

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form T-1
March 2010
Form must be Typed
Form must be Signed
All blanks must be Filled

**REQUEST FOR CHANGE OF OPERATOR
TRANSFER OF INJECTION OR SURFACE PIT PERMIT**

Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act,
MUST be submitted with this form.

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Check Applicable Boxes:

- ☒ Oil Lease: No. of Oil Wells 1 **
☐ 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: Paola- Rantoul

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

Effective Date of Transfer: 7-21-10
KS Dept of Revenue Lease No.: 116455 / 10/230 **KCC WICHITA**
Lease Name: Williams
Sec. 8 Twp. 18 R. 21 ☒ E ☐ W
Legal Description of Lease: N. W. Corner
SE 1/4 Sec. 8 Twp. 18 s Rng 21 e
County: Franklin
Production Zone(s): Squirrel
Injection Zone(s): N/A

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

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

Contact Person: _____
Phone: _____
Date: _____
Signature: See attached O.I + Gas Lease

New Operator's License No. 31473
New Operator's Name & Address: BG-5 Inc.
3939 Ellis Road
Rantoul, KS 66079
Title: President

Contact Person: Scott A. Burkdoll
Phone: 785-869-3860
Oil / Gas Purchaser: Coffeyville Resources
Date: 7/21/10
Signature: Scott A. Burkdoll

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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 8-19-10 PRODUCTION 8/20/10 UIC AUG 20 2010
Mail to: Past Operator _____ New Operator _____ District _____

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

072110-Williams.pdf

* Lease Name: Williams * Location: _____

[illegible]

* 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.

KCC WICHITA

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form KSONA-1
July 2010
Form Must Be Typed
Form must be Signed
All blanks must be Filled

**CERTIFICATION OF COMPLIANCE WITH THE
KANSAS SURFACE OWNER NOTIFICATION ACT**

This form must be submitted with all Forms C-1 (Notice of Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); T-1 (Request for Change of Operator Transfer of Injection or Surface Pit Permit); and CP-1 (Well Plugging Application). Any such form submitted without an accompanying Form KSONA-1 will be returned.

Select the corresponding form being filed: ☐ C-1 (Intent) ☐ CB-1 (Cathodic Protection Borehole Intent) ☒ T-1 (Transfer) ☐ CP-1 (Plugging Application)

OPERATOR: License # 31473
Name: Bg-5 Inc.
Address 1: 3939 Ellis Road
Address 2: _____
City: Rantoul State: KS Zip: 66079 + _____
Contact Person: Scott A. Burkdoll
Phone: (785) 869-3860 Fax: (785) 869-3011
Email Address: bbi@midwest-connections.com

Well Location:
_____ Sec. 8 Twp. 8 S. R. 21 ☒ East ☐ West
County: Franklin
Lease Name: Williams Well #: 1

If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:
N 1/2 SE 1/4 Sec 8 Twp 18 Rng 21 beginning at the NW corner of the SE 1/4 Sec 8 Twp 18 Rng 21 thence East 535 feet then South 407 feet thence West 535 feet thence North 407 feet to place of beginning containing 75 acres m/l

Surface Owner Information:

Name: Katherine R. Williams
Address 1: 4414 John Brown Road
Address 2: _____
City: Rantoul State: KS Zip: 66079 + _____

When filing a Form T-1 involving multiple surface owners, attach an additional sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the county, and in the real estate property tax records of the county treasurer.

If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary non-binding estimates. The locations may be entered on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.

Select one of the following:

☒ I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this form; 2) if the form being filed is a Form C-1 or Form CB-1, the plat(s) required by this form; and 3) my operator name, address, phone number, fax, and email address.

☐ I have not provided this information to the surface owner(s). I acknowledge that, because I have not provided this information, the KCC will be required to send this information to the surface owner(s). To mitigate the additional cost of the KCC performing this task, I acknowledge that I am being charged a \$30.00 handling fee, payable to the KCC, which is enclosed with this form.

If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.

I hereby certify that the statements made herein are true and correct to the best of my knowledge and belief.

Date: 7/21/10 Signature of Operator or Agent: Scott A. Burkdoll Title: Pres.

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OIL AND GAS LEASE

AGREEMENT, Made and entered into this 25th day of October, 2004, by and between Katherine R. Williams, party of the first part, hereinafter called lessor, and BG-5, Inc., a Kansas Corporation, party of the second part, hereinafter called lessee.

