

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form T-1

June 2000

Form must be Typed

Form must be Signed

All blanks must be Filled

## REQUEST FOR CHANGE OF OPERATOR

## TRANSFER OF INJECTION OR SURFACE POND PERMIT

DOR 222368

RECEIVED

APR 08 2004

KCC WICHITA

Check Applicable Boxes:

☐ Oil Lease: No. of Wells \_\_\_\_\_ \*\*☐ Gas Lease: No. of Wells \_\_\_\_\_ \*\*

\*\* Side Two Must Be Completed.

☒ Saltwater Disposal Well - Docket No. D27,658Spot Location: 2100 S feet from N / S Line3300 E feet from E / W Line☐ Enhanced Recovery Project Docket No. \_\_\_\_\_Entire Project: ☐ Yes ☐ No

Number of Injection Wells \_\_\_\_\_ \*\*

Field Name: FredoniaEffective Date of Transfer: December 22, 2003Lease Name: Studebaker\_\_\_\_\_-\_\_\_\_\_-NE\_\_\_\_\_-SW\_\_\_\_\_-Sec. 20 Twp. 29 R. 15 ☒ E ☐ WLegal Description of Lease: E2 exc tract in NE4; SW4County: Wilson

Production Zone(s): \_\_\_\_\_

Injection Zone(s): Kansas City LimeSurface Pond Permit # \_\_\_\_\_  
(API # If Drill Pit)

\_\_\_\_\_ feet from N / S Line of Section

\_\_\_\_\_ feet from E / W Line of Section XBR

Identify:

☐ Emergency Pit☐ Burn Pit☐ Storage Pit☐ Drill PitPast Operator's License No. 31796Past Operator's Name & Address: Quest Energy Service, Inc.Box 100, Benedict, Kansas 66714Title: PresidentContact Person: Douglas LambPhone: 620-698-2250Date: March 2, 2004Signature: Douglas LambNew Operator's License No. 33344New Operator's Name & Address: Quest Cherokee, LLCBox 100, Benedict, Kansas 66714Title: ManagerContact Person: Douglas LambPhone: 620-698-2250Oil / Gas Purchaser: Bluestem Pipeline, LLCDate: March 2, 2004Signature: Douglas Lamb

**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 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 pond permit.

Quest Cherokee LLC is acknowledged as the new operator and may continue to inject fluids as authorized by

Docket # D-27658 . Recommended action: ScheduleMIT w/ DO#3 immediately!Date: 4-23-04 Byron IrelandAuthorized Signature 2

\_\_\_\_\_ 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, Kansas 67202

EP&R 4/9/04 PRO APR 26 2004 IC 4/12/04

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## OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this 5th day of November 2002, by and between Carl J. Studebaker and Doris J. Studebaker, hereinafter called Lessor (whether one or more), and Quest Oil & Gas Corporation, a Kansas corporation, hereinafter called Lessee, does witness:

1. That the said Lessor, for and in consideration of TEN OR MORE DOLLARS cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let exclusively unto Lessee, for the sole and only purposes of investigating, exploring by geophysical and other means, drilling, producing, saving, taking, owning, gathering, transporting, storing, handling, processing, treating, and marketing; oil and liquid hydrocarbons (including, but not limited to, distillates and condensates) and all gases (including, but not limited to, casinghead gas, methane gases from coals and shales, helium and all other constituents and substances produced therewith) and; to the extent reasonably necessary or convenient to enable Lessee to carry out said purposes, including the dewatering for production of any gases, the right of constructing, operating and maintaining pipelines, flowlines, gathering lines, compressors, tank batteries, electric lines, roadways, metering facilities and equipment, facilities for the injection of water, other fluids and gaseous substances into subsurface strata, and other facilities, structures, and equipment required by Lessee for said purposes; all of the following described land, together with any reversionary rights and after acquired interest therein, situated in the County of Wilson, State of Kansas described as follows, to wit:

The East Half (E2) of Section Except the North 880 Feet of the East 990 Feet of Northeast Quarter (NE4) and The Southwest Quarter (SW4) of Section Twenty (20), Township Twenty-nine South (29S), Range Fifteen East (15E) of the Sixth Principal Meridian.

less and except the wellsite of any abandoned well(s) existing on this land on the date of this lease that is not claimed by Lessee, and containing 428 acres, more or less (herein called leased premises).

2. This lease shall remain in full force for a term of three (3) years from this date, and as long thereafter as oil or gas, or either of them, is produced from the leased premises, or the leased premises are being developed or operated, or are otherwise perpetuated as provided herein.

3. In consideration of these premises Lessee covenants and agrees:

(a) To deliver to the credit of Lessor, as royalty, one-eighth (1/8th) part of the oil produced and saved from the leased premises, said payments to be made monthly.

(b) To pay Lessor, as royalty, for gas of whatsoever nature or kind (with all of its constituents) produced and sold (whether to an affiliate or otherwise) or used off the leased premises or used on the leased premises by Lessee for any purpose other than the development or operation thereof or used in the manufacture of any products therefrom, one-eighth (1/8) of the proceeds at the wellhead at the prevailing market rate, said payments to be made monthly.

(c) To bury all pipelines associated with this lease below normal plow depth when requested by Lessor, except in places where it may not be practical such as where pipelines lay on rock.

(d) To pay for damages caused by Lessee's operations to the leased premises.

