

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 8 \*\*  
☐ 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.: \_\_\_\_\_  
Entire Project: ☐ Yes ☐ No  
Number of Injection Wells \_\_\_\_\_

Field Name: WAYSIDE-HAVANA  
\*\* Side Two Must Be Completed.

Effective Date of Transfer: 8/25/08  
KS Dept of Revenue Lease No.: 101486V<sup>1</sup>  
Lease Name: DEFENBAUGH, DWIGHT  
\_\_\_\_\_ Sec. 4 Twp. 34S R. 14 ☒ E ☐ W  
Legal Description of Lease: S/2 SE/4  
County: MONTGOMERY  
Production Zone(s): WAYSIDE RECEIVED  
Injection Zone(s): \_\_\_\_\_ OCT 15 2008

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

Type of Pit: ☐ Emergency ☐ Burn ☐ Settling

\_\_\_\_\_ feet from ☐ N / ☐ S Line of Section \_\_\_\_\_  
\_\_\_\_\_ feet from ☐ E / ☐ W Line of Section  
☐ Haul-Off ☐ Workover ☐ Drilling

Past Operator's License No. 4214  
Past Operator's Name & Address: GARY L. SHEARHART  
3435 CR 1900, Havana, KS 67347  
Title: OWNER

Contact Person: GARY L. SHEARHART  
Phone: 620-330-8633  
Date: 10/10/08  
Signature: GARY L. SHEARHART

New Operator's License No. 33702  
New Operator's Name & Address: Magnum Engineering  
Company; 500 North Shoreline Blvd  
#322; Corpus Christi, TX 78471  
Title: President

Contact Person: AVINASH C. AHUJA  
Phone: 361-882-3858  
Oil / Gas Purchaser: \_\_\_\_\_  
Date: 10-14-2008  
Signature: AVINASH C. AHUJA

**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.

\_\_\_\_\_ is acknowledged as the  
new operator and may continue to inject fluids as authorized by  
Permit No.: \_\_\_\_\_ . Recommended action: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_ is acknowledged as the  
new operator of the above named lease containing the surface pit  
permitted by No.: \_\_\_\_\_  
Date: \_\_\_\_\_

Authorized Signature  
DISTRICT \_\_\_\_\_ EPR 11-7-08  
Mail to: Past Operator \_\_\_\_\_ New Operator \_\_\_\_\_

Authorized Signature  
PRODUCTION NOV 07 2008 UIC 11-708  
District \_\_\_\_\_

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

082508 Defenbaugh, Dwight.pdf





**OIL LEASE**  
**(KANSAS—PAID UP)**

STATE OF KANSAS MONTGOMERY COUNTY  
FILED FOR RECORD  
MARILYN CALHOUN, REGISTER OF DEEDS  
9:07:35 AM, 9/8/2008 Receipt No.: 33462  
LEASE \$6.00  
ADDITIONAL PAGES \$4.00  
TECHNOLOGY FUND \$6.00

BOOK: 579 PAGE: 183

Magnum Producing, LP  
7600 West Tidwell, Ste 505  
Houston, Tx 77040

THIS AGREEMENT, made and entered into this 25<sup>th</sup> day of August, 2008, by and between Richard E. Defenbaugh and Monica B. Defenbaugh, husband and wife, whose mailing address is 4708 Chastant Street, Metairie, LA 70006, hereinafter called Lessor, (whether one or more) and Magnum Producing, L.P., whose mailing address is 500 North Shoreline Boulevard, Suite #322, Corpus Christi, TX, 78471, hereinafter called Lessee:

WITNESSETH:

1. That the Lessor, for and in consideration of the sum of ONE DOLLAR (\$1.00), and other good and valuable consideration, receipt of which is hereby acknowledged, and the covenants and provisions contained herein to be kept by Lessee, does hereby grant, demise, lease and let unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, operating for, producing, and taking care of all oil and all of the products of oil, with rights of way and easements for laying pipelines, and the erection of structures thereon necessary or convenient to produce, save and take care of all said products on that certain tract of land situated in the County of Montgomery, State of Kansas, described as follows, to-wit:

S/2 SE/4, Section 4, T34S, R14E, Montgomery County, Kansas,

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containing 80 acres, more or less.

