

KANSAS CORPORATION COMMISSION
Oil & Gas Conservation Division
REQUEST FOR CHANGE OF OPERATOR
TRANSFER OF INJECTION OR SURFACE POND PERMIT

Check Applicable Boxes:

☒ Oil Lease: No. of Wells 1

☐ Gas Lease: No. of Wells _____
** Side Two Must Be Completed

☐ Saltwater Disposal Well-Docket No. N/A
Spot Location: N/A feet from N / S line
N/A feet from E / W line

☐ Enhanced Recovery Project Docket No. N/A

Entire Project: ☐ Yes ☐ No

Number of Injection Wells N/A

Field Name: Chase-Silica

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OCT 20 2003

KCC WICHITA

Effective Date of Transfer: OCTOBER. 17, 2003

Lease Name: Wallace #3

NE-SE-NE SEC. 32 TWP. 19S R 9 ☐ E ☒ W

Legal Description of Lease:

SE/4 NE/4 32-19S-9W

County: Rice

Production Zone(s): Arbuckler

Injection Zone(s): N/A

Surface Pond Permit # N/A _____ 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 Pit 432

Past Operator's License No. _____

Past Operator's Name & Address: _____

Title: _____

Contact Person: _____

Phone: _____

Date: See Attached

Signature: NEW LEASE - Obtained from Landowner

New Operator's License No. 33226

New Operator's Name & Address: Giant Holding, LLC
223 West 4th, Hutchinson, KS 67501

Title: Manager

Contact Person: Dennis Terwey

Phone: 620-662-9005

Oil / Gas Purchaser: NCRA

Date: 10/17/03

Signature: Dennis Terwey

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 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: _____

Authorized Signature

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

Date: _____

Authorized Signature

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

20/10/21/03 OCT 22 2003 10-21-03

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* Location: SE/4 NE/4 32-19S-9W

[illegible]

* When transferring a unit which consists of more than one lease please file a speartate 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

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THIS AGREEMENT, Entered into this the 14 day of July, 2003

Between Jason D. Meyers

hereinafter called lessor,

and Giant Holding, LLC

hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of Ten Dollars in hand paid and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted, leases, and let and by these presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land, 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, including core drilling, and the drilling, mining, and operating for, producing, and saving all of the oil, gas, casing head gas, casing head gasoline and all other gases and their respective constituent vapors, and for construction roads, laying pipe lines, building tanks, storing oil, building powers, stations, telephone 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 for housing and boarding employees, said tract of land with any reversionary rights therein being situated in the County of Rice, State of Kansas, and described as follows:

The Southeast Quarter of the Northeast Quarter (SE/4 NE/4) of Section 32, Township 19 South, Range 9 West of the 6th P.M., Rice County, Kansas, except the surface of a tract commencing at the Northeast corner thereof and running thence West 1,320 feet, thence South 415 feet, thence East 1,320 feet more or less, to the East line of said Northeast Quarter, thence North 415 more or less, to the point of beginning.

In Section 32 Township 19 South Range 9 West and containing 28 acres, more or less

2. This leases shall remain in force for a term of 1 year and as long thereafter as oil, gas, casing head gas, casing head 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 for oil of like 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 lessor for gas produced from any oil well and used by the lessee for the manufacture of gasoline or any other product as royalty 1/8 of the market value of such gas at the mouth of the well' if said gas is sold by the lessee, then as royalty 1/8 of the proceeds of the sale thereof at the mouth of the well. The lessee shall pay lessor as royalty 1/8 of the proceeds from the sale of gas as such at the mouth of the well where gas only is found and where such gas is not sold or used, lessee shall pay or tender annually at the end of each yearly period during which such gas is not sold or used, as royalty, an amount equal to the delay rental provided in paragraph 5 hereof, and while said royalty is so paid or tendered this lease shall be held as a producing lease under paragraph 2 hereof, the lessor to have gas free of charge from any gas well on the leased premises for stoves and inside lights in the principal dwelling house on said land by making his own connection with the well, the use of such gas to be at the lessor's sole risk and expense.

