

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 6 **
☐ 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.: E20135.1
Entire Project: ☒ Yes ☐ No
Number of Injection Wells 1

Field Name: Tomey

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

Effective Date of Transfer: 3/1/2012

KS Dept of Revenue Lease No.: 131251

Lease Name: Eck

_____ w/2 ne Sec. 6 Twp. 35 R. 20 ☒ E ☐ W

Legal Description of Lease: W/2 of the NE/4 of

Sec. 6, T35s, R20E

County: Labette

Production Zone(s): Arbuckle

Injection Zone(s): Arbuckle

Surface Pit Permit No.: P02846
(API No. if Drill Pit, WO or Haul)

Surface Pit: ☒ Emergency ☐ Burn ☐ Settling

☐ Haul-Off ☐ Workover ☐ Drilling

Past Operator's License No. _____

Past Operator's Name & Address: _____

Title: _____

Contact Person: _____

Phone: _____

Date: _____

Signature: Oil Lease Attached

New Operator's License No. 32288

New Operator's Name & Address: Potato Creek LLC

800 4000 road

Edna, Ks 67342

Title: Partner

Contact Person: Dan Brown

Phone: 620-252-0347

Oil / Gas Purchaser: Pacer Energy Marketing

Date: 2/10/2013

Signature: [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. Cancelled Permit 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 3/14/13 PRODUCTION 3.15.13 UIC RECEIVED 3-15-13
Mail to: Past Operator _____ New Operator _____ District _____

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* Lease Name: Eck

* Location: **Sec.6, T35s, R20E**

A separate sheet may be attached if necessary

* 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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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 # 32288
Name: Potato Creek LLC
Address 1: 800 4000 road
Address 2: _____
City: Edna State: Ks Zip: 67342 + _____
Contact Person: Dan Brown
Phone: (620) 252-0347 Fax: (620) 922-3552
Email Address: dan@potatocreek.net

Well Location:
_____ w/2ne Sec. 6 Twp. 35 S. R. 20 ☒ East ☐ West
County: Labette
Lease Name: Eck Well #: _____

If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:
w/2 of the ne/4 of Sec. 6, T35s, R20E

Surface Owner Information:

Name: Eck Trust
Address 1: 1515 2000 Road
Address 2: _____
City: Bartlett State: Ks Zip: 67332 + _____

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: 2/10/2013 Signature of Operator or Agent: [Signature] Title: Partner

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OIL [REDACTED] LEASE
(KANSAS—PAID UP)

THIS AGREEMENT, made and entered into this _____ day of _____, 2011, by and between Marilyn J. Eck, Trustee of The Donald I. Eck Trust, u/t/a June 1, 1995, and The Marilyn June Eck Trust, u/t/a June 1, 1995, hereinafter called Lessor, (whether one or more) and Potato Creek, LLC, a Kansas limited liability company, hereinafter called Lessee.

WITNESSETH:

1. That the Lessor, for and in consideration of the sum of TEN DOLLARS (\$10.00), and other good and valuable consideration, receipt of which is hereby acknowledged, and the covenants and provisions contained herein to be kept by Lessee, does hereby grant, demise, lease and let unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, operating for, producing, and taking care of all oil, [REDACTED] and all of the products of oil [REDACTED], with rights of way and easements for laying pipelines, and the erection of structures thereon necessary or convenient to produce, save and take care of all said products on that certain tract of land situated in the County of Labette, State of Kansas, described as follows, to-wit:

W/2 NE/4, Section 6, T35S, R20E, Labette County, Kansas,

containing _____ acres, more or less.

2. It is agreed that this lease shall remain in full force and effect for a primary term of Two years from this date, and as long thereafter as oil, [REDACTED] or the products of oil [REDACTED] are produced from said leased premises, or drilling operations are continued as hereinafter provided.

3. This is a PAID-UP LEASE. In consideration of the down payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations 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 hereof surrender this lease as to all or a portion of the lands covered herein by delivering to Lessor, or by filing for record a release or releases, and thereafter be relieved of all obligations accruing hereunder as to the acreage surrendered. The lease shall continue in force and effect as to all of the acreage not surrendered.

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

1st. Lessee shall deliver to the credit of Lessor as royalty, free of cost, in the pipeline to which Lessee may connect its wells, the equal one-eighth (1/8th) part of all oil produced and saved from the leased premises, or at Lessee's option, may pay to the Lessor for such one-eighth (1/8th) royalty the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipeline, or into storage tanks.

3rd. Lessee shall pay lessor one-eighth (1/8th) of the proceeds received by the Lessee from the sale of casinghead gas produced from any oil well and one-eighth (1/8th) 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 leased premises for any purpose or used on the leased premises by Lessee for purposes other than the development and operation thereof.