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WICHITA, KS

2. It is agreed that this lease shall remain in full force and effect for a primary term of 18 months from this date, and as long thereafter as oil is produced from said leased premises, or drilling operations are continued as hereinafter provided.

3. This is a PAID-UP LEASE. In consideration of the down payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term, or to make any rental payments during the primary term. Lessee may at any time or times during or after the primary term hereof surrender this lease as to all or a portion of the lands covered herein by delivering to Lessor, or by filing for record a release or releases, and thereafter be relieved of all obligations accruing hereunder as to the acreage surrendered. The lease shall continue in force and effect as to all of the acreage not surrendered.

4. Lessee agrees to pay Lessor a royalty on production covered hereby as follows:

1st. Lessee shall deliver to the credit of Lessor as royalty, free of cost, in the pipeline to which Lessee may connect its wells, the equal one-sixth (1/6<sup>th</sup>) part of all oil produced and saved from the leased premises, or at Lessee's option, may pay to the Lessor for such one-sixth (1/6<sup>th</sup>) royalty the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipeline, or into storage tanks.

2nd. Lessee shall pay lessor one-sixth of the proceeds received by the Lessee from the sale of casinghead gas produced from any oil well and one-sixth of the value, at the mouth of the well, computed at the prevailing market price, of the casinghead gas produced from any oil well and used by Lessee off the leased premises for any purpose or used on the leased premises by Lessee for purposes other than the development and operation thereof.

5. If the Lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid the said Lessor only in the proportion which Lessor's interests bear to the whole and undivided fee.

6. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if Lessee shall commence operations for drilling a well at any time while this lease is in force, this lease shall remain in force and its term shall continue so long as such operations are prosecuted as set out in Paragraph 7 hereof, and if production results therefrom, then so long as production continues.

7. If at the expiration of the primary term of this lease, oil is not being produced on the leased premises but Lessee has been engaged in drilling or reworking operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises; and operations shall be considered to be continuously prosecuted if not more than sixty (60) days shall elapse between the completion or the abandonment of one well and the beginning of operations for the drilling of a subsequent well. If, after the discovery of oil on said land, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within sixty (60) days from the date of cessation of production or from date of completion of a dry hole. If oil shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil shall be produced from the leased premises.

8. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operations thereon, except water from the wells or ponds of the Lessor. When requested by Lessor, Lessee shall bury pipelines below plow depth, if practicable. No well shall be drilled nearer than 200 feet to any house, barn or the old farmstead or corral on said premises as of the date of this lease without written consent of the Lessor. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing, but shall not have the obligation to do so.

9. All express or implied covenants of this lease shall be subject to all federal and state laws, executive orders, rules or regulations of governmental bodies having jurisdiction, and this lease shall not terminate in whole or in part, nor shall Lessee be held liable in damages for failure to comply therewith, if compliance is prevented by or if such failure is the result of any such law, order, rule, or regulation.

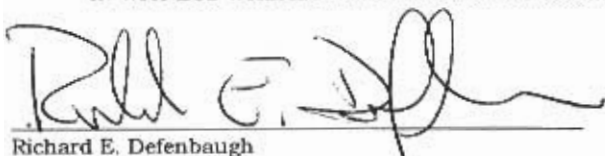
10. Lessor hereby warrants and agrees to defend the title to the lands herein described and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described land in the event of failure of payment by the Lessor, and be subrogated to the rights of the holder thereof, and in addition Lessee may reimburse itself for such payments out of any royalties or rentals payable to a Lessor.

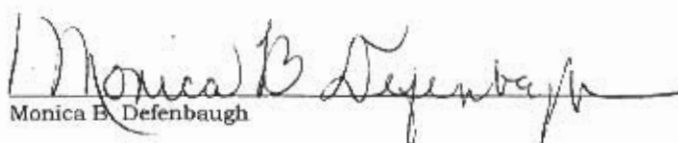
11. In the event that Lessor, while this Lease is in force and effect, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a gas lease covering any or all of the Land and interests covered by this Lease, Lessor hereby agrees to immediately notify Lessee in writing of said offer, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of 15 days after receipt of the notice, shall have the prior and preferred right and option to purchase a lease, at the price and according to the terms and conditions specified in the offer. All offers made up to and including the last day this Lease is in force and effect shall be subject to the terms and conditions of this provision. Should Lessee elect to purchase a lease pursuant to the terms hereof, it shall so notify Lessor in writing by mail or telegram prior to expiration of the said 15-day period. Lessee shall promptly thereafter furnish Lessor the new lease for execution along with Lessee's sight draft payable to Lessor in the amount specified as consideration for the new lease, such draft being subject only to approval of title. Upon receipt thereof, Lessor shall promptly execute said lease and return the same along with the endorsed draft to Lessee's representative or through Lessor's bank of record for payment.

