

APR 18 2007

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

CONSERVATION DIVISION
WICHITA, KS

Check Applicable Boxes:

- ☐ Oil Lease: No. of Oil Wells _____ **
- ☐ Gas Lease: No. of Gas Wells 10 **
- ☐ 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: East Coffeyville
** Side Two Must Be Completed.

Effective Date of Transfer: 10/29/2000

KS Dept of Revenue Lease No.: 229762 MB

Lease Name: Midwest Mineral (Frazee)

N1/2 Sec. 35 Twp. 34 R. 17 ☒ E ☐ W

Legal Description of Lease: _____

N/2 Sect. 35, T34S, R17E

County: Labette

Production Zone(s): Weir Pitt, Oswego Lime

Injection Zone(s): _____

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

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

Past Operator's License No. 6233 exp 6/30/85

Past Operator's Name & Address: Petrovest, Inc.
1201 W. College, Liberty, Mo 64068

Title: _____

_____ feet from ☐ N / ☐ S Line of Section
_____ feet from ☐ E / ☐ W Line of Section

Contact Person: NA

Phone: NA

Date: _____

Signature: NA See Attached

New Operator's License No. 32776

New Operator's Name & Address: Peak Energy, LLC
2649 CR 2300 Independence, KS67301

Title: Mgr.

Contact Person: Henry Boots

Phone: 620-289-4603

Oil / Gas Purchaser: _____

Date: 10/29/2000

Signature: HC Boots

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: _____

Authorized Signature

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

Authorized Signature

DISTRICT _____ EPR 5-1-07 PRODUCTION MAY 02 2007 UIC 5-1-07
Mail to: Past Operator _____ New Operator _____ District _____

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

102000 Midwest Mineral Frazee.pdf

* Lease Name: Fraze * Location: N/2 35-34-17 Labette,

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.

Peak got Lease from Landowner

OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this 29th ^{HB} 2000 day of October, by and between Midwest Minerals, Incorporated, hereinafter called Lessor, (whether one or more) and Peak Energy, L.L.C., hereinafter called Lessee:

WITNESSETH:

1. That the Lessor, for and in consideration of the sum of Two Thousand Forty Dollars (\$2,040.00), 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, gas (including methane from coal seams) and all of the products of oil and gas, 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 Labette, State of Kansas, described as follows, to-wit:

The North Half (N/2) of Section Thirty-five (35), Township Thirty-four (34), Range Seventeen (17), Labette County, Kansas, EXCEPT highway and railroad and EXCEPT Commencing at a point where the North right-of-way line of the Old Highway (as said highway was located and in use before December, 1952) and the West line of the Northwest Quarter (NW/4) of Section Thirty-five (35), Township Thirty-four (34), Range Seventeen (17), intersect, thence North along section line to the Northwest corner of said Section Thirty-five (35), Township Thirty-four (34), Range Seventeen (17), thence East along section line to the Northerly right of way of Old Highway, thence in a Westerly direction along North right of way line of Old Highway to point of beginning.

AND EXCEPT:

Beginning at the Northeast corner of the Northwest Quarter (NW/4) of said Section Thirty-five (35), Township Thirty-four (34) South, Range Seventeen (17) East of the 6th P.M., Labette County, Kansas, thence South 00°31' East, along the East line of said quarter Section, 387.08 feet to the North right of way line of U.S. Highway #166; thence along North right-of-way line, following a curve to the left with radius 3879.83 feet, 601.77 feet; thence South 55°10' West along North right-of-way line, 2211.35 feet; thence along North right-of-way line, following a curve to the right with radius 3759.83 feet, 518.52 feet to the West line of said Northwest Quarter (NW/4) of said Section Thirty-five (35); thence North along Section line, 1431.53 feet to the intersection of said Section line with the Northerly right-of-way line of said Old Highway; thence following the meanders of the apparent North right-of-way line of said Old Highway as follows: North 43°28' East, 203.06 feet; North 65°47' East, 65.33 feet; South 84°19' East, 86.66 feet; South 58°57' East, 110.39 feet; South 48°42' East, 125.69 feet; South 59°16' East, 298.40 feet; South 83°36' East, 333.27 feet; North 65°29' East, 105.91 feet; North 43°04' East, 96.50 feet; North 20°24' East, 55.58 feet; North 01°47' West, 286.80 feet; North 13°05' East, 278.06 feet; North 53°53' East, 130.63 feet; North 82°58' East, 485.07 feet; South 88°29' East, 533.68 feet; North 82°45' East, 15.87 feet to the intersection of said Northerly right-of-way line with the North line of Section 35; thence South 87°36' East, along Section line, 178.81 feet to the point of beginning, containing 54.14 acres, more or less.

AND EXCEPT:

A tract of land in the Northeast Quarter (NE/4) of Section Thirty-five (35), Township Thirty-four (34) South, Range Seventeen (17) East, Labette County, Kansas, described as follows: Beginning at a point on the West line, 30.0 feet South of the Northwest corner of said Quarter section, thence South 289.6 feet along said West line, thence on a curve of 3,884.83 feet radius to the right to a point 90.0 feet South and 600 feet East of said Northwest corner; thence Northwesterly to a point 30.0 feet South and 530.0 feet East of said Northwest corner, thence West, parallel to the North line of said Quarter Section to the place of beginning. The above contains 2.1 acres, more or less.

containing 204 acres, more or less.

