

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 _____ **
- ☒ Gas Lease: No. of Gas Wells 1 **
- ☐ 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: _____

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

Effective Date of Transfer: 3/31/2006

KS Dept of Revenue Lease No.: 231547 *MB*

Lease Name: Frankenberg

_____ Sec. 20 Twp. 29S R. 16 ☒ E ☐ W

Legal Description of Lease: W/2, SE/4 & E/2, SW/4

County: Wilson

Production Zone(s): Cattleman Ss. & Bartlesville Ss.

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

Past Operator's License No. _____

Past Operator's Name & Address: _____

Title: _____

Contact Person: _____

Phone: _____

Date: New Lease MAY 29 2008

Signature: Oil + Gas Lease Attached KCC WICHITA

New Operator's License No. 33739 ✓

New Operator's Name & Address: SEK Energy, LLC

P.O. Box 55

Benedict, Kansas 66714

Title: Owner/Manager

Contact Person: Doug Lamb

Phone: 620-698-2150

Oil / Gas Purchaser: _____

Date: 27 MAY 09

Signature: Douglas L Lamb

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 6-9-09 PRODUCTION 6/9/09 UIC 6-9-09
Mail to: Past Operator _____ New Operator _____ District _____

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

033106_Frankenberg.pdf

* Lease Name: Frankenberg * Location: Sec. 20, T29S, R16E

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* 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

763 Wilson County
Register of Deeds
Book: 294 Page: 529
Receipt #: 7812 Total Fees: \$12.00
Pages Recorded: 2
Date Recorded: 4/5/2006 11:11:13 AM
Jareea C. Young

ORIGINAL COMPARED WITH RECORD

THIS AGREEMENT was made and entered into this 31st day of March 2006, by and between Marjorie Frankenberg, hereinafter called Lessor (whether one or more), and S E K Energy, LLC, a Kansas limited liability company, 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 of the Southwest Quarter (E2 SW4) and the West Half of the Southeast Quarter (W2 SE4) of Section Twenty (20), Township Twenty-Nine South (T29S), Range Sixteen East (R16E).

and containing 160 acres, more or less (herein called the 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, including dewatering operations, 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 (1/8) 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, one-eighth (1/8) of the proceeds at the wellhead, or when used off the Leased Premises (unless for development, operation, gathering or processing thereof) or used on the Leased Premises by Lessee for any purpose other than the development, operation, gathering, or processing thereof or used in the manufacture of any products therefrom, one-eighth (1/8) of the market value of the gas at the well, said payments to be made monthly. The proceeds from the sale of gas at the well, or the market value of gas at the well, shall be the amount paid by the gas purchaser at such well to the Lessee.

(c) To bury all pipelines associated with this lease below normal plow depth.

(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) The granting of this Oil and Gas Lease in no manner shall be deemed as Lessor consent to the attachment of any kind of mechanic's lien or other lien of any kind by virtue of Lessee's activity on the property. No such lien shall under any circumstances attach to Lessor's interest in said property.

4. When gas is not being sold or used and a gas well capable of producing in paying quantities is shut in or has commenced dewatering operations 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 or reworking operations shall be considered to be conducted if not more than one-hundred-twenty (120) consecutive days shall lapse between the completion or abandonment of a well and the beginning of operations for the drilling or reworking of the well or another well whether such completion or abandonment occurred during or after the primary term.

7. If, after the expiration of the primary term, at any time, or from time to time, there is no production from Lessee's well(s), and there is no well on the Leased Premises which is capable of producing oil or gas in paying quantities and there are no drilling or reworking operations being conducted on the Leased Premises, this lease shall continue in effect if, within 365 days from the date of cessation of production or drilling or reworking operations, Lessee restores the capability of a well to produce in paying quantities, or if Lessee has commenced additional drilling or reworking operations or other operations designed to restore production, and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then this lease shall remain in force as long as such production continues.

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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. If the Leased Premises are now or hereafter owned in severalty or in separate tracts, the premises, nevertheless, may be developed and operated as an entirety, and the royalties shall be paid to each separate owner in the proportion that the acreage owned by him bears to the entire area of the Leased Premises. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may hereafter be divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks for the oil or gas produced from such separate tracts.

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. Lessee shall not assign lease without Lessors consent, however such approval will not be unreasonably withheld.

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, or in non-compliance with, any term of this lease, either express or implied, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach or non-compliance hereof, and Lessee shall have 30 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.

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, but not limited to, restrictions on the drilling and producing of wells. 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:

Marjorie Frankenberg
Marjorie Frankenberg

STATE OF KANSAS

COUNTY OF WILSON

Before me, the undersigned, a Notary Public, in and for said County and State, on this 31st day of March, 2006, personally appeared Marjorie Frankenberg, to me well known to be the identical person who executed the within and foregoing instrument and acknowledged to me that she executed the same as her free and voluntary act and deed for the uses and purposes therein set forth.

WITNESS my hand and official seal the day and year first above written.

George E. Slaughter
George E. Slaughter

Notary Public

My commission expires: 4/1/2006



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