

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.

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 _____ **

Effective Date of Transfer: March 19, 2011
 KS Dept of Revenue Lease No.: 133177 & 219064 *KJR*
 Lease Name: Blau A
 _____ NE _____ NE _____ SW Sec. 22 Twp. 31S R. 21 E W
 Legal Description of Lease: Northeast Quarter of the Southwest
Quarter (NE/4 SW/4) Sec. 22-31S-21W
 County: Clark
 Production Zone(s): Morrowan
 Injection Zone(s): _____

Field Name: _____

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

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 *OR*

Past Operator's License No. _____

Contact Person: _____

Past Operator's Name & Address: See Attachment

Phone: _____

Title: _____

Date: _____
 Signature: Oil + Gas Lease Attached

New Operator's License No. 31191 ✓

Contact Person: Randy Newberry

New Operator's Name & Address: R & B Oil & Gas, Inc.

Phone: 620-254-7251

PO Box 195

Oil / Gas Purchaser: PRG, L.C.

Attica, KS 67009

Date: 4-18-2011

Title: President

Signature: Randy Newberry

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 4-25-11 PRODUCTION 4-26-11 UIC 426 **APR 19 2011**
 Mail to: Past Operator _____ New Operator _____ District _____

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

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031911 Blau A.pdf

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 # 31191
Name: R & B Oil & Gas, Inc.
Address 1: 124 N. Main
Address 2: PO Box 195
City: Attica State: KS Zip: 67009 + _____
Contact Person: Randy Newberry
Phone: (620) 254-7251 Fax: (620) 254-7281
Email Address: rboile@sutv.com

Well Location:
NE NE SW Sec. 22 Twp. 31 S. R. 21 East West
County: Clark
Lease Name: Blau A Well #: 2

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

Surface Owner Information:

Name: Danny & Kay Rich
Address 1: 2572 CR M
Address 2: _____
City: Ashland State: KS Zip: 67831 + _____

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: 4-18-11 Signature of Operator or Agent: Jane Swing Title: Admin. Asst

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OIL AND GAS LEASE

THIS AGREEMENT, made and entered into the 19th day of March, 2011, by and between Danny Rich and Kay Rich, husband and wife, and Fredrick Blau, a single man, (by Danny Rich, as his Attorney in Fact, acting pursuant to a Power of Attorney), hereinafter called Lessor, and R & B Oil and Gas, Inc., hereinafter called Lessee.

Lessor, in consideration of Ten and more dollars (\$10.00) in hand paid, and other valuable considerations, receipt of which is hereby acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring by geophysical means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products (including helium), laying pipe lines, storing oil, building tanks, power stations, and other structures and things thereon to produce, save, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured there from, the following described land (subject to any rights now existing to any lessee or grantee under any lease or easement or similar instrument of record heretofore executed), therein situated in County of Clark, State of Kansas, described as follows to-wit:

The Northeast Quarter of the Southwest Quarter (NE/4SW/4)
of Section 22, Township 31 South, Range 21 West, of the 6th P.M.,
comprising 40 acres, more or less.

Subject to the provisions herein contained, this lease shall remain in force for a term of three (3) years from this date (called "primary term") and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land in commercial quantities.

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

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To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect wells on said land, the equal to three-sixteenths (3/16) part of all oil produced and saved from the leased premises.

To pay lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, three-sixteenths (3/16) of the prevailing market price at the well for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. Where gas from a well capable of producing gas only, (and it is capable of producing in commercial quantities) is not sold or used, lessee may pay or tender as shut-in royalty Ten Dollars (\$10.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph. This lease may be maintained as a shut-in lease for only one year at a time, following the end of such one year shut-in period, commercial production must be resumed or this lease will terminate.

PHOTOCOPIED



STATE OF KANSAS, CLARK COUNTY }
This instrument was filed for Record on
3/23/2011 at 1:41 PM and duly recorded
Book 140 Page 8 Fees \$32.00
Melissa L. Young, Register Of Deeds

This lease may be maintained during the primary term hereof without further payment or drilling operations. 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 like effect as if such well had been completed within the term of years first mentioned.

If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid the said Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, from said land for Lessee's operations thereon.

Lessee shall conduct its operations so as to cause as little interference with Lessor's farming and recreational operations as is reasonably possible.

Lessee shall drill no well nearer than 300 feet to dwelling house or out-building now on said premises without written consent of Lessor.

Lessee shall pay for all damages caused by its operations on said land and upon abandonment of its operations, and Lessee shall restore the surface of said land as nearly as practicable to its original contour and reseed and restore to growth any surface areas which were previously in grass.

Lessee shall have the right to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing within a reasonable time following the termination of this lease, but in any event not to exceed six months from the abandonment of the lease. Any such machinery or fixtures remaining after said six months shall belong to and become the property of the Lessor.

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. 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 and all such obligations shall pass to Lessee's assignee.

