

JUN 22 2011

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

CONSERVATION DIVISION
WICHITA, KS

**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 16 **

☐ 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: EASTON

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

Effective Date of Transfer: 6/1/11

KS Dept of Revenue Lease No.: 114671 ☒ 12

Lease Name: DEMARANVILLE

_____ NW Sec. 3 Twp. 9S R. 20 ☒ E ☐ W

Legal Description of Lease: NW/4 OF SECTION 3

T-9S R20E

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. 33539 ✓

Past Operator's Name & Address: Cherokee Wells, LLC

4916 Camp Bowie Blvd, Suite 200 Fort Worth, TX 76107

Title: Manager

Contact Person: Robert DeFeo

Phone: 817-546-0032

Date: 6/1/2011 Robert DeFeo

Signature: _____

New Operator's License No. 34566 ✓

New Operator's Name & Address: JAG Petroleum LLC

17625 El Camino Real, Suite 220, Houston, TX 77058

Title: President

Contact Person: John J. Bassett

Phone: 281-480-6909

Oil / Gas Purchaser: Kelly MacClaskey Oilfield Services, Inc

Date: 6/7/11 John J. Bassett

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

DISTRICT _____ EPR 7-6-11 PRODUCTION 7-7-11 UIC 7-7-11

Mail to: Past Operator _____ New Operator _____ District _____

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

060111 DEMARANVILLE.PDF

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JUN 22 2011

CONSERVATION DIVISION
WICHITA, KS

**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 # 34566
Name: JAG Petroleum LLC
Address 1: 17625 EL CAMINO REAL
Address 2: Suite 220
City: Houston State: TX Zip: 77058
Contact Person: John J. Bassett
Phone: (281) 480 6909 Fax: (281) 480 6999
Email Address: JBASSETT@JEN Petro.com

Well Location:
Sec. 3 Twp. 9 S. R. 20 ☒ East ☐ West
County: JEFFERSON
Lease Name: DEMARAVILLE Well #:

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

NW 4 of Section 3-9S-20E

Surface Owner Information:

Name: _____
Address 1: _____
Address 2: _____
City: _____ State: _____ Zip: _____

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.

SEE ATTACHED LIST

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: 6/21/11 Signature of Operator or Agent: Jh R E L Title: Production Manager

Robert Demaranville
29182 187th Street
Leavenworth, KS 66048-7639

Ernest R. Demaranville
31825 207th Street
Leavenworth, KS 66048-7484

RECEIVED
KANSAS CORPORATION COMMISSION

JUN 22 2011

CORPORATION COMMISSION
WICHITA, KS

RECORDING REQUESTED BY

WHEN RECORDED MAIL TO:

Haynes and Boone, LLP
One Houston Center
1221 McKinney Street
Houston, Texas 77010-2007
ATT: Randy Browne

Space Above This Line For Recorder's Use Only

ASSIGNMENT AND BILL OF SALE

STATE OF KANSAS

§

COUNTIES OF LEAVENWORTH
AND JEFFERSON

§

§

§

THIS ASSIGNMENT AND BILL OF SALE (this "*Assignment*") dated effective this 1st day of June, 2011, is from Heavy Petroleum Partners, LLC, a Texas limited liability company, ("*Assignor*"), having an address of 4916 Camp Bowie Blvd., Suite 204, Fort Worth, TX 76107 to JAG Petroleum LLC, a Texas limited liability company ("*Assignee*"), having an address of 17625 El Camino Real, Suite 220, Houston, TX 77058. Assignor and Assignee are sometimes hereinafter collectively called the "*Parties*" and individually called a "*Party*."

This Assignment is made pursuant and subject to all of the terms and provisions of that certain Purchase and Sale Agreement between Assignor and Assignee ("*Purchase Agreement*"), including, but not limited to, the indemnity and warranty provisions thereof, of even date herewith. Any term not defined herein shall have the definition and meaning of the same term in the Purchase Agreement.

