

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 4 **
☐ 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: Jefferson-Sycamore

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

Effective Date of Transfer: 6/10/2008
KS Dept of Revenue Lease No.: 122996
Lease Name: White Otis
_____ S/2 _____ SW/4 Sec. 3 Twp. 34S R. 15 ☒ E ☐ W
Legal Description of Lease: S/2, SW/4, Sec 3, Twp 34S, Range 15E
County: Montgomery
Production Zone(s): Squirrel
Injection Zone(s): Squirrel

Surface Pit Permit No.: N/A
(API No. if Drill Pit, WO or Haul)
Type of Pit: ☐ Emergency ☐ Burn ☐ Settling ☐ Haul-Off ☐ Workover ☐ Drilling

Past Operator's License No. New Lease
Past Operator's Name & Address: _____
Title: Landowner

_____ feet from ☐ N / ☐ S Line of Section
_____ feet from ☐ E / ☐ W Line of Section
Contact Person: John Brown
Phone: 918/358-2686
Date: 3/9/09
Signature: John E. Brown
Oil & Gas License Attached
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New Operator's License No. 31696 ✓
Cunningham Crude
New Operator's Name & Address: 2532 Hwy 166, Caney, KS 67333
Title: Partner

Contact Person: Ron Cunningham
Phone: 620/289-4700
Oil / Gas Purchaser: CMT
Date: 3/9/09
Signature: Ron Cunningham
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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

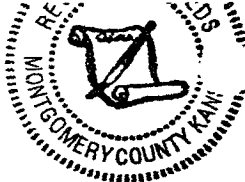
_____ is acknowledged as the
new operator of the above named lease containing the surface pit
permitted by No.: _____.
Date: _____
Authorized Signature

DISTRICT _____	EPR <u>3-26-09</u>	PRODUCTION <u>3-26-09</u>	UIC <u>3-26-09</u>
Mail to: Past Operator _____	New Operator _____	District _____	

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

* Location: S/2, SW/4, Sec 3, Twp 34S, Range 15E

* 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.



OIL AND GAS LEASE

4pp
FILED FOR RECORD
MAGGALYN CALHOUN, REGISTER OF DEEDS
P.L. AM 6/13/2008 Receipt No.: 32142
LEASE \$5.00
ADDITIONAL PAGES \$5.00
TECHNOLOGY FUND \$8.00
BOOK 577 PAGE 30

THIS AGREEMENT, entered into this 10th day of JUNE, 2008, between John E. Brown and Janyce V. Brown, husband and wife, (hereinafter called lessor) and Cunningham Crude (hereinafter called lessee), does witness:

1. That lessor, for and in consideration of the sum of Ten Dollars (\$10.00) in hand paid and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted, leased, and let, and by these presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land, 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, casinghead gas, casinghead gasoline, including all associated hydrocarbons produced in a liquid or gaseous form and including gas found in and produced from coal formations or coal seams and all zones in communication therewith, which gas is sometimes referred to as coal bed methane, coal seam gas or occluded gas and all other gases and their respective constituent vapors, (including coalbed methane gas, helium, and all other constituents and substances produced therewith), including the dewatering for production of coalbed methane gas, and for constructing roads, laying pipe lines, building tanks, storing oil, and erecting other structures thereon which are necessary or convenient for the economical operation of said land to produce, save, take care of, and manufacture all of such substances, said tract of land with any reversionary rights therein being situated in the county of Montgomery, state of Kansas, and described as follows:

That part of the South Half of the Southwest Quarter (S/2 SW/4) of Section 3, Township 34 South, Range 15 East, more particularly described as follows: Beginning 20 rods West of the Northeast corner of the South Half of the Southwest Quarter (S/2 SW/4) of Section Three (3), Township Thirty-four (34), South of Range Fifteen (15) East, thence West to the Missouri Pacific Railway right-of-way, thence Southwesterly along East line of said right-of-way to a point 438.25 feet North of South line of said SW/4, thence East 598.93 feet, thence South to South line said SW/4, thence East to a point 20 rods West of the Southeast corner of said SW/4, thence North to the place of beginning, Montgomery County, Kansas, EXCEPT beginning 39 rods and 12 feet West of the Southeast corner of the South Half of the Southwest Quarter (S/2 SW/4) in Section 3, Township 34, Range 15, thence North 438.25 feet, thence West 185 feet, thence South 438.25 feet, thence East 185 feet, to the point of beginning, all in Montgomery County, Kansas.

containing ____ acres, more or less.