WITNESSETH, That the said lessor, for and in consideration of One Dollar, 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 by the presents does grant, demise, lease and let unto said lessee, for the sole and only purpose of mining and operating for oil and gas, and laying pipe lines, building tanks and placing other equipment thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Franklin, State of Kansas, described as follows, to-wit:

Beginning at the N.W. corner of the S.E. 1/4 of Sec. 8, Twp. 18, Rng. 21, thence East 535 feet, thence South 407 feet, thence West 535 feet, thence North 407 feet to the place of beginning, containing 5 acres, more or less.

It is agreed that this lease shall remain in full force and effect 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 said land by the lessee in paying quantities.

In consideration of the premises the said lessee covenants and agrees:

1st. To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect his wells, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd. To Pay lessor for gas from each well where gas only is found the equal one-eighth (1/8) of the gross proceeds at the prevailing market rate, (but, as to the gas sold by lessee, in no event more than one-eighth (1/8) of the proceeds received by lessee from such sales), for all gas used off the premises, said payments to be made monthly and lessor to have gas free of cost from any such well for all stoves and inside lights in the principal dwelling house on said land during the same time by making his own connections with the well at his own risk and expense.

3rd. To pay lessor for gas produced from any oil well and used off the premises, or for the manufacture of casing-head gasoline, one-eighth (1/8) of the proceeds at the prevailing market rate, (but, as the gas sold by lessee, in no event more than one-eighth (1/8) of the proceeds received by lessee from such sales), for the gas used, for the time during which such gas shall be used, said payments to be make monthly.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee, and the signing of this agreement shall be binding on each of the above named parties who sign, regardless of whether it is signed by any of the other parties.

Lessee shall have the right to use, free of cost, gas, oil, and water produced on said land for its operation thereon, except water from wells of lessor, however, this water may be used only on this lease unless written permission is otherwise given by Lessors.

All lines including electric lines, shall be buried below plow depth.

Lessee shall pay for damages caused by its operations to the growing crops on said land, to fences, terraces, and any real property damages.

State of <u>Kansas</u>	SS
County of <u>Franklin</u>	
This instrument was filed for record on the <u>19</u> day of <u>Oct</u> , 2004, at <u>9:45</u> o'clock <u>A.m.</u> , and duly recorded in Book <u>223</u> of <u>Map</u> at page <u>408</u>	
<u>Shirley A. McCay</u> Register of Deeds	
Deputy Fees, \$ <u>12.00</u>	
Entered in Transfer Record in my office this ____ day, of ____ 2004	
_____ County Clerk	

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No well shall be drilled nearer than 200 feet to the house or barn now on said premises without the written consent of the lessor.

Lessee shall have the right to at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing and upon removal of said equipment, lessee shall plug all wells thereon and restore the surface as provided by law.

If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with the like effect as if such well had been completed within the term of years herein first mentioned.

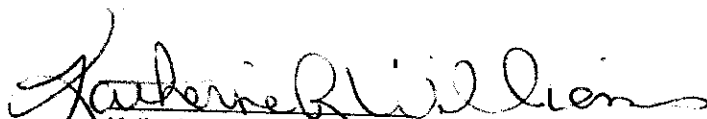
If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors, or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof; and it is hereby agreed in the event this lease shall be assigned as to a part or as to parts of the above described lands and the assigns or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the rents due from him or them, such default shall not operate to defeat or affect this lease in so far as it covers a part or parts of said lands upon which the said lessee or any assignee thereof shall make due payments of said rentals.

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 lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

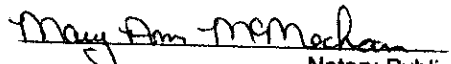
Whereof, witness our hands as of the day and year first above written.

LESSOR:


Katherine R. Williams

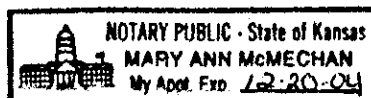
STATE OF KANSAS)
)SS:
COUNTY OF FRANKLIN)

The foregoing instrument was acknowledged before me this 25 day of October, 2004, by Katherine R. Williams known to me to be the identical person named in and who executed the same.


_____, Notary Public

Term Expires:

December 20, 2004



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