ARTICLE I

For Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which Assignor hereby acknowledges, and subject to the exceptions hereinafter described, Assignor GRANTS, BARGAINS, SELLS, TRANSFERS, CONVEYS, SETS OVER, ASSIGNS and DELIVERS the following to Assignee:

(a) the oil, gas and mineral leases described or referred to in Exhibit A attached hereto and incorporated herein (the "*Leases*") and any mineral, royalty, overriding royalty or other interests in and to the lands covered by the Leases, assignments and other documents of title described or referred to in Exhibit A (collectively, the "*Subject Interests*");

(b) all rights incident to the Subject Interests, including, without limitation, (i) all rights with respect to the use of the surface of and the subsurface depths under the lands covered by the Subject Interests; (ii) all rights with respect to any pooled, communitized or unitized acreage by virtue of any Subject Interest being a part thereof, including all Hydrocarbons produced and saved after June 1, 2011 (the "*Effective Time*") attributable to the Subject Interests or any such pool or unit pertaining to any such Subject Interest;

(c) to the extent assignable or transferable, all easements, rights-of-way, surface leases, servitudes, permits, licenses, franchises and other estates or similar rights and privileges directly related to or used solely in connection with the Subject Interests ("*Easements*"), including, without limitation, the Easements described or referred to in *Exhibit A*;

(d) to the extent assignable or transferable, all personal property, equipment, fixtures, inventory and improvements located on or used solely in connection with the Subject Interests and the Easements or with the production, treatment, sale, or disposal of oil, gas or other hydrocarbons (collectively, "*Hydrocarbons*"), byproducts or waste produced therefrom or attributable thereto, including, without limitation, the property described in *Exhibit A* attached hereto and all wells located on the lands covered by the Subject Interests or on lands with which the Subject Interests may have been pooled, communitized or unitized (whether producing, shut in or abandoned, and whether for production, injection or disposal), including, without limitation, the wells described in *Exhibit A* attached hereto and incorporated herein, wellhead equipment, pumps, pumping units, flowlines, gathering systems, piping, tanks, buildings, treatment facilities, injection facilities, disposal facilities, compression facilities, and other materials, supplies, equipment, facilities and machinery;

(e) to the extent assignable or transferable, all contracts, agreements and other arrangements that directly relate to the Subject Interests, the Leases or the Easements, including, without limitation, production sales contracts, farmout agreements, operating agreements, service agreements;

(f) to the extent assignable or transferable, all books, records, files, muniments of title, reports and similar documents and materials that relate to the foregoing interests in the possession of, and maintained by, Assignor; and

(g) all geological and geophysical data relating to the Subject Interests, other than such data that is interpretive in nature or that cannot be transferred without the consent of, or payment to, any third party.

The Assets to be conveyed and assigned under this Assignment shall not include, and there is excepted, reserved and excluded from the sale contemplated hereby the following (hereafter, the "*Excluded Assets*"):

(t) all Hydrocarbons produced from or attributable to the Subject Interests with respect to all periods prior to the Effective Time, together with all proceeds from the sale of such Hydrocarbons;

(u) all claims of Assignor for refunds of or loss carry forwards with respect to (i) ad valorem, severance, production or any other taxes attributable to any period prior to the Effective Time, (ii) income or franchise taxes, or (iii) any taxes attributable to the other Excluded Assets, and such other refunds, and rights thereto, for amounts paid in connection with the Assets and attributable to the period prior to the Effective Time, including refunds of amounts paid under any gas gathering or transportation agreement;

(v) all other proceeds, income, royalties or revenues (and any security or other deposits made) attributable to (i) the Assets for any period prior to the Effective Time, or (ii) any other Excluded Assets;

(w) all vehicles, vessels, trailers, personal computers and associated peripherals and

all radio, telephone and other communication equipment (other than the property described in Exhibit A);

(x) all of Assignor's proprietary computer software, technology, patents, trade secrets, copyrights, names, trademarks, logos and other intellectual property;

(y) the funds held in suspense accounts as of the Effective Date related to the Assets and any proceeds attributable to such suspended interest for Hydrocarbon production prior to the Effective Time; and

(z) all corporate, partnership, income tax and financial records of Assignor.