4th. Lessee shall pay to Lessor one-eighth (1/8th) of the proceeds from the sale of all other products of oil [REDACTED] not otherwise referred to hereinabove.

5. Where there is a gas well, or wells on the lands covered by this lease, or acreage pooled therewith, whether it be before or after the primary term hereof, and such well or wells are shut-in, and there is no other production, drilling operations or other operations being conducted capable of keeping this Lease in force under any of its provisions, Lessee shall pay as royalty to Lessor the sum of One Dollar (\$1.00) per year per net royalty acre, such payment to be made on or before the anniversary date of this Lease next ensuing after the expiration of 90 days from the date such well or wells are shut-in, and thereafter on the anniversary date of this Lease during the period such wells are shut-in, and upon such payment it shall be considered that this Lease is maintained in full force and effect.

6. If the Lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid the said Lessor only in the proportion which Lessor's interests bear to the whole and undivided fee.

7. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if Lessee shall commence 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 so long as

such operations are prosecuted as set out in Paragraph 8 hereof, and if production results therefrom, then so long as production continues.

8. If at the expiration of the primary term of this lease, oil, ~~gas~~ or the products of oil ~~gas~~ are not being produced on the leased premises but Lessee has been engaged in drilling or reworking operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises; and operations shall be considered to be continuously prosecuted if not more than sixty (60) days shall 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 ~~gas~~ or the products of oil ~~gas~~ on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within sixty (60) days from the date of cessation of production or from date of completion of a dry hole. If oil, ~~gas~~ or the products of oil ~~gas~~ shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil, ~~gas~~ or the products of oil ~~gas~~ shall be produced from the leased premises.

9. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operations thereon, except water from the wells of the Lessor. When requested by Lessor, Lessee shall bury pipelines below plow depth. No well shall be drilled nearer than 200 feet to any house or barn on said premises as of the date of this lease without 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, but shall not have the obligation to do so.

10. The rights of the Lessor and Lessee hereunder may be assigned in whole or in part; however, no change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until the Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from the Lessor, and then only with respect to payments thereafter made. No other notice of any kind or character, whether actual or constructive, shall be binding on the Lessee. If the leased premises are now or shall hereafter be owned in severalty or in separate tracts, the premises nevertheless shall be developed and operated as one lease, and all royalties accruing hereunder shall be treated as an entirety and shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations, or to diminish the rights of the Lessee, and all of Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission on the part of any other leasehold owner.

11. Lessee, at its option, is hereby given the right and power to voluntarily pool or combine the lands covered by this lease, or any portion thereof, as to the oil ~~gas~~ with any other land, lease or leases adjacent thereto when in a Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said premises, such pooling to be into units not exceeding eighty (80) acres for an oil well, plus a tolerance of ten percent (10%). ~~except that larger units may be created to conform to any spacing or well unit pattern that~~ may be prescribed by governmental authorities having jurisdiction. Lessee shall execute in writing and record in the County Records an instrument identifying and describing the pooled acreage. The entire acreage so pooled into units shall be treated for all purposes, except the payment of royalties, as if it were included in this lease, and drilling or reworking operations thereon or production of oil ~~gas~~ therefrom, or the completion thereon of a well as a shut-in gas well, shall be considered for all purposes, except the payment of royalties, as if such operation were on, or such production were from, or such completion was on the land covered by this lease, whether or not the well or wells be located on the premises covered by this lease. In lieu of royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive from a unit so formed only such portion of the royalties stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein bears to the total acreage so pooled.

12. In the absence of production, Lessee may terminate any unitized area by filing in the county records a Notice of Termination of the unit. 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, and this lease shall not terminate in whole or in part, nor shall Lessee be 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.

13. 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 land in the event of failure of payment by the Lessor, and be subrogated to the rights of the holder thereof, and in addition Lessee may reimburse itself for such payments out of any royalties or rentals payable to a Lessor.

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

IN WITNESS WHEREOF this instrument is executed on the day and year first hereinabove set out.

The Donald I. Eck Trust, u/t/a June 1, 1995

By: Marilyn J. Eck
Marilyn J. Eck, Trustee

The Marilyn June Eck Trust, u/t/a June 1, 1995

By: Marilyn J. Eck
Marilyn J. Eck, Trustee

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STATE OF KANSAS)
) SS:
COUNTY OF LABETTE)

BE IT REMEMBERED that on this 8 day of July, 2011, before me, a Notary Public in and for the County and State aforesaid, came Marilyn J. Eck, Trustee of The Donald I. Eck Trust, u/t/a June 1, 1995, and The Marilyn June Eck Trust, u/t/a June 1, 1995, who is personally known to me to be the same person who executed the within instrument of writing and such person duly acknowledged the execution of the same to be her free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Sandra Hanigan
Notary Public

My Appointment Expires:
3-1-2015



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