It is agreed that the gas lease shall include the following provisions: (1) No gas well shall be drilled closer than 200' from an existing oil producing or salt water injection well without the written consent of LESSEE. (2) Gas producing operations shall be conducted in a manner to not interfere with the ongoing oil producing operations.

12. All the provisions of this Lease and the attached Exhibit "A" shall be binding on the heirs, successors, assigns, and legal representatives of the Lessor and Lessee. To the extent that the terms and conditions set forth in the attached Exhibit "A" conflict with this Lease, then the terms and conditions of Exhibit "A" shall govern.

IN WITNESS WHEREOF this instrument is executed on the day and year first hereinabove set out.

  
Richard E. Defenbaugh

  
Monica B. Defenbaugh

STATE OF Louisiana )  
                                  ) SS:  
Parish of Jefferson )


BE IT REMEMBERED that on this 25<sup>th</sup> day of August, 2008, before me, a Notary Public in and for the Parish and State aforesaid, came Richard E. Defenbaugh and Monica B. Defenbaugh, husband and wife, who are personally known to me to be the same persons who executed the within instrument of writing and such persons duly acknowledged the execution of the same to be their free act and deed

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

My Appointment Expires:

at death

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CONSERVATION DIVISION  
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Notary Public  
Robert L. Sebastian  
Louisiana Bar No. 11905



OCT 15 2008

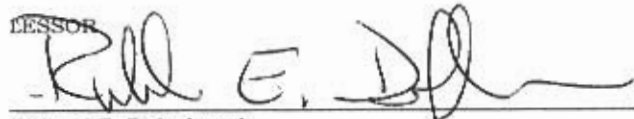
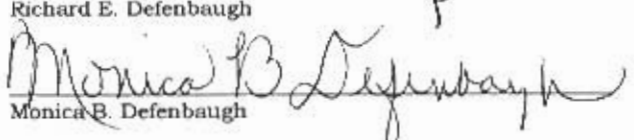
CONSERVATION DIVISION  
WICHITA, KS

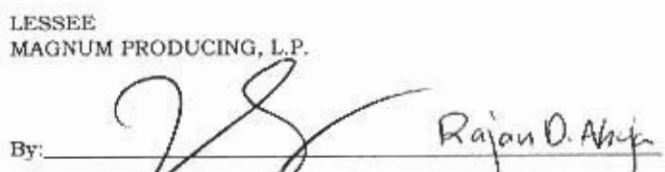
**EXHIBIT "A"**  
**To the Oil Lease dated August 25<sup>th</sup>, 2008,**  
**between Richard E. Defenbaugh and Monica B. Defenbaugh, LESSOR,**  
**and Magnum Producing, L.P., LESSEE**

TO THE EXTENT THAT THE TERMS AND CONDITIONS SET FORTH HEREIN CONFLICT WITH THE OIL LEASE TO WHICH THIS EXHIBIT IS ATTACHED, THEN THE TERMS AND CONDITIONS OF THIS EXHIBIT SHALL GOVERN.