All of the property described in paragraphs (a) through (g) above, with the exception of the Excluded Assets, is hereinafter referred to as the "**Assets**".

TO HAVE AND TO HOLD the Assets unto Assignee, its successors and assigns, forever. This Assignment is made and accepted without representation or warranty of any kind or nature, express, implied or statutory, except for those representations and warranties contained in the Purchase Agreement, and that Assignor warrants and defends title to the Assets against anyone claiming the same by, through or under Assignor, but not otherwise.

ARTICLE II

2.1 Except as and to the extent expressly set forth in the Purchase Agreement, ASSIGNOR MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED.

2.2 ASSIGNOR EXPRESSLY DISCLAIMS ANY AND ALL OBLIGATIONS OR LIABILITIES FOR ANY REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED, COMMON LAW, STATUTORY OR OTHERWISE, CONTAINED IN ANY ORAL COMMUNICATIONS HERETOFORE MADE BY ASSIGNOR TO ASSIGNEE IN THE COURSE OF ASSIGNEE'S INVESTIGATION OF ASSIGNOR AND THE ASSETS.

2.3 The parties agree to take all such further actions and execute, acknowledge and deliver all such further documents that are necessary or useful in carrying out the purpose of this Assignment. So long as authorized by applicable law to do so, Assignor agrees to execute, acknowledge and deliver to Assignee all such other additional instruments, notices, division orders, transfer orders and other documents and to do all such other and further acts and things as may be necessary to more fully and effectively grant, convey, and assign to Assignee the Assets conveyed hereby or intended so to be.

2.4 THIS ASSIGNMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE UNITED STATES AND STATE OF TEXAS (EXCEPT TO THE EXTENT THE LOCATION OR NATURE OF THE PROPERTY REQUIRES THE APPLICATION OF THE LAWS OF OTHER JURISDICTIONS).

2.5 This Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

2.6 This Assignment may be executed in multiple counterparts with each party executing some but not all of the counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute on and the same document.

IN WITNESS WHEREOF, this Assignment and Bill of Sale is entered into on the date first above written to be effective as the Effective Date.

ASSIGNOR:

HEAVY PETROLEUM PARTNERS, LLC,
a Texas limited liability company

By: *Robert DeFoe*
Name: ROBERT DEFEO
Title: Manager/ Member

STATE OF TEXAS

COUNTY OF TARRANT

This instrument was acknowledged before me on June 1, 2011 by Robert DeFoe the Member of Heavy Petroleum Partners, LLC, a Texas limited liability company, on behalf of said limited liability company.

Witness my hand and Official Seal.

Jonnie Wall
Notary Public in and for the
State of Texas

My appointment expires _____

[SEAL]

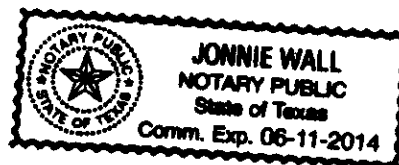


EXHIBIT "A"

to

ASSIGNMENT and BILL of SALE dated effective June 1, 2011, from Heavy Petroleum Partners, LLC, a Texas limited liability company, as Assignor, to JAG Petroleum, LLC, a Texas limited liability company, as Assignee.

Jefferson County, Kansas

LESSOR	LESSEE	DATE	BOOK	PAGE
William Karl, etux, Kathy Karl	Heavy Petroleum Partners, LLC	05/08/2006	695	201
John Zachariah, etux, Sandra Zachariah	KLM Exploration Company, Inc.	04/15/1988	371	324

Leavenworth County Kansas

LESSOR	LESSEE	DATE	ENTRY NUMBER
Ernest R Demaranville	Heavy Petroleum Partners, LLC	03/01/2007	2007R01810
Robert D. Demaranville	Heavy Petroleum Partners, LLC	03/01/2007	2007R01809
Melvin Wagner, etux, Elaine M. Wagner	Heavy Petroleum Partners, LLC	10/15/2007	2007R08337