

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 5 **
☐ 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: Paola- Rantoul

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

Effective Date of Transfer: 11-25-12

KS Dept of Revenue Lease No.: 115984

Lease Name: Meverden(Davis)

Sec. 21 Twp. 17 R. 22 ☒ E ☐ W

Legal Description of Lease: attached hereto

County: miami

Production Zone(s): peru

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. _____

Contact Person: _____

Past Operator's Name & Address: _____

Phone: _____

Title: _____

Date: _____

Signature: Oil + Gas Lease Attached

New Operator's License No. 34337 ✓

Contact Person: Jeri Stephens

New Operator's Name & Address: Christopher Ballou

Phone: 913-731-5935

29025 victory rd.

Oil / Gas Purchaser: Pacer

Paola, Ks 66071

Date: 05/03/12

Title: Owner/ operator- Ballou Energy

Signature: E Ballou

RECEIVED

JUN 18 2012

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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 6/19/12

PRODUCTION 6-20-12

UIC 6-20-12

Mail to: Past Operator _____

New Operator _____

District _____

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

KCC WICHITA

112511_Meverden_Davis.pdf

OIL AND GAS LEASE

AGREEMENT Made and entered into the 25th day of November, 20 11
by and between Trent A. Meverden and/or Cassandra M. Meverden, his wife
of Christopher E. Ballou and/or Jeri Stephens Party of the first part, hereafter called lessor (whether one or more)
and ONE Dollar (1) party of the second part, lessee
WITNESSETH, That the said lessor, for and in consideration of ONE Dollar (1) DOLLARS
cash in hand paid, receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of lessee
to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto the said
lessee, for the sole and only purpose of mining and operating for oil and gas, and laying pipe lines, and building tanks, powers, stations and
structures thereon to produce, save and take care of said product, all that certain tract of land situate in the County of Miami
State of Kansas described as follows, to-wit: Legal description attached hereto

Section: 21 Township 17.3 Range 22E and containing 75 acres, more or less
It is agreed that this lease shall remain in force for a term of ONE (1) years from this date, and as long there-
after as oil or gas, or either of them, is produced from said land by the lessee.

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

1st To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect his wells, or other conveyance, the
equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd To pay lessor as royalty one-eighth of the proceeds from the sale of gas from each well where gas only is found, for all gas used
off the premises, and lessor to have gas free of cost from any such well for all stoves and all inside lights in the principal dwelling house on said
land during the same time by lessor making own connections with the well at lessors own risk and expense.

3rd To pay lessor for gas produced from any oil well and used off the premises, or for the manufacture of casing-head gas, one-
eighth (1/8) of the proceeds at the prevailing market rate for the gas used, for the time during which such gas shall be used, said payments to
be made monthly as gas is sold

If no well be commenced on said land on or before the 25th day of November, 20 12
this lease shall terminate as to both parties, unless the lessee on or before that date shall pay or tender to the lessor, or to the lessor's credit in
the Bank at or its
successors, which shall continue as the depository regardless of changes in the ownership of said land, the sum of
\$ 500.00 DOLLARS, which shall operate as a rental and cover the privilege of deferring the

commencement of a well for 12 months from said date. In like manner and upon like payments or tenders the
commencement of a well may be further deferred for a like period of the same number of months successively And it is understood and
agreed that the consideration first recited herein, the down payment, covers not only the privileges granted to the date when said first rental is
payable, as aforesaid, but also the lessee's option of extending that period as aforesaid, and any and all other rights conferred

Should the first well drilled on the above described land be a dry hole, then, and in that event, if the second well is not commenced
on said land within 12 months from the expiration of the last rental period which rental has been paid, this lease shall
terminate as to both parties, unless the lessee on or before the expiration of said 12 months shall resume the payment of rentals,
rentals in the same amount and in the same manner or hereinbefore provided And it is agreed that upon the resumption of payment of rentals,
as above provided, that the last preceding paragraph hereof, governing the payment of rentals and the effect thereof, shall continue in force
just as though there has been no interruption in the rental payments

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

Lessee shall have the right to use, free of cost, gas, oil, and water produced on said land for its operations thereon, except water
from wells of lessor.

When requested by lessor, lessee shall bury lessee's pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent of the lessor.

Lessee shall pay for damages caused by lessee's operations to growing crops on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and
remove casing

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; and it is hereby agreed in the event this lease shall be assigned as to a part or as to parts of the above described lands and the assignee
or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the rents due from him or them, such
default shall not operate to defeat or affect this lease in so far as it covers a part or parts of said lands upon which the said lessee or any
assignee thereof shall make due payment of said rental

Lessor hereby warrants and agrees to defend the title to the lands herein described, and 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.

