

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 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.: E-29,004  
Entire Project: ☐ Yes ☐ No  
Number of Injection Wells 5 \*\*

Field Name: Blue Mound

Effective Date of Transfer: 8/30/07

KS Dept of Revenue Lease No.: 121241

Lease Name: Mitchell A

\_\_\_\_\_ NW Sec. 24 Twp. 22S R. 21 ☒ E ☐ W

Legal Description of Lease: NW/4, Section 24, Township 22S,

Range 21E, Linn County, KS 160 acres

County: Linn

Production Zone(s): Squirrel

Injection Zone(s): Squirrel

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

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. See Attached

Past Operator's Name & Address: \_\_\_\_\_

Title: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Phone: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: See Attached

New Operator's License No. 33858

New Operator's Name & Address: J & J Operating, LLC

10380 West 179th Street

Bucyrus, KS 66013

Title: Compliance Controller

Contact Person: Marcia Littell

Phone: 913-754-7740

Oil / Gas Purchaser: Plains Marketing L.P.

Date: 9/14/11

Signature: Marcia Littell

**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.

J & J Operating LLC is acknowledged as  
the new operator and may continue to inject fluids as authorized by  
Permit No.: E 29,004 Recommended action: Violations  
MIT's over due 2005 + U3C due 2005-2010  
Date: 9-15-11 Cheryl R. Boyer  
Authorized Signature

\_\_\_\_\_ is acknowledged as  
the new operator of the above named lease containing \_\_\_\_\_  
permitted by No.: \_\_\_\_\_  
Date: \_\_\_\_\_  
**RECEIVED**  
**SEP 08 2011**  
**KCC WICHITA**  
Authorized Signature

DISTRICT \_\_\_\_\_ EPR 9-13-11 PRODUCTION 9-28-11 UIC 9-15-11  
Mail to: Past Operator 9-15-11 New Operator 9-15-11 District 3 9-15-11

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

083007 Mitchell A IMJ2.pdf

\* Lease Name: Mitchell A

\* Location: NW/4, 24-22S-21E

RECEIVED  
SEP 08 2011  
KCC WICHITA

\* 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 Prod 88 (Rev 9/99)

STATE OF KANSAS  
LINN COUNTY  
THIS INSTRUMENT WAS FILED FOR RECORD  
ON THIS 28<sup>th</sup> DAY OF April AD  
2007 AT 9:55 A.M. AND RECORDED IN  
BOOK 381 OF RECORDS ON PAGE 214  
E. J. Smith, Jr.  
REGISTER OF DEEDS

**OIL, GAS, AND MINERAL LEASE**

This Oil, Gas, and Mineral Lease (the "Lease") is dated February 27, 2007 (the "Effective Date"). The parties to this Lease are Lloyd & Betty Mitchell of Mitchell Family Trust, as Lessor (whether one or more), whose address is 10960 Arthur Rd. Blue Mound, KS 66010, and J & J Operating, LLC, as Lessee, whose address is 16300 W. 179<sup>th</sup> St. Bucyrus, KS 66013.

1. For the consideration of ONE Dollar and other valuable consideration, the receipt of which Lessor acknowledges, and the covenants and agreements of Lessee in this Lease, Lessor grants, demises, leases and lets exclusively to Lessee, the lands described below (the "Lands"), for the purposes of mining, exploring by geological, geophysical and other methods, operating for, producing, and taking care of, removing and selling all oil, gas, and all of the products of oil and gas, with rights of way and easements for laying pipelines, and the erection of structures necessary or convenient to produce, save, store, make merchantable and transport all the oil or gas produced from the Lands or any adjacent lands. The Lands covered by this Lease are located in Linn County, Kansas, and are described as follows:

Northwest Quarter (NW/4), Section 24, Township 22S, Range 21E, Linn County, Kansas.

The Lands are deemed to contain 160 acres, more or less and shall include any lands of Lessor in the same survey or adjacent surveys.