2. It is agreed that this lease shall remain in full force and effect for a primary term of three (3) years from this date, and as long thereafter as oil, gas or the products of oil or gas are produced from said leased premises, or drilling operations are continued as hereinafter provided, subject however to the conditions as follows:

After the expiration of the primary term hereof, Lessor may at any time, and from time, declare this lease terminated as to any portion or portions thereof with respect to which Lessor is preparing to actually conduct strip mining operations. Lessor shall give Lessee thirty (30) days advance written notice of the portion or portions of the lease to be cancelled to facilitate strip mining operations and during such thirty (30) day notice period the Lessee and Lessor shall communicate to coordinate the cessation of Lessee's operations upon such portion or portions of the lease. Within thirty (30) days after such notice period the Lessee shall plug and abandon any wells located upon such portion or portions of the lease, and remove all equipment and surface facilities located thereon. Lessor's notices of cancellation shall be given in time and manner which will permit the Lessor to effectively

Jon Viets, Attorney
Box 1176
Independence, Ks. 67301

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utilize the premises for its strip mining potential without unreasonably impairing the interest of the Lessee in developing and operating for oil and gas hereunder.

Provided further, Lessee agrees to remain the operator of this lease for the primary term thereof plus two (2) years and thereafter, agrees not to assign operatorship without the written permission of Lessor. Provided that said permission shall not be unreasonably withheld.

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-eighth part of all oil produced and saved from the leased premises, or at 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 pipeline, or into storage tanks.

2nd. Lessee shall pay Lessor as royalty on gas marketed from each well one-eighth of the proceeds if sold at the well, or if marketed by Lessee, off the leased premises, then one-eighth of its market value at the well.

3rd. Lessee shall pay Lessor one-eighth of the proceeds received by the Lessee from the sale of casinghead gas produced from any oil well and one-eighth 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.

4th. Lessee shall pay to Lessor one-eighth of the proceeds from the sale of all other products of oil and gas not otherwise referred to hereinabove.

5. Subject to the above conditions, where there is a gas well, or wells on the lands covered by this lease, or acreage pooled therewith, whether it be before or after the primary term hereof, and such well or wells are shut-in, and there is no other production, drilling operations or other operations being conducted capable of keeping this lease in force under any of its provisions, Lessee shall pay as royalty to Lessor the sum of Two Dollars (\$2.00) per year per net royalty acre, such payment to be made on or before the anniversary date of this lease next ensuing the expiration of ninety (90) days from the date such well or wells are shut-in, and thereafter on the anniversary date of this lease during the period such wells are shut-in, and upon such payment it shall be considered that this lease is maintained in full force and effect.

6. If the Lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid the said Lessor only in the proportion which Lessor's interests bear to the whole and undivided fee.

7. Subject to the above conditions, 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 8 hereof, and if production results therefrom, then so long as production continues.

8. Subject to the above conditions, if at the expiration of the primary term of this lease, oil, gas or the products of oil and gas are 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 or gas or the products of oil or gas on said land or on acreage pooled therewith, 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, gas or the products of oil or gas 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, gas or the products of oil or gas shall be produced from the leased premises.

9. 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 of the Lessor. When requested by Lessor, Lessee shall bury pipelines below plow depth. No well shall be drilled nearer than 200 feet to any house or barn 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 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. Provided that after the primary term, any machinery and fixtures not removed from said lease within sixty (60) days after cessation of operations hereunder shall be considered abandoned by Lessee.

10. The rights of the Lessor hereunder may be assigned in whole or in part; however, no change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until the Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from the Lessor, and then only with respect to payments thereafter made. No other notice of any kind or character, whether actual or constructive, shall be binding on the Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall

operate to enlarge the obligations, or to diminish the rights of the Lessee, and all of Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission on the part of any other leasehold owner.

11. 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.

12. All the provisions of this lease shall be binding on the heirs, successors, assigns, and legal representatives of the Lessor and Lessee.

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

MIDWEST MINERALS, INCORPORATED

PEAK ENERGY, L.L.C.

By: [Signature]

By: [Signature]

STATE OF KANSAS

COUNTY OF MONTGOMERY

ss:

BE IT REMEMBERED that on this _____ day of _____, 2000, before me, a Notary Public in and for the County and State aforesaid, came _____ who _____ personally known to me to be the same person who executed the within instrument of writing and such person _____ duly acknowledged the execution of the same to be _____ 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.

Printed Name:
Notary Public

My Appointment Expires:

STATE OF KANSAS

COUNTY OF CRAWFORD

ss:

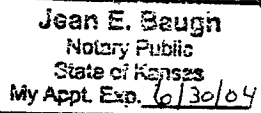
BE IT REMEMBERED that on this 29th day of November, 2000, before me, a Notary Public in and for the County and State aforesaid, came Steve W. Sloan of Midwest Minerals, Incorporated, a corporation incorporated and existing under and by virtue of the laws of the State of Kansas, and who is personally known to me to be such officer and who is personally known to me to be the same person who executed, as such officer, the within instrument of writing on behalf of said corporation, and such person duly acknowledged the execution of the same to be the act and deed of said corporation.

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

Printed Name: JEAN E. BAUGH
Notary Public

My Appointment Expires:

June 30, 2004



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8470
STATE OF KANSAS
LABETTE COUNTY
THIS INSTRUMENT WAS FILED FOR RECORD
AND DULY RECORDED IN BOOK
36 OF 04-2 AT PAGE 223

DEC 08 2000

Daniel Strickland
REGISTER OF DEEDS
Fee \$ 10.00