2. This lease shall remain in force for a term of one (1) year from the date hereof, and as long thereafter as oil, gas, casinghead gas, casinghead gasoline, or any of the products covered by this lease are 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 (1/8th) 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 one-eighth (1/8th) of the market value of such gas at the mouth of the well; if said gas is sold by lessee, then as royalty one-eighth (1/8th) of the proceeds of the sale thereof at the mouth of the well.

During any period (whether before, on, or after expiration of the primary term hereof), at any time, and from time to time, when gas is not being sold or used and a gas well capable of producing in paying

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ohn Horst, Atty
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9. Lessor hereby warrants and agrees to defend the title to the land herein-described and agrees that the lessee, at its option, may pay and discharge in whole or in part any taxes, mortgages, or other liens existing, levied, or assessed on or against the above-described lands and, in the event it exercises such option, it shall be subrogated to the rights of 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.

10. 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 (a) resumes production, (b) initiates operations for recompleting an existing well within sixty (60) days from such cessation or (c) initiates operations for drilling a new well within sixty (60) days from such cessation, and this lease shall remain in force during the diligent prosecution of such operations and, if production results therefrom, then as long as production continues.


11. 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.

12. 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, during the last six months of the primary term hereof, lessee should be prevented from drilling a well hereunder by the order of any constituted authority having jurisdiction there over, 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.

13. 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, we sign the day and year first above written.


John E. Brown


Janyce V. Brown, Lessor

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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, this lease shall, nonetheless, remain in full force and effect, and it will be deemed that gas is being produced in paying quantities: as to a well so shut in, whether one or more, Lessee shall be obligated to pay or tender to Lessor a royalty of ten dollars (\$10.00) per year per net royalty acre retained hereunder, the payment or tender to be due on or before the anniversary date of this lease next ensuing after the expiration of 120 days from the date the well is shut in and thereafter on the anniversary date of this lease during the period in which the well is continuously shut in; and this lease shall not terminate for a failure of Lessee to pay or tender royalty pursuant to this provision, but Lessee shall be obligated to promptly pay Lessor the amount of the shut-in royalty due. If any payment made hereunder shall be erroneous in any regard (whether deposited in the wrong depository, paid to parties other than the ones entitled thereto as shown by Lessee's records, in an incorrect amount, or otherwise), this lease shall be maintained in the same manner as if such erroneous payment or deposit had been properly made, provided that the erroneous payment or deposit be corrected within thirty (30) after receipt by Lessee of written notice from such Lessor of such error accompanied by any documents and other evidence necessary to enable Lessee to make prompt payment. The provisions of the forgoing "shut-in" gas well clause shall not limit the Lessee's implied duty to market gas producible from the premises.

The lessor to have gas free of charge from any gas well on the leased premises for domestic use for the principal residence on the leased premises by making his own connections with the well, the use of such gas to be at the lessor's sole risk and expense.

5. In case said lessor owns a less interest in the above-described land, other than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid to 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.

6. 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 or ponds 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 operations 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, and within six (6) months 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. Lessee shall grade to the original level and restore the surface to its original condition, as nearly as practicable, within six (6) months after the expiration of this lease.

7. If the estate of either party hereof is assigned (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 any 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 full interest claimed, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of lessor.

8. If the leased premises are now or shall hereafter be owned in severalty or in separate tracts, the premises nevertheless shall be developed and operated as one lease, and all royalties accruing hereunder shall be treated as an entirety and shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage.

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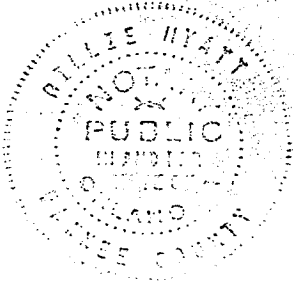
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STATE OF OKLAHOMA
COUNTY OF PAWNEE

The foregoing instrument was acknowledged before me this 10 day of JUNE, 2008, by John E. Brown and Janyce V. Brown, husband and wife.

Billie Hyatt
NOTARY PUBLIC

My Appointment Expires: 10-04-09



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