2. This Lease shall remain in full force and effect for a primary term of 3 years (the "Primary Term") from the Effective Date, and as long thereafter as oil, gas or the products of oil or gas are produced from the Lands or leases or lands pooled with the Lands, or drilling or reworking operations are continued as provided in this Lease.

3. This is a PAID-UP LEASE. For the consideration paid to Lessor, Lessee is not obligated to commence or continue any operations on the Lands during the Primary Term, or to make any rental payments during the Primary Term. Lessee may at any time or times during or after the Primary Term surrender this Lease as to all or a portion of the Lands by delivering to Lessor, or by filing for record in the county where the Lands are located a release or releases of the Lease, and then be relieved of all accruing obligations as to the portion of the Lands surrendered. The Lease shall continue in force and effect as to all of the Lands not surrendered.

4. Lessee agrees to pay Lessor a royalty on production as follows:

a. Lessee shall deliver to the credit of Lessor as royalty, free of cost, in the pipeline to which Lessee may connect its wells, or into Lessee's storage tanks a  $1/8^{th}$  part of all oil produced and saved from the Lands. At Lessee's option, Lessee may pay to Lessor as royalty  $1/8^{th}$  of the proceeds of the sale of oil at the storage tanks.

b. Lessee shall pay Lessor, as royalty on gas sold from each well,  $1/8^{th}$  of the proceeds if gas is sold at the well, or if marketed by Lessee off the Lands,  $1/8^{th}$  of the value received for the gas sold off the Lands.

c. Lessee shall pay Lessor  $1/8^{th}$  of the proceeds received by Lessee from the sale of casinghead gas produced from any oil well and  $1/8^{th}$  of the value, at the mouth of the well, computed at the prevailing market price, of the casinghead gas produced from any oil well and used by Lessee off the Lands for any purpose or used on the Lands by Lessee for purposes other than the development and operation of the Lease.

RECEIVED

SEP 08 2011

KCC WICHITA

d. Lessee will pay Lessor  $1/8^{\text{th}}$  of the proceeds from the sale of all other products of oil and gas not provided for above. In no event, in the payment of proceeds for royalty, shall Lessee ever be obligated to pay to Lessor, a sum greater than  $1/8^{\text{th}}$  of the sum Lessee actually receives for the sale of oil and/or gas or other products.

5. If at any time, there is a gas well (one or more), on the Lands, or acreage pooled with the Lands, whether before or after the Primary Term, and the well is shut-in, with no other production, drilling operations or other operations being conducted on the Lands capable of maintaining this Lease in force under any of its provisions, Lessee shall pay Lessor as royalty the sum of One Dollar (\$1.00) per year per acre for each acre of the Lands then subject to this Lease. This payment is to be made on or before the anniversary date of this Lease following the expiration of 90 days from the date the well is shut-in, and thereafter on the anniversary date of this Lease during the period the well is shut-in. When the payment is made it shall be considered that this Lease is maintained in full force and effect until production resumes or the next shut-in royalty payment is due.

6. If the Lessor owns a lesser interest in the Lands than the entire and undivided fee simple estate in the minerals, the royalties (including any shut-in gas royalty) shall be paid to Lessor only in the proportion which Lessor's interest in the Lands bear to the whole and undivided fee simple in the Lands.

7. Despite anything in this Lease to the contrary, Lessor expressly agrees that if Lessee commences operations for drilling a well at any time while this Lease is in force, this Lease shall remain in force and its term shall continue as long as the operations are prosecuted as provided in this paragraph 7. If production results from the well, this Lease shall remain valid and in force as long as production continues from the Lands.

8. If at the expiration of the Primary Term oil, gas or the products of oil and gas are not being produced but Lessee is engaged in drilling or reworking operations on the Lands, this Lease shall continue in force so long as those operations are being continuously prosecuted on the Lands. Drilling Operations shall be considered to be continuously prosecuted if not more than 60 days elapse between the completion or the abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after the discovery of oil or gas or the products of oil or gas on the Lands or on acreage pooled with the Lands, production should cease, from any cause, after the Primary Term, this Lease shall not terminate if Lessee commences additional drilling or reworking operations within 60 days from the date of cessation of production, or from the date of completion of a dry hole. If oil, gas or the products of oil or gas are discovered and produced as a result of operations at or after the expiration of the Primary Term, this Lease shall continue in force so long as oil, gas, or the products of oil or gas are produced from the Lands.