5. If operations for the drilling of a well for oil or gas are not commenced on said land on or before the N/A day of N/A 2003, this lease shall terminate as to both parties, unless the lessee shall on or before said date pay or tender to the lessor or for the lessor's credit in the N/A Bank at N/A, or its successors, which Bank and its successors are the lessor's agent and shall continue as the depository of any and all sums payable under this lease regardless of changes of ownership in said land or in the oil and gas or in the rentals to accrue hereunder, the sum of N/A Dollars, which shall operate as a rental and cover the privilege of deferring the commencement of operations for drilling for a period of one year. In like manner and upon like payments or tenders the commencement of operations for drilling may further be deferred for like periods successively. All payments or tenders may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the rental paying date, either direct to lessor or assigns or to said depository bank, and it is understood and agreed that the consideration first recited herein, the down payment, covers not only the privilege granted to the date when said first rental is payable as aforesaid, but also the lessee's option of extending that period as aforesaid and any and all other rights conferred. Notwithstanding the death of the lessor or his successors in interest, the payment or tender of rentals in the manner above shall be binding on the heirs, devisees, executors, and administrators of such persons.

6. If at any time prior to the discovery of oil or gas on this land and during the term of this lease, the lessee shall drill a dry hole, or holes on this land, this lease shall not terminate, provided operations for the drilling of a well shall be commenced by the next ensuing rental paying date, or provided the lessee begins or resumes the payment of rentals in the manner and amount hereinabove provided, and in this event the preceding paragraphs hereof governing the payment of rentals and the manner and effect thereof shall continue in force.

7. In case said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein then the royalties and rentals herein provided for shall be paid the said lessor only in the proportion which his interest bears to the whole and undivided fee. However, such rental shall be increased at the next succeeding rental anniversary after any reversion occurs to cover the interest so acquired.

8. 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 the 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 operation 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, but lessee shall be under no obligation to do so, nor shall lessee be under any obligation to restore the surface to its original condition, were any alterations or changes were due to operations reasonably necessary under this lease.

9. If the estate of either party hereto is assigned and (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 of ownership in the land or in the rentals or 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 an 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 to the

any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

12. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if lessee shall commence operation for drilling at any time while this lease is in force, this lease shall remain in force and its terms shall continue so long as such operations are prosecuted and, if production results therefrom, then as long as production continues.

13. If within the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided operations for drilling of a well shall be commenced before or on the next ensuing rental paying date; or, provided lessee begins or resumes the payment of rentals in the manner and amount hereinbefore provided. If, after the expiration of the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided lessee resumes operations for drilling a well within sixty (60) days from such cessation, and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then as long as production continues.

14. 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 and any rentals thereafter paid may be apportioned on an acreage basis, 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.

15. 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 thereover, or if lessee should be unable during said period to drill a well hereunder due to equipment necessary in the drilling thereof not being available on account of any cause, the primary term of this lease shall continue until six months after said order is suspended and/or said equipment is available, but the lessee shall pay delay rentals herein provided during such extended time.

16. The unitization of this lease or any portion thereof with any other lease or leases or portions thereof shall be accomplished by the execution and filing by lessee in the recording office of said county of an instrument declaring its purpose to unitize and describing the leases and land unitized, which unitization shall cover the gas rights only and comprise an area not exceeding approximately 640 acres. The royalty provided for herein with respect to gas from gas wells shall be apportioned among the owners of such royalty on minerals produced in the unitized area in the proportion that their interests in the minerals under the lands within such unitized area bear to the mineral under all of the lands in the unitized area. Any well drilled on such unit shall be under no obligation, express or implied, to drill more than one gas well on said Unit.

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

IN WITNESS WHEREOF, I sign the day and year first above written.

Jason D. Meyeres
Jason D. Meyeres

8/07/03
Date

STATE OF KANSAS,

SS:

COUNTY OF Rice,

The foregoing instrument was acknowledged before me this 7th day of August, 2003.