Lessee may at any time execute and deliver to Lessor or place or record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

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

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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 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, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

THE TERMS AND CONDITIONS OF THE ADDENDUM ATTACHED HERETO ARE MADE A PART HEREOF AND INCORPORATED AS TERMS OF THIS LEASE. TO THE EXTENT THERE MAY BE A CONFLICT BETWEEN THE TERMS OF THIS LEASE FORM AND THOSE SET FORTH IN THE ATTACHED ADDENDUM, THEN IN THAT EVENT THE TERMS AND CONDITIONS SET FORTH IN THE ADDENDUM SHALL CONTROL AND GOVERN THIS OIL AND GAS LEASE.

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written.

LESSOR:

Frederick U Blau POA
Frederick Blau, by Danny Rich as his Attorney
in Fact

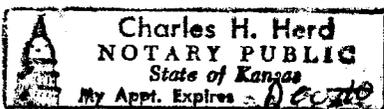
Danny Rich
Danny Rich

Kay Rich
Kay Rich

STATE OF KANSAS
COUNTY OF CLARK, SS:

BE IT REMEMBERED, that on this 19th day of March, 2011, before me, the undersigned, a notary public in and for the county and state aforesaid, personally appeared Danny Rich and Kay Rich, husband and wife, and Danny Rich as Power of Attorney for Fredrick Blau, to me personally known to be the identical persons who signed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.



Charles H. Herd
Notary Public Charles H. Herd

My appointment expires: Dec. 10, 2011

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EXHIBIT "A" attached to and made part of the Oil and Gas Lease dated March 19, 2011 between Fredrick V. Blau, a single person, and Danny C. Rich and Kay R. Rich, husband and wife, as Lessor; and, R & B Oil and Gas, Inc., as Lessee.

1. The provisions of this addendum shall control and supersede the terms of the attached oil and gas lease when such terms conflict.

2. Lessee shall pay Lessor, as royalty, three-sixteenths (3/16ths) of all oil, gas, liquid hydrocarbons and their constituent products produced under the lease, free of all production, treatment and marketing costs.

3. This lease may not be unitized or pooled with other leases.

4. No horizontal well operations of any type may be conducted on or under the land described in this lease.

5. Where gas from a well or wells capable of producing gas only is not sold for a period of one (1) year from the end of the primary term and the well is "shut in", Lessee shall pay Lessor a shut-in royalty of \$10.00 per net mineral acre per year. Payment of shut-in royalty will not extend the lease for more than two (2) additional years from the date the well is shut-in. Shut-in royalty shall be paid within thirty (30) days after the well is "shut-in", then on or before the anniversary date of shut-in for subsequent permitted shut-in periods during this lease.

6. Drilling operations, in order to extend the lease beyond its primary term, must be substantial operations, diligently prosecuted in good faith. Mere movement of equipment or materials onto the location or minor dirt work will not prevent expiration of the primary term.

7. The installation of a salt water disposal well or disposal of salt water on the premises is not permitted.

8. Lessee shall pay Lessor for any and all damages caused by Lessee's oil and gas exploration, operations, production or development, including, but not limited to, damage to fences, improvements, livestock, water supply, land, roads, soil, grass and crops. Lessee shall pay Lessor a minimum of at least \$3,500.00 for each drill site location commenced on the leased premises on or after the date of this lease. Lessor may require prepayment of site damages prior to commencement of any drilling operations. The amount of \$3,500.00 is a minimum site damage payment. Lessee shall pay Lessor for any additional damages which exceed the \$3,500.00 minimum.

9. Lessee shall, upon the completion of any "dry-hole" test drilling operations, or upon the abandonment of any producing well, restore the surface of the land, including topsoil, to its original condition as nearly as practicable and remove all equipment, fixtures, structures and hard surface areas within six (6) months. Any pump jacks, tanks, pipe, casing, rod and other equipment and/or fixtures left on the premises after

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this six (6) month period shall become the property of the Lessor and no further action or instrument shall be needed to convey all of Lessee's interest in such property to Lessor

Lessee will plant grass, cover crops, deposit manure and soil stabilizers as needed to restore the surface areas affected by Lessor's operations and prevent erosion.

10. Lessee shall consult with and obtain Lessor's prior written approval regarding the route of ingress and egress on or through the lease premises relative to exploration, drilling, production and other lease operations prior to engaging in such operations. Approval shall not be unreasonably withheld.

11. Lessor shall have the right to direct and pre-approve the location of all access roads, tank batteries and pipelines of any type prior to installation. Lessee shall pay Lessor the sum of \$2,000.00 for the construction and creation of roads on the real property covered by this lease. This \$2,000.00 payment shall be paid to Lessor prior to Lessee entering the property under this lease.

12. Lessee shall consult with and obtain Lessor's prior written approval regarding location of pits before digging. Approval shall not be unreasonably withheld. Topsoil from the pits shall be piled separately and returned to the surface when the pits are filled. Lessee shall return the surface and its contours to original condition as nearly as possible. Lessor may require off site pits in appropriate circumstances.

13. Lessee shall save, defend, indemnify and hold Lessor harmless from any environmental, pollution or contamination claims, costs, expenses or charges arising from or resulting from Lessee's operations under this lease. Lessee shall reimburse Lessor any attorney fees and legal costs incurred by Lessor dealing with, defending or responding to environmental claims.