(e) To avoid drilling a well closer than 300 feet to the house(s) now existing on said premises.

(f) To provide availability for Lessor's free use of gas for domestic purposes only in the principal dwelling located on the leased premises from a gas well on the leased premises by Lessor making his own connections with the well at his expense, all in a manner approved by Lessee, with the use of such gas at the sole risk and expense of Lessor. Lessor, including Lessor's users of such gas for domestic purposes, shall save, hold harmless, defend and indemnify Lessee from any claim asserted against Lessee arising out of or in connection with Lessor's use of such gas, and for any act or omission by Lessee related to the use of such gas.

(g) To not produce any gas from any formations from a depth of two hundred feet to a depth of three hundred feet.

4. When gas is not being sold or used and a gas well capable of producing in paying quantities is shut in on the leased premises, whether or not said well has theretofore actually produced, and there is no current production of oil or gas or operations on the leased premises sufficient to keep this lease in force beyond the primary term, this lease shall, nonetheless, remain in full force and effect, and it will be deemed that gas is being produced in paying quantities if Lessee pays or tenders \$5.00 per net mineral acre annually as shut-in royalty, at the end of each yearly period during which such gas is not sold or used.

5. This is a paid up lease. In consideration of the cash 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. All of Lessee's operations shall be conducted at the sole cost, risk and expense of Lessee, and Lessee agrees to indemnify, defend and hold Lessor harmless from any and all claims, liens, demands, judgments and liabilities of whatsoever nature arising out of Lessee's operations. At all times during the term of this lease, Lessee shall carry and require all contractors performing work under this lease to carry insurance to protect all relevant parties from loss or liability in accordance with amounts and coverages normally carried by prudent operators in similar operations in the area.

6. If, at the expiration of the primary term of this lease, there is no well on the leased premises which is capable of producing oil or gas in paying quantities, but Lessee is then engaged in drilling or reworking operations, then this lease shall continue in force so long after the primary term as drilling or reworking operations are being conducted on said land and drilling

## OIL AND GAS LEASE

8. If said Lessor owns a less interest in the leased premises than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid to the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

9. If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to its heirs, executors, administrators, successors or assigns. However, no change in or division of the ownership of the right to receive royalties, delay rentals or other payment to Lessors hereunder, whether such change is by assignment, partition or otherwise, shall operate to increase or enlarge the obligation or to diminish the rights of Lessee hereunder. No change in the ownership of the land or assignment of royalties shall be binding on Lessee until after Lessee has been furnished with a written transfer or deed or a true copy thereof. 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. In case Lessee assigns this lease, in whole or in part, Lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

10. Lessee may at any time and from time to time surrender this lease as to all or any part of the leased premises by delivering or mailing a release thereof to Lessor, or by placing a release of record in the proper county, and thereafter Lessee shall be relieved of all obligations accruing hereunder as to the portion of the leased premises so surrendered. This lease shall continue in full force and effect as to all of the leased premises not surrendered. Lessee shall have the right to use, free of cost, gas, oil and water produced on the leased premises for Lessee's operations thereon, except water from wells of Lessor, or from ponds of Lessor without Lessor's consent. Lessee shall have the right at any time to remove all equipment and fixtures placed on the leased premises, including the right to draw and remove casing.


11. In the event the Lessor, at any time, considers that operations are not being conducted in compliance with this lease or that Lessee is otherwise in breach of any term of this lease, either express or implied, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee shall have 60 days after receipt of such notice in which to commence any operations or other activities that are then legally necessary to comply with the requirements hereof. No default of Lessee with respect to any well or part of the leased premises shall impair Lessee's rights as to any other well or part of the leased premises.

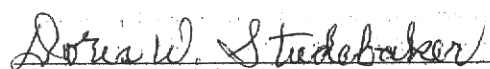
12. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and producing of wells, and the price of oil, gas and other substances covered hereby. When drilling, reworking, producing or other operations are prevented or delayed by such laws, rules, regulations or orders, or by operation of force majeure, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and if such prevention or delay shall occur during the primary term the period of such prevention or delay shall be added to the primary term hereof. If any such prevention or delay should commence after the primary term hereof, Lessee shall have a period of 120 days after the termination of such period of prevention or delay within which to commence or resume drilling, producing or other operations hereunder, and this lease shall remain in force during such period and thereafter in accordance with the other provisions of this lease. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, producing or other operations are so prevented, delayed or interrupted.

13. Lessor hereby grants and warrants to the Lessee all of the rights granted to the Lessee under this lease and warrants that Lessor has merchantable title to the leased premises, subject to mortgages and easements of record, and that Lessor has full and exclusive right to lease the same. Lessor further warrants and agrees to defend the title to the leased premises 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 leased premises, in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof. Lessee may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty, shut-in royalty, or rentals accruing hereunder.

14. This lease shall be effective as to each Lessor on execution hereof as to its interest and shall be binding on those signing, regardless of whether it is signed by any other Lessor party. This lease shall at all times and in all respects be subject to valid orders, rules, and regulations of any duly constituted authority having jurisdiction of the subject matter hereof. This instrument contains the entire agreement of the parties and it may not be changed or modified except by subsequent written agreement signed by both parties.

IN WITNESS WHEREOF, this lease agreement is signed and executed on the day and year first above written:

  
Carl J. Studebaker

  
Doris W. Studebaker