By JASON D. MEYERES

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

My commission expires
MARGARET MELCHER
NOTARY PUBLIC
State of Kansas
My Appointment Exp. 2-15-07

Margaret Melcher
Notary Public

No. _____

OIL AND GAS LEASE FROM

TO _____

Date _____, 20____ Section _____ Township _____ Range _____

No. of Acres _____ Term _____ County _____

STATE OF _____ COUNTY _____

This instrument was filed for record on the _____ day of _____, 20____, _____ o'clock _____ M.,

and duly recorded in Book _____ Page _____ of the records of this office.

Indexed
Checked
Microfilm

**AFFIDAVIT OF TERMINATION OF OIL AND GAS LEASE
AND
TERMINATION OF TERM ROYALTY INTERESTS**

STATE OF KANSAS, COUNTY OF BARTON, ss:

I, Jason D. Meyeres, of lawful age, being first duly sworn upon oath states:

STATE OF KANSAS } #1695
COUNTY OF RICE } SS
This instrument was filed for record
on the 27 day of JUNE
A.D. 20 01 at 8:00 o'clock
A.M. and duly recorded in book
O&G 136 page 342
Blair Hunt
Register of Deeds \$8.00

1. That he is an owner of the following described two tracts of real estate:

Tract 1. The South Half of the Northeast Quarter (S/2 NE/4) of Section 32, Township 19 South, Range 9 West of the 6th P.M., Rice County, Kansas, except the surface of a tract commencing at the Northeast corner thereof and running thence West 1,565 feet, thence South 415 feet, thence East 1,565 feet more or less, to the East line of said Northeast Quarter, and thence North 415 feet, more or less, to the point of beginning, the excepted tract containing 14.91 acres, more or less

and,


Tract 2. A tract commencing at the Northeast corner of the North Half of the Southeast Quarter (N/2 SE/4) of Section 32, Township 19 South, Range 9 West of the 6th P.M., Rice County, Kansas, and running thence South to the South bank of Spring Creek, thence West 40 rods, thence North to a point on the half-section line due West of the point of beginning, and thence East to the point of beginning.

2. That the said real estate was the subject of an oil and gas lease dated December 15, 1928, recorded in Volume 24 Ms., Page 290 in the office of the Register of Deeds, Rice County, Kansas, which lease was executed by John M. Parcell, a widower, leasing unto E. H. Langston, the above described real estate for a term of ten (10) years from December 15, 1928 and for as long thereafter as oil or gas is produced from the said land.
3. That presently no production of oil or gas from any of the above described real estate, including all of the unitized acreage. The last production of oil or gas from the said real estate was from the real estate described in paragraph 1. above with production ceasing on or about June 1, 1999.
4. That the said oil and gas lease has terminated by its own terms.
5. That the above described real estate is the subject of oil and gas royalty conveyances as follows:
- (a) Conveyance of an undivided one-half (1/2) interest in and to all of the oil, gas or other minerals in and under the said real estate for a term of ten (10) years from August 22, 1929 and as long thereafter as "oil and gas or either of them is produced from the above described land." That the said royalty conveyance is dated August 22, 1929, recorded in Volume 24 Ms., Page 128 in the office of the Register of Deeds, Rice County, Kansas.
- (b) Conveyance of an undivided one-fourth (1/4th) interest in and to all of the oil, gas or other minerals in and under the said real estate for a term of ten (10) years from August 4, 1930 and as long thereafter as "oil and gas or either of them is produced from the above described land." That the said royalty conveyance is dated August 4, 1930, recorded in Volume 32 Ms., Page 499 in the office of the Register of Deeds, Rice County, Kansas.

00542

6. That the said royalty conveyances have terminated by virtue of cessation of production of oil and/or gas from the above described real estate.

FURTHER AFFIANT SAYS NOT.


Jason D. Meyores

STATE OF KANSAS, COUNTY OF BARTON, ss:

SUBSCRIBED, ACKNOWLEDGED AND SWORN TO before me, a notary public, this 14th day of June, 2001.


Notary Public

My commission expires:



10543