1. LESSEE and its successors and assigns shall conduct all operations on the leased premises as a reasonable and prudent operator and in such a way as to cause a minimum of damage to the land and improvements thereon. LESSEE shall promptly repair ruts and cleanup any spills, and will not allow unused equipment or junk to accumulate on the property. LESSEE shall, weather permitting, promptly repair any area damaged as a result of LESSEE's operations to the fullest practical extent, including filling and leveling holes, pits, ruts, roads or excavations in areas no longer used by LESSEE. Upon termination of this lease, LESSEE shall fully repair all damaged land not already repaired to as near as is practically possible to the condition it was prior to the commencement of such operations.
2. At least one week, but not more than two months, prior to commencing any drilling operations on the leased premises LESSEE shall inform LESSOR of LESSEE's intentions. LESSEE shall compensate LESSOR for actual damages or injury done or caused by LESSEE during its operations hereunder to any livestock, growing crops, pasture land, hay meadow, timber, structures, landscaping and/or other improvements as a result of LESSEE's operations. At least one week before commencing any well drilling or tank battery emplacement operations LESSEE shall pay LESSOR the sum of \$500.00 for each drilling site and/or tank battery to cover damage to the land resulting from such activity. This provision shall not limit LESSOR's remedies under the law to recover any additional damages that may be incurred by LESSOR.
3. LESSOR reserves the right to designate all routes of ingress and egress, and LESSEE must obtain LESSOR's prior written consent as to the location of tank batteries and other equipment prior to construction and installation. All tank batteries and other equipment shall be located along existing main roads unless LESSOR consents otherwise in writing. Said consent by LESSOR shall not be unreasonably withheld. LESSEE shall use only one properly maintained road to all wells and lease locations. No fences shall be cut without written authorization from LESSOR and reasonable compensation to LESSOR. LESSEE shall repair any gates, waterways, terraces, pasture or fences damaged by LESSEE's operations. All roads and locations shall be kept free of litter, debris, brush and/or weeds and shall at all times be well maintained. Lessee, whenever possible shall use existing access roads and maintain or improve such roads where necessary.
4. LESSEE shall bury all electric lines and lead lines installed after the effective date of this lease at least 30 inches deep on cultivable land, tame pastures and prairie meadows, and below the surface in native pasture. No overhead electric lines shall be used without the written permission of LESSOR.
5. The leased premises shall not be used for any gas development or production operations other than those operations associated with producing oil and casinghead gas from the leased premises.
6. LESSOR's water from its wells and ponds shall not be used in LESSEE's operations without the prior written consent of LESSOR.
7. No storage of junk equipment will be permitted on the leased premises.
8. This lease may not be pooled or unitized with any other lease without the expressed written permission of LESSOR.
9. LESSEE shall stake all routes for lead lines and flow lines installed after the effective date of this lease and shall provide maps to LESSOR of all such locations and routes in advance and shall pay all damages caused by such right-of-way.
10. LESSEE's wells, pits, tank, ponds and equipment shall be completely fenced in by LESSEE with panels or a minimum of three wires with a fence post every rod. This must be done before commencement of production from any wells.
11. LESSEE shall not drill above a stock water pond without the consent of LESSOR and LESSEE shall be responsible for any and all damage caused to any stock water ponds by LESSEE's operations.
12. Upon termination of this lease, LESSEE and LESSEE's successors and assigns shall, within 120 days after said termination, plug all wells it has drilled or used in its operations, remove all personal property, and release said lease of record, and failure to do so shall automatically forfeit all rights to all personal property on the leased premises and said property shall belong to LESSOR. This provision shall not limit any remedies LESSOR has under the law or this lease for damages.
13. Any successor or assign of LESSEE shall be liable for any breach or violation of the lease by any previous holder of the lease.
14. LESSEE shall have no right to hunt, fish or camp, or bring dogs, firearms or recreational vehicles, on the leased premises without the prior written permission of LESSOR.
15. LESSOR shall not be responsible for any damages to pipelines, electrical lines or any equipment or personal property on the leased premises unless caused by LESSOR's gross negligence or willful acts.
16. In the event some or all of the lands covered by this lease are enrolled in the Conservation Reserve Program (CRP) of the U.S. Department of Agriculture, LESSEE shall comply with the rules and notification procedures of that program insofar as the same may apply to the operations of LESSEE on the enrolled lands. LESSEE shall compensate LESSOR for CRP penalties or CRP withdrawal reimbursements resulting directly from LESSEE's operations hereunder.
17. LESSEE shall indemnify and hold LESSOR harmless from any and all claims, causes of action, liens, and environmental liability, arising out of LESSEE's operations under the terms of this lease.
18. LESSEE shall have no responsibility of any kind whatsoever for the maintenance, operation and abandonment of the existing gas pipeline that crosses the subject tract of land.

ALL OF THE TERMS SET FORTH HEREINABOVE ARE ACCEPTED BY THE UNDERSIGNED PARTIES.

LESSOR  
  
Richard E. Defenbaugh  
  
Monica B. Defenbaugh

LESSEE  
MAGNUM PRODUCING, L.P.  
  
By: Rajan D. Ahuja  
Title: Land Manager