Lease to which the Seller Override is applicable.
- (D) It is expressly provided that the Seller Override shall not be paid nor shall accrue upon any Hydrocarbons used for operating, development or production purposes upon the lands covered by a Lease, or that portion of any Hydrocarbons returned to the lands covered by a Lease for operating, development or production purposes or upon that portion of Hydrocarbons which is unavoidably lost.
- (E) No obligations, either express or implied, shall arise by reason of this reservation by Assignor which shall obligate Assignee to keep, drill, produce, operate and/or maintain the Lease in force and effect either by the payment of rentals, compensatory royalties or other payments, or by the drilling of any wells upon the lands covered by the Lease. It being expressly understood that Assignor is to receive the Seller Override in such production only out of the Hydrocarbons if, as and when produced, saved and marketed at the sole will of Assignee from said lands under the terms and provisions of the Lease, and Assignee may release the Lease, or any part thereof, or permit the Lease, or any part thereof, to revert or terminate at will and without liability to Assignor.

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AUG 27 2008
CONSERVATION DIVISION
WICHITA, KS

86 mca/
35

- (F) In the event Assignee assigns or subleases all or any part of Assignee's interest in the Lease, such assignment or sublease shall be subject to the Seller Override.
- (G) The Seller Override shall be subject to reduction in accordance with the terms and provisions of that certain Purchase and Sale Agreement dated June 12, 2008, between Assignor (and certain of its affiliates) and Assignee.

TO HAVE AND TO HOLD, all and singular, the Subject Interests unto Assignee and Assignee's successors in title and assigns forever. Assignor hereby binds Assignor and Assignor's successors and assigns, to WARRANT AND DEFEND the title to the Subject Interests, unto Assignee and Assignee's successors and assigns, against every person lawfully claiming or to claim the same, or any part thereof. Assignor warrants to Assignee that the Leases herein conveyed to Assignee shall entitle Assignee to an Average Net Revenue Interest (as defined below) in the lands covered thereby (the "Lands") that is not less than seventy eight percent (78%), after satisfaction of the Xenia Production Payment and prior to the Seller Override. The term "Average Net Revenue Interest" means, with respect to all of the Lands, the average of the Net Revenue Interest of all of the Leases taken as a group, and the term "Net Revenue Interest" means that portion of production of Hydrocarbons from such Lands which Assignee is entitled to receive by virtue of its ownership of the Leases, after deducting all royalties, overriding royalties, production payments, and other burdens on or measured by production, except ad valorem, production, severance, and other similar taxes. "Xenia Production Payment" means the production payment reserved by The Xenia Corporation and Kansas Drillers Incorporated in the sale of certain of the Leases to Assignor. This Assignment, in respect of the Assigned Appurtenances, is made without warranty or covenants, express or implied, and, in respect of the Assigned Appurtenances, the **IMPLIED WARRANTY OF MERCHANTABILITY AND THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE ARE HEREBY EXPRESSLY NEGATED**. This Assignment is made with full substitution and subrogation of Assignee in and to all covenants, indemnities, representations and warranties by others heretofore given or made with respect to the Subject Interests or any part thereof.

The term "oil, gas and mineral lease" as used in this Assignment and in Exhibit A hereto includes in addition to oil, gas and mineral leases, oil and gas leases, oil, gas and sulphur leases, other mineral leases, co-lessor's agreements, lease ratifications and extensions and subleases of any of the foregoing, as appropriate.

All of the terms, provisions, covenants and agreements herein contained shall extend to and be binding upon the parties hereto, and their respective successors in title and assigns.

Assignor agrees to execute, to acknowledge and to deliver to Assignee any additional instruments, notices, division orders, transfer orders and other documents and to do any other acts and things which may be necessary to more fully and effectively assign and convey to Assignee and Assignee's successors in title and assigns the Properties intended to be assigned hereby.

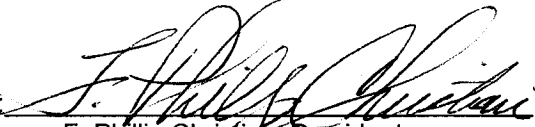
[SIGNATURES CONTAINED ON NEXT PAGE]

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AUG 27 2008
CONSERVATION DIVISION
WICHITA, KS

IN WITNESS WHEREOF, Assignor has executed this Assignment on the date of the acknowledgment annexed hereto, but this Assignment shall be effective as of the Effective Time hereinabove recited.

