

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: Zacharia West

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

Effective Date of Transfer: 1/26/09
3/10/08

KS Dept of Revenue Lease No.: 132816

Lease Name: Mikigianis ✓KPR

Sec. 7 Twp. 9 R. 20 ☒ E ☐ W

Legal Description of Lease: SW/4 & E/2 NW/4 7-9S-20E

County: Jefferson

Production Zone(s): McLouth Sandstone

Injection Zone(s): _____

Surface Pit Permit No.: _____

(API No. if Drill Pit, WO or Haul)

_____ feet from ☐ N / ☐ S Line of Section

_____ feet from ☐ E / ☐ W Line of Section

Type of Pit: ☐ Emergency ☐ Burn ☐ Settling ☐ Haul-Off ☐ Workover ☐ Drilling OK

Past Operator's License No. _____

Contact Person: _____

Past Operator's Name & Address: _____

Phone: _____

Date: _____

Title: NEW LEASE

Signature: _____

New Operator's License No. 342241

Contact Person: Kevin Sylla

New Operator's Name & Address: RED CLOUD EXPLORATION
OPERATING, LLC

Phone: 415-850-9183

1611 St. Andrews Dr., 302 Fl.

Oil / Gas Purchaser: Coltonville Resources

Lawrence KS 66047

Date: 10/2/10

Title: Manager

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.

_____ 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

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DISTRICT _____ EPR 11/17/10
Mail to: Past Operator _____ New Operator _____

PRODUCTION 11-30-10 UIC 11-17-10
District _____

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

012609_Mikigianis.pdf

KDOR Lease No.: 132816

* Lease Name: M. K. Jans

* Location: SW/4 & E/2 NW/4 T-7S-R20E

[illegible]

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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.

2008-00846

CLIMATE

Book 716 Page 348

OIL AND GAS MINERAL LEASE

AGREEMENT, Made and entered on this 6 day of March, 2008 by and between William R. & Karen M. Mikijanis Married
 Party of the first part, hereinafter called lessor (whether one or more) and Red Cloud Exploration LLC, a California Limited Liability
 Company whose principal place of business is 55 New Montgomery St Ste 304 San Francisco, California. Party of the second part.
 Hereinafter called lessee.

WITNESSETH, That the said lessor, for and in consideration of TEN DOLLARS, PER ACRE
 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 unto said lessee, for the sole and only purpose of exploring by geophysical and other methods, mining, and
 operating for oil and gas, and laying pipe lines, and building tanks, power stations and structures thereon to produce, save and take care of
 said products. This is a paid up lease on that certain tract of land situated in the County of Jefferson
 State of Kansas, described as SW 1/4 + E 1/2 NW 1/4

246 Township 9 Range 20 and containing _____ of Section _____
 acres more or less.

It is agreed that this lease shall remain in full force for term of 3 years from this date, and as long thereafter as oil or gas or minerals, or
 either of them, is produced from said land by lessee.

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

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

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

Third. To pay lessor for gas produced from any oil well and used off the premises. One-eighth (1/8) of the proceeds at the prevailing
 market rate for the gas used. (But, as to gas sold by lessee, in no event more than one-eighth (1/8) of the proceeds received by lessee from such
 sales).

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.
 Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and
 remove casing.

If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the right to drill such well to completion
 with reasonable diligence and dispatch, and if oil or gas, or either of them, in any producible 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
 assignee or assignees of such part or parts shall fill or make default this lease in so far as it covers a part or parts of said lands upon which
 the said lease or any assignment thereof shall make due payments of said rentals. In case lessee assigns this lease, in whole or in part, lessee
 shall be relieved of all obligations with respect to the assigned portion of portions arising subsequent to the date of assignment.

All express or implied covenants of this lease shall be subject to force Major due to acts of nature and all Federal and State Laws,
 Executive Order, Rules or Regulations and this lease shall now 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.

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.

It is also agreed between the lessor and the lessee that any and all equipment that is currently on the property shall remain if and when
 production ends, the equipment may be used by lessor at no cost to them, but also agrees to restore the land back to original condition at
 their expense when production ends.

William R. Mikijanis William R. Mikijanis
Karen D. Mikijanis Karen D. Mikijanis
 STATE OF KS

COUNTY OF Jefferson

The foregoing instrument was acknowledged before me this 6 day of March, 2008By
My commission expiresJeanine Williams

Notary Public

Notary Public State of Kansas

Jeanine Williams

My Appt Exp 9-14-08JEFFERSON CO. KS. SS
FILED FOR RECORD
VOL 716 PG 348

2008 MAR -6 A 11:03

Doreen Horton
REGISTER OF DEEDS
Free: 8.00Both William & Karen
Mikijanis appeared in
person & signed

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KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

CERTIFICATION OF COMPLIANCE WITH THE
KANSAS SURFACE OWNER NOTIFICATION ACT

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

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 # 34224
Name: Red Cloud Exploration Operating, LLC
Address 1: 1611 St. Andrews Dr., 3rd Floor
Address 2: _____
City: Lawrence State: KS Zip: 66044 + _____
Contact Person: Kevin Sylla
Phone: (785) 551-2635 Fax: (_____) N/A
Email Address: ksylla@redcloudexploration.com

Well Location:
_____ Sec. 7 Twp. 9 S. R. 20 ☒ East ☐ West
County: Jefferson
Lease Name: Mikjanis Well #: 1, 2, 3, A1

If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:

SW/4 & E/2 NW/4 07-09S-20E, Jefferson County, Kansas

Surface Owner Information:

Name: William R. & Karen Mikjanis
Address 1: 108 N. Village Ter.
Address 2: _____
City: Tonganoxie State: KS Zip: 66086 + 9101

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: 11/8/10 Signature of Operator or Agent: John C. Chappell Title: Attorney

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