

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 1 **
☒ 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 _____ **

Field Name: HARVEY

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

Effective Date of Transfer: AUGUST 21, 2008 ^{DR}

KS Dept of Revenue Lease No.: NEW LEASE 141735

Lease Name: WALKER

SE/4 Sec. 9 Twp. 34S R. 3 ☒ E ☐ W

Legal Description of Lease: NEW LEASE

SEE ATTACHED LEASE

County: COWLEY

Production Zone(s): SIMPSON

Injection Zone(s): _____

Surface Pit Permit No.: N/A

(API No. if Drill Pit, WO or Haul)

Type of Pit: ☐ Emergency ☐ Burn ☐ Settling ☐ Haul-Off ☐ Workover ☒ Drilling

Past Operator's License No. NEW LEASE

Past Operator's Name & Address: _____

Title: _____

Contact Person: _____

Phone: _____

Date: _____

Signature: NEW LEASE

New Operator's License No. 03881

New Operator's Name & Address: PADA PETROLEUM INC.

19470 302ND ROAD

MAPLE CITY KS. 67102

Title: PRESIDENT

Contact Person: DAVID WARREN

Phone: (620) 442-8498

Oil / Gas Purchaser: PHILLIPS 66

Date: 11-07-12

Signature: David Warren, President

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 11/20/12 PRODUCTION 11-26-12 UIC 11-26-12

Mail to: Past Operator _____ New Operator _____ District _____

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

082108 Walker.pdf

141735

WALKER

* Location:

SE/4 SEC. 9 TWP 34S R16 3E
COWLEY COUNTY, KS.

Well Status
(PROD/TA'D/Abandoned)

[illegible]

* 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.

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NOV 08 2012
KCC WICHITA

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 # 3881
Name: PADA PETROLEUM INC.
Address 1: 19470 - 302ND ROAD
Address 2: _____
City: Maple City State: KS. Zip: 67102
Contact Person: DAVID WARREN
Phone: (620) 442-8498 Fax: (_____) _____
Email Address: _____

Well Location: SE 1/4 Sec. 9 Twp. 34 S. R. 3 ☒ East ☐ West
County: COWLEY
Lease Name: WALKER Well #: _____

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

SEE LEASE

Surface Owner Information:

Name: JON WALKER
Address 1: 3206 23RD ST.
Address 2: ARIZONA
City: ARKANSAS CITY State: KS. Zip: 67005

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: 11-07-12 Signature of Operator or Agent: David Warren Title: PRESIDENT

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NOV 08 2012
KCC WICHITA

AGREEMENT, Made and entered into August 21, 2008, by and between Jon M. Walker, Party of the first part, hereinafter called lessor (whether one or more) and PADA Petroleum, Inc., Party of the second part, hereinafter called lessee.

WITNESSETH: That the said lessor, for and in consideration of \$785.00, 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 said lessee, for the sole and only purpose of mining and operating for oil and gas, and laying pipe lines, and building tanks, power stations and structures thereon to produce, save and take care of said products, all that certain tract of land, "together with any reversionary rights therein", situated in the County of Cowley, State of Kansas, described as follows, to-wit:

Lot 4 and the Northwest Quarter of the Southeast Quarter and the East half of the Southeast Quarter of Section 9, Township 34 South, Range 3 East of the 6th P.M., except tracts described as follows:
Commencing at the Northeast corner of said Quarter Section; thence West to South bank of Spring Creek; thence following down bank of Spring Creek to West line of said Quarter Section; thence South 16½ feet; thence up said Spring Creek in a Northeasterly direction until within 16½ feet of where said Spring Creek crosses North line of said Quarter Section; thence East parallel with North line of said Quarter Section to the East line of said Quarter Section; thence North 16½ feet to point of beginning; and except Railroad right of way of the Midland Valley Railway; and except a tract commencing at the Southeast corner of the Southeast Quarter of said Section, thence West on South line of said Quarter Section 300 feet; thence North parallel with the East line of Quarter Section 125 feet; thence East parallel to South line of said Quarter Section 300 feet; thence South on East line of said Quarter Section 125 feet to point of beginning; and except a tract commencing at the Southeast Corner of the Southeast Quarter of Section 9, Township 34 South of Range 3 East, thence West on South line of said Quarter Section 300 feet to the true point of beginning; thence West on the South line of said Quarter Section 400 feet; thence North parallel with the East line of said Quarter Section 125 feet; thence East parallel to South line of said Quarter Section 400 feet; thence South 125 feet to the true point of beginning.

