

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

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.

Form T-1
March 2010
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 _____ **
☐ Gas Gathering System: _____
☐ Saltwater Disposal Well - Permit No.: _____

Spot Location: 4410 FNL 4895 FEL

☒ Enhanced Recovery Project Permit No.: E21673

Entire Project: ☐ Yes ☐ No

Number of Injection Wells 1 **

Field Name: THAYER

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

Effective Date of Transfer: 10-01-2010

KS Dept of Revenue Lease No.: 114313

Lease Name: NEMAC 8

SW NW Sec. 36 Twp. 29S R. 17E ☒ E ☐ W

Legal Description of Lease:

SW NW

County: NEOSHO

Production Zone(s):

Injection Zone(s):

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Surface Pit Permit No.: 1513321936

(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. 33344

Past Operator's Name & Address: QUEST CHEROKEE LLC

210 PARK AVE, STE 2750, OKLAHOMA CITY, OK 73102

Title: VP OF ENGINEERING

Contact Person: RICHARD MARLIN

Phone: 405-702-7480

Date: 11-23-2010

Signature: Richard Marlin

New Operator's License No. 33343

New Operator's Name & Address:

POSTROCK MIDCONTINENT PRODUCTION LLC

210 PARK AVE, STE 2750, OKLAHOMA CITY, OK 73102

Title: VP OF ENGINEERING

Contact Person: RICHARD MARLIN

Phone: 405-702-7480

Oil / Gas Purchaser: POSTROCK MIDCONTINENT PRODUCTION LLC

Date: 11-23-2010

Signature: Richard Marlin

Acknowledgment of Transfer: The above request for transfer of injection authorization, surface pit permit # 1513321936 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.

PostRock Midcontinent Production, LLC is acknowledged as

the new operator and may continue to inject fluids as authorized by

Permit No.: E-21673 Recommended action:

Violation USC 2005-2010

Date: 2-14-11 Cheryl R. Bayl

Authorized Signature

_____ is acknowledged as

the new operator of the above named lease containing the surface pit

permitted by No.: _____

Date: _____

Authorized Signature

DISTRICT

Mail to: Past Operator

2-14-11

New Operator

2-14-11

PRODUCTION

2-16-11

UIC

2-14-11

District 3

2-14-11

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

100110 NEMAC 8 IMJ.pdf

KDOR	LEASE NAME	WELL NO	LOCATION	API NUMBER	FOOTAGE	TYPE OF WELL	STATUS
114313 VGR	NEMAC	8	SW NW - SEC 36/29S/17E	1513321936-0001	4410 FNL 4895 FEL FSL	EOR	ACTIVE

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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 # 33343
Name: POSTROCK MIDCONTINENT PRODUCTION LLC
Address 1: 210 PARK AVE, STE 2750
Address 2: _____
City: OKLAHOMA CITY State: OK Zip: 73102 + _____
Contact Person: RICHARD MARLIN
Phone: (405) 600-7704 Fax: (405) 600-7718
Email Address: _____

Well Location: _____ SW NW Sec. 36 Twp. 29S S. R. 17E ☐ East ☐ West
County: NEOSHO
Lease Name: NEMAC Well #: _____
If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:
SW NW

Surface Owner Information:

Name: THORTON FAMILY TRUST
Address 1: _____
Address 2: 7450 BETHANY RD
City: THAYER State: KS Zip: 66776 + _____

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: 11-23-2010 Signature of Operator or Agent: Richard Marlin Title: VP OF ENGINEERING

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KANSAS

CORPORATION COMMISSION

Mark Parkinson, Governor Thomas E. Wright, Chairman, Joseph F. Harkins, Commissioner, Ward Loyd, Commissioner

January 6, 2011

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JAN 18 2011
KCC WICHITA

Richard Marlin
Quest Cherokee, LLC
Oklahoma Tower
210 Park Ave, Ste 2750
OKLAHOMA CITY, OK 73102

RE: Transfer of Operations at the NE MAC lease, located in Section 36, Township 29S, Range 17E, NEOSHO County, Kansas

Dear Richard Marlin:

On January 5, 2011, a mechanical integrity test was conducted, which indicated to Staff that PostRock Midcontinent Production LLC is the current operator of the NE MAC lease. However, Conservation Division records indicate you have not filed a Request for Change of Operator; Transfer of Injection or Surface Pit Permit (Conservation Division Form "T-1") transferring operator responsibility to PostRock Midcontinent Production LLC for the NE MAC lease. Quest Cherokee, LLC therefore remains the Commission's operator of record and party responsible for the proper care and control of the NE MAC lease.

K.A.R. 82-3-136(a) provides that if operator responsibility is transferred, the past operator shall report the transfer to the Conservation Division within 30 days of the change upon a form prescribed by the Commission (the T-1); and/or K.A.R. 82-3-410(a) provides that authority to operate an injection well shall not be transferred from one operator to another without the approval of the Conservation Division. Furthermore, the transferring operator shall in writing notify the Conservation Division of its intent to transfer the injection authority, on a form prescribed by the Commission, the T-1, and in compliance with K.A.R. 82-3-136.

Staff will provide you with 28 days from this letter's date to bring the NE MAC lease into compliance with K.A.R. 82-3-136 and/or K.A.R. 82-3-410(a). As such, you have until February 3, 2011, to bring the NE MAC lease into compliance. To bring your operations into compliance, you need to file a T-1 with the Conservation Division for the NE MAC lease. A blank T-1 is enclosed with this letter. The T-1 is also available on the Conservation Division's website, at <http://kcc.ks.gov/conservation/forms/index.htm>, or upon request in the Conservation Division's central office in Wichita or any of the Conservation Division's district offices. If Quest Cherokee, LLC believes it is still the operator of the NE MAC lease, you need to contact Jonelle Rains, the Conservation Division's Supervisor of Environmental Protection and Remediation, immediately to address the situation. Jonelle Rains may be reached at the Conservation Division's central office in Wichita, at the contact information listed on the bottom of this page.

If by February 3, 2011, the Conservation Division has not received the T-1 requested, or you have not contacted Jonelle Rains and resolved this situation, Staff may refer the matter to Conservation Division legal staff with a recommendation for an administrative penalty or penalties. Violations of K.A.R. 82-3-136(a) and K.A.R. 82-3-410(a) are punishable by up to a \$1,000 fine for the first violation, \$2,000 for a second violation, and \$3,000 and operator license review for a third violation. In addition, Staff may ask the Commission to shut in your current operations until compliance is achieved.

Please contact the Conservation Division immediately, or provide the requested information within 28 days of this letter's date, to remedy the above possible violation(s) and avoid further compliance action by the Commission. Please include a copy of this letter with the completed T-1 form upon filing with the Conservation Division.

Yours truly,
KCC Conservation Division Staff

cc: Richard Marlin
PostRock Midcontinent Production LLC
Oklahoma Tower
210 Park Ave, Ste 2750
OKLAHOMA CITY, OK 73102

CONSERVATION DIVISION
Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802
(316) 337-6200 • Fax (316) 337-6211 • <http://kcc.ks.gov/>