14. In the event of production and continued use of the surface, Lessee, or its assigns, will maintain, restore and repair the land area affected by the lease operations.

15. Lessee must obtain the Lessor's prior written consent before using water from the premises for drilling operations. Use of water pursuant to this lease will be limited to drilling operations only on the real estate described in the lease. Fresh water may not be used for flooding or injection operations. If a water well is drilled on the property relative to operations under this lease, the cased hole will be plugged, or will be left for Lessor's future use as Lessor may direct. Lessee shall compensate Lessor for any water used. Lessor may require prepayment of compensation for water prior to drilling operations.

16. Lessee shall bury any pipelines a depth of not less than thirty-six (36) inches below the surface to the top of the pipe.

17. If this lease is in force and effect two (2) years after the expiration of the primary term, this lease shall thereupon terminate as to the oil and gas rights in all zones

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or formations of the leased premises 100 feet or more below the stratigraphic equivalent of the total depth of the deepest well drilled by Lessee under this lease. Lessee shall be obligated to file of record in the Register of Deeds Office in the county where the land is located, a release of all rights and interest in said lease in and to all zones and formations 100 feet or more below the stratigraphic equivalent of the total depth of the deepest well drilled by Lessee on the leased premises, sixty (60) days following written demand thereof after two (2) years shall have passed following the expiration of the primary term of the lease. If such release is not filed within said period, then Lessee shall be liable for any damages sustained by Lessor, and for any reasonable attorney fees incurred by Lessor in obtaining such release. Lessor shall have rights of ingress and egress over, through and across all zones and geological formations held by Lessee for the purpose of exploring and producing such deeper zones and formations.

18. Lessee shall drill as many wells as are prudent and justified by facts and to the depths necessary for effective development of the land covered by this lease. If Lessor prevails in any legal action against Lessee concerning the effective development of the lease estate, Lessee shall pay Lessor reasonable attorney fees incurred by Lessor in connection with such legal action.

19. Lessee shall install and maintain (at Lessee's expense) fencing around Lessee's oil or gas well sites and tank battery sites to protect any livestock from injury by equipment or by ingestion of oil, salt water or other liquids. Lessee shall install and maintain cattle guards in fence lines of any permanent fencing and shall keep any gates of temporary or permanent fencing closed when livestock are kept on the premises. Lessee shall be liable for any damages sustained by Lessor or tenants for violation of this covenant.

20. Lessee's obligations and liabilities under this lease and addendum include, cover and extend to the acts and omissions of Lessee's employees, agents, partners, principals, operators, contractors, invitees, successors and assigns.

21. Lessee shall have no right to lay pipelines, install or construct other structures except those directly relating to production of oil and/or gas from the real estate described in this lease, unless Lessee purchases right of way from Lessor for such pipelines. If the well is abandoned after installation of pipelines, the pipeline may be left or removed as Lessee may choose. If the pipeline is left, Lessor shall own the pipeline and Lessee shall convey every right and interest in the pipeline to Lessor. Lessee shall pay Lessor \$25.00 per rod as liquidated damages for the laying or removal of pipeline or electric line. Lessee shall only be responsible for pipelines actually installed or used by Lessee related to production of oil and/or gas from the subject property.

22. No right is granted to the Lessee to erect on any part of the leased premises any plant or facility for gasoline extraction or for the processing of gas or petroliferous substances, except the normal and necessary heater treater and separator customarily used.

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23. Prior to cutting any fence for entry to the premises, Lessee shall notify Lessor of the proposed area of the fence to be cut. Lessor shall have the right to approve and direct the area and location of the fence to be cut and the manner in which it is cut. If fence is cut, Lessee shall cause corner posts and braces to be set so the fence will remain as strong and effective as it was prior to cutting. Lessee will repair fence after cutting so that it is strong, effective, quality fence.

24. There shall be no hunting, fishing, discharge of firearms, or use of archery equipment by Lessee, Lessee's employees, agents and/or contractors on Lessor's property. There shall be no hunting of or excavation of Indian or other artifacts or relics on Lessor's property by Lessee, Lessee's employees, agents and/or contractors. Violation of any of these prohibitions shall constitute trespass and Lessor shall be entitled to an injunctive order from a Court of jurisdiction enforcing this provision. Lessee shall be responsible for ensuring that its employees, agents and/or contractors do not violate this provision.

25. No well shall be drilled within 600 feet of any house or barn located on the leased property.

26. Bonuses, extensions, rentals and other payments relating to or made pursuant to the provisions of this lease shall be by check or money order. Sight drafts will not be an acceptable form of payment.

27. No assignment of this lease will be valid unless first approved in writing by Lessor. Lessor may require Lessee to furnish information about the proposed assignee as a condition of approving the assignment.

28. The provisions of the lease, including this addendum, shall be binding upon the successors and assigns of the parties. This addendum shall be attached to and recorded with the oil and gas lease form.

R & B OIL AND GAS, INC.

Fredrick V. Blau POA

Fredrick V. Blau by and through
his attorney in fact Danny C. Rich

By Landy Beckman
LESSEE

Danny C. Rich

Danny C. Rich

Kay R. Rich

Kay R. Rich

LESSOR

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