It is agreed that this lease shall remain in full force for a term of three (3) year(s) from this date, and as long thereafter as oil or gas, or either of them, is produced from said land by the lessee, or the premises are being developed or operated.

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

1. To deliver to the credit of lessor, free of cost, in the pipe line to which he may connect his wells, the equal one-eighth (1/8th) part of all oil produced and saved from the leased premises.
2. The lessee shall pay to lessor in gas produced from any oil well and used by the lessee for the manufacture of gasoline or any other product as royalty one-eighth (1/8th) of the market value of such gas at the mouth of the well: if said gas is sold by the lessee, then as royalty 1/8th of the proceeds of the sale thereof at the mouth of the well. The lessee shall pay lessor as royalty 1/8th of the proceeds from the sale of gas as such at the mouth of the well where gas only is found, and where such gas is not sold or used, lessee shall pay or tender annually at the end of each yearly period during which such gas is not sold or used as royalty, an amount equal to the delay rental provided in the next succeeding paragraph hereof, and while said royalty is so paid or tendered this lease shall be held as a producing lease under the above term paragraph hereof: the lessor to have gas free of charge from any gas well on the leased premises for stoves and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of such gas to be at the lessor's sole risk and expense.

If no well be commenced on said land on or before April 1, 2011, this lease shall terminate as to both parties, unless the lessee on or before that date shall pay or tender to the lessor or it's successors, which shall continue as the depository regardless of changes in the ownership of said land, the sum of Seven Hundred Eighty-Five DOLLARS, which shall operate as a rental and cover the privilege of deferring the commencement of a well for twelve months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for the like periods or the same number of months successively. All such payment or tenders of rental may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the rental paying date either direct to lessor or assigns or to said depository bank. 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. Lessee may at any time execute and deliver to Lessor, or place of 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, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereon is reduced by said release or releases.

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

SCANNED
 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 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 the like effect as if such well had been completed with the term of years herein first mentioned.

If the estate of either party hereto is transferred, and the privilege of transferring in whole or in part is expressly allowed, or if the rights hereunder of either party hereto are vested by descent or devise, the covenants hereof shall extend to and be binding on the heirs, devisees, executors, administrators, successors, or assigns, but no change in the ownership of said land or of any right hereunder shall be binding on the lessee until after lessee has been furnished with the original or a certified copy thereof of any transfer by lessor or with a certified copy of the will of lessor together with a transcript of the probate thereof, or in the event lessor dies intestate and his estate is being administered, with a transcript of the administration proceedings or, in the event of the death of lessor and no administration being had on the estate, with an instrument satisfactory to lessee executed by lessor's heirs, authorizing payment or deposit or tender for deposit to their credit as hereinbefore provided, at least thirty days before said rentals and royalties are payable or due, 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 payments of said rentals. 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. If the leased premises are now or hereafter owned in severally or in separate tracts, the premises, nevertheless, may be developed and operated as an entirety, and the royalties shall be paid to each separate owner in the proportion that the acreage owned by him bears to the entire leased area. There shall be no obligation on the part of the lessee to offset wells on separate tracts onto which the land covered by this lease may hereafter be divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks for the oil produced from such separate tracts.

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 and may reimburse itself from any rental or royalties accruing hereunder.

The terms, covenants, and conditions hereof shall run with said land and herewith and shall be binding upon the parties hereto, their heirs, administrators, devisees, executors, successors, and assigns; however, 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 lessee held liable 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.

By execution of lease agreement, the Lessors do hereby sell, transfer and assign unto the Lessee, all of the existing well bores, pump jacks, tubing and equipment, both surface and subsurface, now situated on the leased premises. The Lessors warrant that they have good right and title to the same and the Lessee agrees that he is purchasing such well bores and equipment in their existing condition.

In consideration of the equipment, both surface and subsurface, upon Lessee obtaining production oil or gas under this lease, Lessee shall assign an overriding royalty interest as follows:

Unto Jon M. Walker, 1/32nd of 7/8ths overriding royalty

Whereof witness my hand as of the day and year first above written.

Jon M Walker
 JON M. WALKER

STATE OF KANSAS, COUNTY OF COWLEY, ss:

The foregoing instrument was acknowledged before me this 24th day of August, 2008, by Jon M. Walker.

004159

COMPARED ☒
 NUMERICAL ☒
 DIRECT ☒
 INDIRECT ☒

A. Katherine Shook
 NOTARY PUBLIC: A. Katherine Shook
 My appointment expires: 02-22-2012