9. Lessor grants Lessee the right to use, free of cost, gas, oil, and water produced on or from the Lands, for Lessee's operations, except water from Lessor's wells. When requested by the owner of the surface of the Lands, Lessee will bury pipelines across cultivated lands below normal plow depth. No well shall be drilled nearer than 150 feet to any house or barn located on the Lands as of the Effective Date of this Lease without the written consent of Lessor. Lessee will pay for damages caused by Lessee's operations to growing crops on the Lands. Lessee shall have the right, at any time, but not the obligation, to remove all machinery, equipment, and fixtures placed on the Lands, including the right to draw and remove casing.

10. The rights of Lessor and Lessee may be assigned in whole or in part. However, no change in ownership of Lessor's interest in the Lands shall be binding on Lessee until 60 days after Lessee has been furnished with written notice, accompanied by certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of title to Lessor's interest, and then only with respect to payments made after Lessee's actual receipt of the notice. No other notice of any kind, actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of the Lands shall operate to enlarge the obligations or diminish the rights of Lessee. All of Lessee's operations may be

RECEIVED  
SEP 11 8 2011

KCC WICHITA

conducted without regard to any division of ownership by Lessor. If all or any part of this Lease is assigned by Lessee, no leasehold owner shall be liable for any act or omission on the part of any other leasehold owner.

11. Lessee is granted, at its option, the right and power to voluntarily pool or combine all or any portion of the Lands covered by this Lease, as to either oil, gas, or both, with any other lands, or leases adjacent to the Lands when, in Lessee's judgment, it is necessary or advisable to do so to properly develop and operate the combined lands as a unit or units. Lessee may pool the Lands forming units not exceeding eighty (80) acres for an oil well, plus a tolerance of 10%, and not exceeding 640 acres for a gas well, plus a tolerance of 10%, except that if larger units are required or permitted under any governmental rule or order for the drilling or operation of a well at a regular location, or for obtaining the maximum production allowable from any well drilled or to be drilled, larger units may be formed. Lessee, or Lessee's designee, shall execute and record in the county where the Lands are located an instrument identifying and describing the lands included in a unit. All acreage pooled into a unit shall be treated for all purposes, except the payment of royalty, as if it were included in this Lease, and drilling or reworking operations on any land in a unit or production of oil or gas, or the completion of a well as a shut-in gas well, shall be considered for all purposes, except the payment of royalty, as if the operation were on, production is from, or the completion was on the Lands covered by this Lease, whether or not the well or wells on the unit are located on the Lands covered by this Lease. In lieu of the royalty or shut-in gas royalty provided above, Lessor shall receive from production from a unit a portion of the royalty provided in this Lease as the amount, in acres, of the Lands included in the unit or the Lessor's royalty interest in the Lands included in the unit, bears to the total amount of acreage included in a unit.

At Lessee's discretion, or in the absence of production, Lessee or Lessee's designee may terminate any unit by filing in the county records a notice of termination of the unit.

12. All express or implied covenants of this Lease shall be subject to all federal and state laws, executive orders, rules, or regulations of governmental bodies having jurisdiction. This Lease shall not terminate in whole or in part, nor shall Lessee be held liable in damages, for failure to comply with any Lease terms if compliance is prevented as the result of any law, order, rule, or regulation.

Lessor expressly warrants and agrees to defend the title to the Lands and agrees Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes, or other liens on the Lands in the event of failure of payment by the Lessor, and Lessee shall be subrogated to the rights of the holder of any mortgage, taxes or other liens. Lessee may reimburse itself for payments out of any royalties or rentals payable to a Lessor for any amounts paid by Lessee for Lessor for or on any mortgage, taxes, or liens.

RECEIVED  
SEP 08 2011  
KCC WICHITA

13. All the provisions of this Lease shall be binding on the heirs, successors, assigns, and legal representatives of the Lessor and Lessee.

