

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 22 **
- ☐ Gas Lease: No. of Gas Wells _____ **
- ☐ Gas Gathering System: _____
- ☒ Saltwater Disposal Well - Permit No.: D-20568
- 695 → Spot Location: 4549 feet from ☐ N / ☒ S Line
- 2972 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: 5/30/2008

KS Dept of Revenue Lease No.: 132288 ✓

Lease Name: Kellenberger MB

_____ N 1/2 _____ NW 1/4 Sec. 15 Twp. 34 R. 14 ☒ E ☐ W

Legal Description of Lease: North 1/2 of North West Quarter of Section 15, Township 34 South, Range 14 East

County: Montgomery

Production Zone(s): Wayside

Injection Zone(s): Wayside

Surface Pit Permit No.: _____
(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

Contact Person: Larry Joe Crowe Sr.

Phone: (620) 515-5296

Date: 4-9-09

Signature: Larry J. Crowe Sr.
Oil & Gas Lease Attached:

New Operator's License No. 33348 ✓

New Operator's Name & Address: Deer Run Oil Lease, LLC

2322 CR 1425 Caney, Kansas 67333

Title: Partner

Contact Person: Jim Nunneley

Phone: (620) 879-2337

Oil / Gas Purchaser: Pacer Energy

Date: 4-15-09

Signature: [Signature]

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.

Deer Run Oil Lease, LLC is acknowledged as the
Must Complete an MIT Before Use
new operator and may continue to inject fluids as authorized by
Permit No. D-20568 MIT OVERDUE 11/15/09
U3C's due 2004-08 Violation
Date: 4-29-09 Barbara Montgomery
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	PRODUCTION	UIC
Mail to: Past Operator <u>4-29-09</u>	New Operator <u>4-29-09</u>	District <u>4-29-09</u>	<u>3</u>

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

110107_Mitchell.pdf

Must Be Filed For All Wells

GPS
all Footages

KDOR Lease No.: 132288

* Lease Name: Kellenberger

* Location: N1/2/NW1/4 S15, T34S, R14E

Well No.	API No. (YR DRLD/PRE '67)	Footage from Section Line (i.e. FSL = Feet from South Line)		Type of Well (Oil/Gas/INJ/WSW)	Well Status (PROD/TA'D/Abandoned)
3B	15-125-21936 ✓	5084	2776	Oil	Producer
2	15-125- 21932 01646 ✓	5244	2892	Oil	Producer
3	15-125- 21933 01647 ✓	5124	3080	Oil	Producer
15	15-125-23042 ✓	5191	3285	Oil	Producer
13B	15-125-22150 ✓	5234	3622	Oil	Producer
6	15-125- 22154 01648 ✓	4925	2861	Oil	Producer
12B	15-125-22042 ✓	4881	2968	Oil	Producer
11B	15-125-22039 ✓	4985	3395	Oil	Producer
6B	15-125-21948 ✓	4702	2806	Oil	Producer
4B	15-125-21937 ✓	4681	3188	Oil	Producer
9B	15-125-22037 ✓	4139	2796	Oil	Producer
10B	15-125-22038 ✓	4241	3044	Oil	Producer
8B	15-125-22033 ✓	4277	3038	Oil	Producer
5B	15-125-21938 ✓	4502	3364	Oil	Producer
15B	15-125-22237 ✓	4653	3643	Oil	Producer
5C	15-125-22350 ✓	4696	3910	Oil	Producer
7B	15-125-22035 ✓	4858	4156	Oil	Producer
8	15-125- 22238 01649 ✓	4563	4172	Oil	Producer
16	15-125-22238 ✓	4172	4200	Oil	Producer
14B	15-125-22151 ✓	4213	4523	Oil	Producer
7	15-125-26397 ✓	4229	4806	Oil	Producer
6C	15-125-22129 ✓	4213	5127	Oil	Producer
1	15-125- 90883 01650 ✓	4960 4549	3080 2972	EOR SWD	Authorized Injection Well

A separate sheet may be attached if necessary

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* When transferring a unit which consists of more than one lease please file a separate sheet for each lease. If a lease covers more than one section please indicate which section each well is located.

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-John Horst, Atty
P.O. Box 560
Caney, KS. 67333



5 pp

FILED FOR RECORD
MARILYN CALHOUN, REGISTER OF DEEDS
9:23:57 AM, 6/5/2008 Receipt No.: 32003
LEASE \$6.00
ADDITIONAL PAGES \$2.00
TECHNOLOGY FUND \$10.00

BOOK: 576 PAGE: 595

OIL AND GAS LEASE

THIS AGREEMENT, entered into this 3rd day of May, 2008, between Larry Joe Crowe, Sr. and Susan Crowe, husband and wife, (hereinafter called lessor) and Deer Run Oil Lease, LLC, (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:

The North Half of the Northwest Quarter (N/2 NW/4) of Section 15, Township 34 South, Range 14 East, Montgomery County, Kansas

containing 80 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 1/8th of the proceeds of the sale thereof at the mouth of the well.