ASSIGNOR:

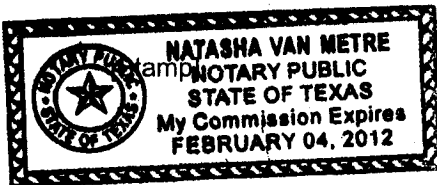
CHRISTIAN OPERATING COMPANY

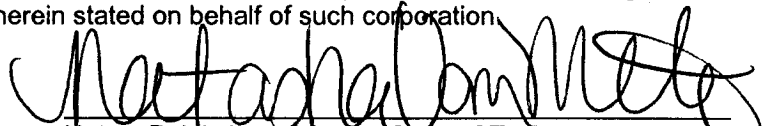
By: 
F. Phillip Christian, President

THE STATE OF TEXAS

COUNTY OF HARRIS

On this 12th day of June, 2008, before the undersigned authority personally appeared F. Phillip Christian, President of CHRISTIAN OPERATING COMPANY, a Texas corporation, who acknowledged to me that he executed the same in the capacity therein stated on behalf of such corporation.




Notary Public in and for the State of Texas

Return acknowledgment to:

★
Capitol Services, Inc.
P.O. Box 1831 Austin, TX 78767
800/345-4647

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AUG 27 2008
CONSERVATION DIVISION
WICHITA, KS

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EXHIBIT A

Attached to, and being a part of Purchase and Sale Agreement
Dated June 12, 2008, between
CHRISTIAN OPERATING COMPANY,
and **SIRIUS ENERGY CORP.**

<u>Lease Name</u>	<u>County</u>	<u>Description</u>	<u>Acres</u>	<u>No. of Wells</u>
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Craig-McNabb	Anderson	SE/4, S27, T20S, R21E	160	6
Oil and Gas Lease from Christine Craig, et al, as Lessor, to We-Kan Resources, Inc., as Lessee, dated December 18, 1979, recorded in Volume 11, page 2, Oil and Gas Lease Records, Anderson County, Kansas.				
Working Interest		1.0000000		
Net Revenue Interest		0.7700000		
Revenue Lease Code No. 115577				

Katzer	Anderson	S/2 NE/4, S27, T20S, R21E	80	6
Oil and Gas Lease from Maurice H. Katzer, et al., as Lessor, to We-Kan Resources, Inc., as Lessee, dated January 8, 1980, recorded in Volume 11, page 46, Oil and Gas Lease Records, Anderson County, Kansas.				
Working Interest		1.0000000		
Net Revenue Interest		0.7700000		
Revenue Lease Code No. 115285				

Parks, Melvin	Anderson	N/2 SW/4, S27, T20S, R21E	80	6
Oil and Gas Lease from M.O. Parks, et al., as Lessor, to We-Kan Resources, Inc., as Lessee, dated September 18, 1979, recorded in Volume 10, page 281, Oil and Gas Lease Records, Anderson County, Kansas.				
Working Interest		0.9000000		
Net Revenue Interest		0.6437813		
Revenue Lease Code No. 114324				

Rosell A & B	Anderson	S/2 NW/4 and N/2 SW/4 S4, T21S, R21E	160	18
Oil and Gas Lease from J. F. Roselle, as Lessor, to Fred Denton, as Lessee, dated April 15, 1925, recorded in Volume 4, page 259, Oil and Gas Lease Records, Anderson County, Kansas.				
Working Interest		1.0000000		
Net Revenue Interest		0.8450000		
Revenue Lease Code No. 100142				

Kittle	Anderson	SE/4, S5, T21S, R21E	160	18
Oil and Gas Lease from Dean Kittle and wife Bernice, as Lessor, to The Xenia Corporation, as Lessee, dated May 5, 1997, recorded in Volume 14, page 69, Oil and Gas Lease Records, Anderson County, Kansas.				
Working Interest		1.0000000		
Net Revenue Interest		0.8450000		
Revenue Lease Code No. 128118				

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Exhibit A - 1

86 ma / 35