See additional terms attached hereto as Exhibit "A".

This Lease is executed by Lessor as of the date of acknowledgment of Lessor's signature, but shall be effective for all purposes as of the Effective Date stated above.

Lessor/s:

Betty Mitchell  
Betty Mitchell, of Mitchell Family Trust

Social Security Number

Lloyd Mitchell  
Lloyd Mitchell, of Mitchell Family Trust

Social Security Number

Individual Acknowledgment

STATE OF KANSAS  
COUNTY OF LINN

Before me, the undersigned, a Notary Public, within and for said county and state, on this 22 day of March, 2007, personally appeared Lloyd Mitchell and Betty Mitchell, to me personally known to be the identical person(s) who executed the within and foregoing instrument and acknowledged to me that (he/she/they) executed the same as (his/her/their) free and voluntary act and deed for the uses and purposes therein set forth.

In witness whereof, I have hereunto set my hand and official seal the day and year last above written.

Deborah Nickelson  
Notary Public in and for the State of KS  
Printed Name: Deborah Nickelson  
Commission Expires: 10/8/09

Commission Expires: \_\_\_\_\_



RECEIVED

SEP 18 2011

KCC WICHITA

**EXHIBIT "A"**

1. Any assignment or transfer of this lease by the LESSEE or his assigns must be of the entire tract above described. In the event of assignment by Lessee or its assigns of less than the entire tract above described, this lease shall thereupon immediately terminate and become void and neither the Lessee or his assigns shall have any rights thereunder. Assignments of fractional interests of the entire tract above described of either working interests or overriding royalty interests are not within the prohibition of this clause.

2. Without the written, signed and acknowledged consent of Lessors, no well shall be drilled nearer than 300 feet of any building on the premises at the present time, or of any building which may be hereafter constructed on the premises after the construction of such building (or buildings) has commenced.

3. Lessee's right to the free use of gas, oil or water produced by it for its operations, shall exclude the use or free use of the following: Water from the wells of Lessor; water from any creek, pond, lake or pit on the land; surface water; and any subsurface water which is useable for irrigation or stock or domestic use.

4. Lease roads on the land shall be placed in such a way as to cause the least damage and disruption to Lessor and Lessor's farming and ranching operation.

5. All pipes and electrical lines shall be buried, re-buried and maintained sufficiently below the surface of the land as said surface may be at any time hereafter so that such pipes will not interfere with the cultivation practices of the land. Should Lessors change the level or grade of any of the land, by reason of levelling the same for irrigation, or in any other manner or for any other purpose, Lessee or its assigns will, at Lessee's cost, cooperate in the removal and relocation of such pipe during the operations so that the completion of the same will not be delayed.

6. Tanks or other structures placed on the land shall be placed, when possible, on uncultivated land and where they will do the least damage to the Lessor's property.

7. Lessee shall pay for all damages caused or resulting from its operations.

RECEIVED

SEP 08 2011

KCC WICHITA

Exhibit "A"  
Page 2

8. This lease is subject to any conveyance of record, including, but not limited to any oil leases, if any, which are wholly or partially unreleased, and to the rights of tenants, if any, who are in possession of the property, and no express or implied warranty of the title is being made as to these exceptions. Lessee alone, and its assigns, shall be responsible to determine Lessor's title before commencing operations or making payments.

9. This lease may not be extended beyond the primary term of three (3) years by the payment of delay rental or by the drilling of a non-producing well.

10. Any pits or other depressions, and any mounds, made during Lessee's operations, shall immediately after use, be filled in, and the land levelled down and made ready for cultivation, or if the land is in the pasture, by seeding to grass, at Lessee's cost.

11. In the event of a conflict in the terms hereof, as between the foregoing paragraphs or clauses and the following paragraphs or clauses, the following paragraphs or clauses shall control.

12. The term, conditions and stipulations herein shall extend to and bind the heirs, devisees, legatees, executors, administrators, successors and assigns of the parties hereto.

RECEIVED  
SEP 08 2011  
KCC WICHITA