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.

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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.

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

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April 16, 2009

COMM. DIVISION
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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.

Larry Joe Crowe Sr.
Larry Joe Crowe, Sr.

Susan Crowe
Susan Crowe, Lessors

STATE OF KANSAS)
)
COUNTY OF MONTGOMERY)

The foregoing instrument was acknowledged before me this 30th day of May, 2008, by Larry Joe Crowe, Sr. and Susan Crowe, husband and wife.

Donna L. Fox
NOTARY PUBLIC

My Appointment Expires:



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ADDENDUM TO OIL AND GAS LEASE

BY AND BETWEEN LARRY JOE CROWE, SR. AND SUSAN CROWE, LESSORS, AND DEER RUN OIL LEASE, LLC, LESSEE.

This Addendum to Oil and Gas Lease dated May 30, 2008, by and between Larry Joe Crowe, Sr. and Susan Crowe, Lessors, and Deer Run Oil Lease, LLC, Lessee, supplements the terms and provisions of said Oil and Gas Lease.

In consideration of the mutual covenants and agreements of the parties set forth in said Oil and Gas Lease, and other good and valuable consideration, it is further agreed by and between Lessors and Lessee as follows:

To the extent that the terms and conditions set forth in this addendum conflict with any terms and conditions set forth in the oil and gas lease to which it is attached, this addendum shall supercede the terms and conditions of the oil and gas lease.

This lease shall not authorize Lessee to use the property for the purpose of a compressor site or a transportation line for gas (other than is necessary to transport the gas from the site of each well). Such activities must be by separate agreement with Lessor.

Lessee shall conduct all operations on the property as a reasonable and prudent operator and in such a way so as to cause the minimum amount of damage to the land and improvements thereon. Lessee shall promptly repair any and all ruts and clean up any spills, and will not allow unused equipment or junk to accumulate on the property. Upon termination of this lease, Lessee shall fully repair all damaged land not already repaired to as near as is practical to its condition prior to the commencement of operations.

Lessee must consult with and obtain Lessor's prior written consent concerning the location of any roads on the property. Lessor shall not unreasonably withhold such consent. All roads must be graveled by Lessee. Lessee agrees to walk or use all terrain vehicles when possible as opposed to heavier means of transportation so as to avoid ruts and other damage to Lessor's property.

Lessee shall bury all electric lines and lead lines at least 30 inches deep. No overhead electric lines shall be permitted without prior written consent of Lessor.

If requested by Lessor, Lessee shall fence all wells, pits, tanks, ponds and equipment of any type that may be hazardous to livestock with a minimum of five wires, or equivalent thereof, with a fence post every rod. All fencing performed by Lessee must be done to Lessor's satisfaction.

Lessee shall assume all liability for any unplugged wells existing on the

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property on the date of the lease.

No pooling or unitization of the lease shall be permitted without the prior written consent of Lessor.

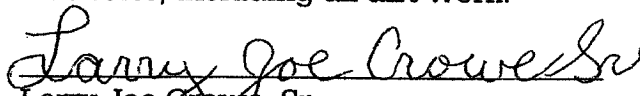
Lessee shall indemnify and hold Lessor harmless from any and all liability, liens, claims and environmental liability arising out of Lessee's operation under this lease.


This agreement may not be assigned by Lessee without prior written consent of Lessor.

Lessee shall identify all buried lines on the property with tracer wire to aid in future detection.

Upon termination of this lease, Lessee shall within 180 days plug all wells, remove all personal property, and release the lease of record. Lessee's failure to do so shall automatically forfeit his rights to all personal property located on the lease and title to said property shall automatically vest with Lessor. This provision shall not limit any remedies Lessor has under law or equity for damages.

The Lessee and its agents and contractors shall be responsible for backfilling, repacking, reseeding and contouring the surface of all lands disturbed by the construction of any roads, the installation of any pipelines, excavation of pits or any of the other activities of the Lessee on the Lessor's lands within a reasonable time, and typically within 60 days after cessation of use of any such road, trench, pit or other surface use, to a condition reasonably close to the original contour and condition of said land and in a manner so as not to interfere with the Lessor's agricultural and irrigation operations. The Lessee will replace or rebuild any damaged improvements on the surface caused by any such construction or operations. The Lessor shall have the right to instruct the Lessee in all reclamation efforts, including all dirt work.


Larry Joe Crowe, Sr.


Susan Crowe, Lessors

Deer Run Oil Lease, LLC

By: 
Jimmy D. Nunneley, Lessee

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