

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 _____ **
- ☐ Gas Gathering System: _____
- ☐ Saltwater Disposal Well - Permit No.: _____
- Spot Location: 330 feet from ☐ N / ☒ S Line
- 660 feet from ☒ E / ☐ W Line
- ☐ Enhanced Recovery Project Permit No.: _____
- Entire Project: ☐ Yes ☐ No
- Number of Injection Wells _____ **

Field Name: _____

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

Effective Date of Transfer: 8/8/2013

KS Dept of Revenue Lease No.: 15-167-22650-00-02 123922 ✓

Lease Name: Harmon

S/2 - SE - SE Sec. 22 Twp. 13 R. 15 ☐ E ☒ W

Legal Description of Lease: S/2 SE/4 SE/4 22-13-15W

County: Russell

Production Zone(s): _____

Injection Zone(s): Topeka, L/KC

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 OK ☐ Drilling

Past Operator's License No. See Attached Agreement

Contact Person: RECEIVED
KANSAS CORPORATION COMMISSION

Past Operator's Name & Address: _____

Phone: _____

Date: AUG 12 2013

Title: _____

Signature: CONSERVATION DIVISION
WICHITA, KS

New Operator's License No. 34259 ✓

Contact Person: Jack Yost

New Operator's Name & Address: JAG Operations, Inc.

Phone: 785-483-0271

PO Box 628, 710 S. Front

Oil / Gas Purchaser: United Petroleum Purchasing Co.

Russell, Ks. 67665

Date: 8/8/2013

Title: President

Signature: Jim Rae Yost

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 8/15/13 PRODUCTION 8-16-13 UIC 8-16-13
Mail to: Past Operator _____ New Operator _____ District _____

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

* Location: S/2 SE SE 22-13-15W

**CONSERVATION DIVISION
WICHITA, KS**

* 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 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 # 34259
Name: JAG Operations, Inc.
Address 1: PO Box 628
Address 2: 710 S. Front
City: Russell State: KS Zip: 67665 + _____
Contact Person: Jack Yost
Phone: (785) 483-0271 Fax: (_____) _____
Email Address: jyost@ruraltel.net

Well Location:
S/2 SE SE Sec. 22 Twp. 13 S. R. 15 ☐ East ☒ West
County: Russell
Lease Name: Harmon Well #: 1

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

Surface Owner Information:

Name: Robert & Melinda Olson
Address 1: 17983 15th St. Rd.
Address 2: _____
City: Russell State: KS Zip: 67665 + _____

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: 8/8/2013 Signature of Operator or Agent: Jack Yost Title: President

RECEIVED
KANSAS CORPORATION COMMISSION

AUG 12 2013

CONSERVATION DIVISION
WICHITA, KS

SALT WATER DISPOSAL AGREEMENT, EASEMENT AND RIGHT OF WAY

AUG 12 2013

THIS AGREEMENT entered into this 3rd of June, 2013, by and between ROBERT W. OLSON and MELINDA OLSON, husband and wife, herein called Lessors, and JAG OPERATIONS, INC., a Kansas Corporation, herein called Lessee, WITNESSETH:

NOW WHEREAS, Lessors are the owners of the following described land in Russell County, Kansas:

The Southwest Quarter of the Southeast Quarter of the Southeast Quarter (SW/4 SE/4 SE/4) of Section Twenty-two (22), Township Thirteen (13) South, Range Fifteen (15) West, upon which is a well which may be converted to a salt water disposal well and is hereinafter referred to as the Olson SWD;

AND WHEREAS LESSEE operates a producing oil and gas lease covering the North Half (N/2) of Section 25-T13S-R15W, (hereinafter referred to as the Haines #1 Lease) which lease is dated January 3, 2008, and recorded at Book 209, Page 384, and a producing oil and gas lease covering the Northeast Quarter (NE/4), North Half of the Northwest Quarter (N/2 NW/4), Southeast Quarter of the Northwest Quarter (SE/4 NW/4), the East Half of the Southwest Quarter (E/2 SW/4) and the North Half of the Southeast Quarter (N/2 SE/4) of Section 28-T13S-R15W, (hereinafter referred to as the Rohleder Lease) which lease is dated December 27, 2007, and recorded at Book 209, Page 673;

AND WHEREAS, Lessee as the operator of the Haines #1 Lease and Rohleder Lease desires to acquire the right to dispose of salt water or other oil field brines which may be produced from wells situated upon or hereafter drilled upon the Haines #1 Lease and the Rohleder Lease into the Olson SWD.

NOW THEREFORE, for and in consideration of the premises herein contained, it is agreed by and between these parties as follows:

1. Lessors do hereby let and lease unto Lessee the right and privilege to use the Olson SWD for the disposal of salt water or other oilfield brine produced from wells now located or hereafter drilled on the Haines #1 Lease and the Rohleder Lease. Lessors reserve the right to fully use and enjoy the premises leased herein in such a manner so as not to interfere with Lessee's use of the premises for the purposes herein granted. If Lessee elects to use the Olson SWD as a disposal well, it shall do so within two (2) years from the date of this agreement; otherwise this agreement shall be null and void.

2. Lessee shall have such surface rights upon a tract not to exceed one (1) acre surrounding the Olson SWD, as may be necessary or convenient in carrying out the purposes of this agreement, and may install such lines, pipes, pumps, equipment, settling tanks, machinery and other equipment as Lessee shall deem suitable for the purpose intended.

