

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 1 **
☐ Gas Lease: No. of Gas Wells _____ **
☐ Gas Gathering System: _____
☐ Saltwater Disposal Well - Permit No.: _____
Spot Location: 4620' feet from ☐ N / ☐ S Line
3300' feet from ☐ E / ☐ W Line
☐ Enhanced Recovery Project Permit No.: _____
Entire Project: ☐ Yes ☐ No
Number of Injection Wells _____ **

Field Name: BLOOMER

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

Effective Date of Transfer: 10/01/2010

KS Dept of Revenue Lease No.: 113608 *KJR*

Lease Name: CLAIR

NE - NW - _____ Sec. 4 Twp. 18S R. 10 ☐ E ☒ W

Legal Description of Lease: Section 4, Township 18S, Range 10W

C NE NW 4620 North, 3300 West, from SE corner

County: RICE

Production Zone(s): ARBUCKLE

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 *OK*

Past Operator's License No. 33725 ✓

Past Operator's Name & Address: FOUNDATION ENERGY MANAGEMENT, LLC
14800 LANDMARK BLVD., SUITE 200, DALLAS, TX 75254

Title: Vice President

Contact Person: JOEL P. SAUER

Phone: 972-934-8385

Date: 10/21/2010

Signature: *Joel P. Sauer*

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New Operator's License No. 31504 ✓

New Operator's Name & Address: K.J.S. OIL
608 W. PARK STREET, CLAFLIN, KS 67525

Title: PRESIDENT

Contact Person: KURT J. STRUBE

Phone: 620-587-3436

Oil / Gas Purchaser: KELLY MCKLASKEY OIL

Date: 10/21/2010

Signature: *Kurt J. Strube*

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 1/6/11 PRODUCTION 1-6-11 UIC 1-6-11
Mail to: Past Operator _____ New Operator _____ District _____

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

100110_clair.pdf

Low

KDOR Lease No.: 113608

* Lease Name: CLAIR

* Location: NW/4 OF SECTION 4-18-10W

Well Status
(PROD/TA'D/Abandoned)

[illegible]

KCC WICHITA

A separate sheet may be attached if necessary

* 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.

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 # 33725
Name: Foundation Energy Management, LLC
Address 1: 14800 Landmark Blvd., Suite 220
Address 2: _____
City: Dallas State: TX Zip: 67525 + _____
Contact Person: Joel P. Sauer
Phone: (303) 861-0504 Fax: (_____) _____
Email Address: jsauer@foundationenergy.com

Well Location:
NE NW - Sec. 4 Twp. 18S S. R. 10 ☐ East ☒ West
County: Rice
Lease Name: Clair Well #: 1

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

Surface Owner Information:

Name: Hoelscher Farms, Inc.
Address 1: 530 Avenue E
Address 2: _____
City: Bushnton State: KS Zip: 67427 + _____

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: 11/4/10 Signature of Operator or Agent: Joel P. Sauer Title: Vice President

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**FOUNDATION
ENERGY COMPANY**

Foundation Energy Management, LLC
1801 Broadway, Suite 408
Denver, Colorado 80202

November 4, 2010

Hoelscher Farms, Inc.
C/O Donald D. Hoelscher
530 Avenue E
Bushton, KS 67427

Fed Ex Tracking: 7940 8608 0966

RE: Change of Operator
Clair #1 Well
Township 18S Range 10W
Section: 4 NENW

Dear Mr. Hoelscher,

In compliance with the Kansas Surface Owner Notification Act, this letter and attached documents serve as notice to the land owner of record that Foundation Energy Management, LLC has filed with the Kansas Corporate Commission, a request to transfer operators for the above referenced well.

The new operator will be: K.J.S. Oil
Kurt J. Strube, President
608 W. Park Street
Claflin, KS 67525
620-587-3436

Should you have any questions please contact me at (303) 861-0504 or via e-mail at dgreen@foundationenergy.com.

Regards,
FOUNDATION ENERGY MANAGEMENT, LLC

Debbie K. Green
Land/Marketing Administrator

enclosures

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KCC WICHITA

Tulsa Office

601 S. Boulder Ave., Suite 600
Tulsa, Oklahoma 74119
P: 918-585-1650 F: 918-585-1660

Corporate Office

14800 Landmark Blvd Suite 220
Dallas, Texas 75254
P: 972-934-8385 F: 972-934-8610

Denver Office

1801 Broadway, Suite 408
Denver, Colorado 80202
P: 303-861-0504 F: 303-861-0604