In Testimony Whereof We Sign, this the 25th day of November, 20 11

Witness



2011-04772

KATIE FORCK

MIAMI COUNTY REGISTER OF DEEDS

DATE RECORDED: 11/28/2011 12:30:01PH

TOTAL FEES: 16.00 HTG AMOUNT: 0.00

PAGES: 3 RECEIPT: 34168

Cassandra M. Meverden (SEAL)

Christopher E. Ballou (SEAL)

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MAY 07 2012

KCC WICHITA

CHRISTOPHER E BALLOU
29025 VICTORY RD
PAOLA KS 66071

2011-04772

ACKNOWLEDGEMENT TO THE LEASE

STATE OF Kansas

County of Miami

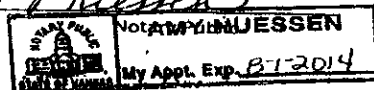
ss.

BE IT REMEMBERED, That on this 25th day of November in the year of our Lord two thousand and 11, before me, a Notary Public in and for said County and State, came Trent A. McVarden and Cassandra McVarden to me personally known to be the identical person he who executed the above and foregoing instrument, and who each duly acknowledged the execution of the same.

In Witness Whereof, I have hereunto set my official signature and affixed my notarial seal the day and year first above written

My Commission expires 8-1-2014

Amy Duesen



ASSIGNMENT.

KNOW ALL MEN BY THESE PRESENTS:

That _____ of _____ State of _____ the within named grant _____ in consideration of the sum of _____ Dollars to _____ in hand paid, the receipt whereof is hereby acknowledged, do _____ hereby sell, assign, transfer, set over and convey unto _____ heirs; and assigns, the within grant.

TO HAVE AND TO HOLD THE SAME FOREVER, subject nevertheless, to the conditions therein contained

IN WITNESS WHEREOF, The said grant _____ ha _____ hereunto set _____ hand _____ this _____ day of _____, 20 _____

ACKNOWLEDGEMENT TO THE ASSIGNMENT.

STATE OF _____

County of _____

ss.

BE IT REMEMBERED, That on this _____ day of _____ in the year of our Lord two thousand and _____, before me, a Notary Public in and for said County and State, came _____ and _____ to me personally known to be the identical person _____ who executed the above and foregoing instrument, and who each duly acknowledged the execution of the same.

In Witness Whereof, I have hereunto set my official signature and affixed my notarial seal the day and year first above written

My Commission expires _____

Notary Public

OIL AND GAS LEASE

From

To

Date _____, 20 _____

Section _____ Township _____ Range _____

No of Acres _____

County, Kansas.

Term _____

STATE OF _____
County of _____

ss.

This instrument was filed for record on the _____ day of _____, 20 _____ at _____ o'clock _____ M., and duly recorded in book _____ page _____ of the records of this office.

Register of Deeds.

Deputy.

When recorded return to _____

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JUN 18 2012

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ACKNOWLEDGEMENT WHERE LESSOR SIGNS BY MARK.

STATE OF _____

County of _____

ss.

On this _____ day of _____, A D, 20 _____, before me, the undersigned, a Notary Public in and for the County and State aforesaid, personally appeared _____ and _____ to me known to be the identical person _____ who executed the within and foregoing instrument by mark _____ in my presence and in the presence of _____ and _____ as witnesses, and acknowledged to me that _____ executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth Given under my hand and seal of office the day and year last above written

My Commission expires _____

Note - The signature by mark of a lessor who cannot write his name must be witnessed by two (2) witnesses, one of whom must write lessor's name near each mark.

Notary Public

TRACT I:

All that part of the East One-Half of the Northwest Quarter of Section 21, Township 17 South, Range 22 East of the sixth principal meridian, in Miami County, Kansas being more particular described as follows: COMMENCING at the Northeast Corner of the Northwest Quarter of said section 21; thence South 90 degrees 00 minutes 00 seconds West, along the North line of said Northwest Quarter, a distance of 370.00 feet, to the POINT OF BEGINNING, thence South 01 degrees 21 minutes 31 seconds East, parallel with the East line of said Northwest Quarter, a distance of 588.65 feet; thence North 90 degrees 00 minutes 00 seconds East, parallel with the North line of said Northwest Quarter, a distance of 370.00 feet; thence South 01 degrees 21 minutes 31 seconds East, along the East line of said Northwest Quarter, a distance of 960.28 feet; thence South 89 degrees 53 minutes 33 seconds West, parallel with the South line of said Northwest Quarter, a distance of 299.31 feet, thence North 01 degrees 23 minutes 18 seconds West, a distance of 55.61 feet; thence North 43 degrees 02 minutes 50 seconds West, a distance of 403.33 feet; thence South 64 degrees 35 minutes 34 seconds West, a distance of 139.21 feet; thence North 18 degrees 36 minutes 00 seconds West, a distance of 174.10 feet; thence North 70 degrees 28 minutes 57 seconds East, a distance of 79.49 feet; thence North 29 degrees 23 minutes 30 seconds East, a distance of 141.41 feet; thence North 19 degrees 49 minutes 46 seconds West, a distance of 595.24 feet; thence North 10 degrees 00 minutes 38 seconds West, a distance of 123.18 feet; thence North 06 degrees 34 minutes 34 seconds West, a distance of 117.53 feet; thence North 51 degrees 49 minutes 25 seconds West, a distance of 157.35 feet; thence North 23 degrees 32 minutes 06 seconds West, a distance of 52.80 feet, to a point on the North line of said Northwest Quarter; thence North 90 degrees 00 minutes 00 seconds East, along said North line, a distance of 587.78 feet to the POINT OF BEGINNING: Containing 18.72 Acres 815,329.07 square feet more or less except that part in roads.

TRACT II:

All that part of the East One-Half of the Northwest Quarter of Section 21, Township 17 South, Range 22 East of the sixth principal meridian, in Miami County, Kansas being more particular described as follows: COMMENCING at the Northeast Corner of the Northwest Quarter of said Section 21; thence South 90 degrees 00 minutes 00 seconds West, along the North line of said Northwest Quarter, a distance of 957.78 feet, to the POINT OF BEGINNING; thence continuing South 90 degrees 00 minutes 00 seconds West, a distance of 365.39 feet, to the Northwest corner of the East One-Half of said Northwest Quarter; thence South 01 degrees 20 minutes 42 seconds East, along the West line of the East One-Half of said Northwest Quarter, a distance of 2653.05 feet, to the Southwest Corner of the East One-Half of said Northwest Quarter, thence North 89 degrees 53 minutes 33 seconds East, along the South line of said Northwest Quarter, a distance of 1323.74 feet; thence North 01 degrees 21 minutes 31 seconds West, along the East line of said Northwest Quarter, a distance of 1101.65 feet; thence South 89 degrees 53 minutes 33 seconds West, parallel with the South line of said Northwest Quarter, a distance of 299.31 feet; thence North 01 degrees 23 minutes 18 seconds West, a distance of 55.61 feet; thence North 43 degrees 02 minutes 50 seconds West, a distance of 403.33 feet; thence South 64 degrees 35 minutes 34 seconds West, a distance of 139.21 feet; thence North 18 degrees 36 minutes 00 seconds West, a distance of 174.10 feet; thence North 70 degrees 28 minutes 57 seconds East, a distance of 79.49 feet; thence North 29 degrees 23 minutes 30 seconds East, a distance of 141.41 feet; thence North 19 degrees 49 minutes 46 seconds West, a distance of 595.24 feet; thence North 10 degrees 00 minutes 38 seconds West, a distance of 123.18 feet; thence North 06 degrees 34 minutes 34 seconds West, a distance of 117.53 feet, thence North 51 degrees 49 minutes 25 seconds West, a distance of 157.35 feet; thence North 23 degrees 32 minutes 06 seconds West, a distance of 52.80 feet, to the POINT OF BEGINNING: Containing 56.83 Acres 2,475,580.13 square feet more or less except that part in roads

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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 # 34337
Name: Christopher E. Ballou dba Ballou Energy
Address 1: 29025 Victory Rd.
Address 2: _____
City: Paola State: KS Zip: 66071
Contact Person: Jeri Stephens
Phone: (913) 731 5935 Fax: (_____) _____
Email Address: ballou-energy@yahoo.com

Well Location: _____
Sec. _____ Twp. _____ S. R. _____ ☐ East ☐ West
County: Miami
Lease Name: Meverden Well #: _____

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

attached hereto

Surface Owner Information:

Name: Trent & Cassandra Meverden
Address 1: 34591 W 31st St.
Address 2: _____
City: Paola State: KS Zip: 66071

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: 05/09/12 Signature of Operator or Agent: [Signature] Title: owner/operator
Ballou Energy

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

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