3. The Olson SWD shall be operated in accordance with the rules and regulations of the Kansas Corporation Commission. All salt water or other oilfield brine shall be transported to the Olson SWD by pipeline and not by truck or tanker.

4. Lessors also grant Lessee an easement for the laying, operating, maintaining and removing of water disposal pipe lines across the Southeast Quarter (SE/4) of Sec. 22-T13S-R15W, Russell County, Kansas, to said disposal well, or collection facility, provided however, that all pipelines shall be buried and maintained below plow depth on all cultivated lands or other lands of Lessors, and Lessee shall pay for the actual damages to crops or land caused by the laying, operating and removing of said lines.

5. Lessee shall at all times keep saltwater and oil field brines safely confined within the pipelines, tanks, and disposal facilities maintained for such purpose and shall not permit or suffer the same to leak or seep onto or into the lands of Lessors. For any leakage upon said lands and for any other damages sustained to lands in the maintenance of said disposal lines connected to said disposal well, Lessee shall pay to Lessors the actual damages sustained by Lessors, which damages shall be determined and paid annually on the date for which the annual rentals for the rights herein granted shall be due as hereinafter provided. Lessee also agrees to indemnify and hold the Lessors harmless should damage be caused to any person or their property by reason of Lessee's operation of the aforesaid system. In the event of any such leak, Lessee agrees to clean up and restore the site to its original condition and replace contaminated soil with good top soil.

6. Lessee shall have the right, at any time, to remove any or all equipment placed upon said land pursuant to the terms of this agreement, and upon termination of this lease, shall be obligated to restore the surface of Lessors' land to its original condition as near as is practical and said restoration shall take place within a reasonable time after termination of the use thereof, considering the weather conditions existing at the time of said termination.

2/SALT WATER DISPOSAL AGREEMENT

actually dispose into the disposal well for any given year; however, once the well is converted to a salt water disposal well then a minimum annual fee of \$2,400.00 shall be paid if the disposal well is not used. All payments shall be made to Robert and Melinda Olson, 17953 15th St., Russell, KS 67665, or to such other person or place as Lessors shall designate in writing to Lessee.

8. Term of Agreement. This agreement shall continue in full force and effect until the first anniversary date following eleven (11) years from the date of this agreement, provided the well is used as a disposal well as provided in Paragraph 1 and all rental payments provided for herein are paid. The term of this agreement may be extended by subsequent written agreement of the parties.

9. Notice. Any notices sent to either of the parties pursuant to this agreement shall be sent by certified mail, restricted delivery, to the parties at the following addresses:

Lessors: Robert and Melinda Olson, 17953 15th St., Russell, KS 67665;
Lessee: JAG Operations, Inc., P.O. Box 628, Russell, KS 67665.

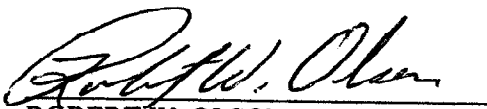
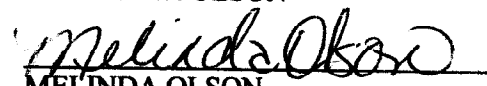
10. Default. In the event Lessee shall fail to pay rentals which shall become due under the terms of this lease on the due date thereof, then Lessors shall have the right to terminate this lease for such non-payment of rental upon twenty (20) days written notice, sent by U.S. Postal Service Certified or Registered mail, to Lessee of the failure to pay said rental, but Lessee may within said 20 days of receiving such notice pay such rental due and cure the default, but if not cured, then such notice of termination shall be and become absolute.

11. Limited Assignability by Lessee. This agreement is personal to JAG OPERATIONS, INC. and may not be assigned by Lessee without the written consent of Lessors which may be granted or withheld in their sole discretion.

12. This agreement shall not be subject to alteration or modification except in writing signed by the parties hereto. The terms hereof shall be in full force and effect upon these parties and upon their respective heirs, personal representatives, devisees, successors and assigns.

13. Olson Lease. Notwithstanding any other provision herein, Lessee may use the Olson SWD, rent free, for disposal of saltwater and other oilfield brine from the Olson Lease it operates described as an oil and gas lease dated March 24, 2011, from Robert W. Olson and Melinda Olson to JAG Operations, Inc. recorded at Book 214, Page 935, and covering the Northeast Quarter (NE/4) and West Half (W/2) of Section 22-T13S-R15W, Russell County, Kansas.

IN WITNESS WHEREOF, these presents have been executed the day and year first above written.


ROBERT W. OLSON

MELINDA OLSON

LESSORS

JAG OPERATIONS, INC.

By: 

State of Kansas, Russell County, ss.
This instrument filed for record
July 8, 2013

LESSEE


4:30 P M. Recorded in
Book 219 Page 336-337

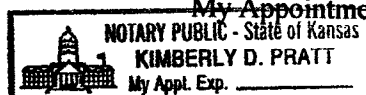


STATE OF KANSAS, COUNTY OF RUSSELL, ss:

BE IT REMEMBERED, that on this 3rd day of June, 2013 before me, the undersigned Notary Public within and for said County and State, came ROBERT W. OLSON and MELINDA OLSON, husband and wife, personally known to me to be the same persons who executed the above instrument and duly acknowledged the execution of the same for the uses and purposes therein set forth.

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


Notary Public



My Appointment Expires: May 18 2014

COMPUTER
NUMERICAL