

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 18 **
☐ 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.: E21,867
Entire Project: ☐ Yes ☒ No
Number of Injection Wells _____ **

Field Name: Rantoul-Paola**** Side Two Must Be Completed.**

Effective Date of Transfer: 9-2-2013
KS Dept of Revenue Lease No.: 118017 ✓
Lease Name: Jensen
_____ Sec. 33 Twp. 17 R. 21 ☒ E ☐ W
Legal Description of Lease: SE1/4 NE1/4
County: Franklin
Production Zone(s): Cattleman
Injection Zone(s): Cattleman

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 OC ☐ Drilling

Past Operator's License No. 33427 ✓
Past Operator's Name & Address: Petroleum Production Corp
Two South Gold Paola, KS 66071
Title: operator

Contact Person: Fred Green Brother W West
Phone: 913-557-9639
Date: 9-2-2013
Signature: [Signature]

New Operator's License No. 31019 ✓
New Operator's Name & Address: Diamond Star Oil, Inc.
219 Brookside Drive
Paola, KS 66071
Title: President

Contact Person: John Paulsen
Phone: 913-731-5646
Oil / Gas Purchaser: Maclasley Oilfield service
Date: 9-2-2013
Signature: [Signature]

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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 10/9/13 PRODUCTION 10.10.13 UIC 10-10-13
Mail to: Past Operator _____ New Operator _____ District _____

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

Must Be Filed For All Wells

KDOI Lease No. 118017

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Lease Name: Jensen

Location: Sec33 Twp17 Rng21E

Well No.	API No. (YR DRLD/PRE '67)	Footage from Section Line (i.e. FSL = Feet from South Line)		Type of Well (Oil/Gas/INJ/WSW)	Well Status (PROD/TA'D/Abandoned)
ALL GPS Footages Dist. 3					
1	15-059-22654 ✓	3386 Circle FSL/FNL	482 Circle FEL/FWL	oil	prod
2	15-059-22655 ✓	3841 FSL/FNL	762 FEL/FWL	oil	prod
3	15-059-22684 ✓	2863 2970 FSL/FNL	299 330 FEL/FWL	oil	prod
4-A	15-059-22846 ✓	3832 FSL 1485 FSL/FNL	1145 1155 FEL/FWL	oil	prod
5-A	15-059-22847 ✓	3814 FSL 1485 FSL/FNL	840 825 FEL/FWL	oil	prod
6	15-059-22848 ✓	3827 FSL 1485 FSL/FNL	511 495 FEL/FWL	oil	prod
7	15-059-22849 ✓	3810 FSL 1485 FSL/FNL	182 165 FEL/FWL	oil	prod
8	15-059-22850 ✓	3492 FSL 1815 FSL/FNL	1169 1155 FEL/FWL	oil	prod
9	15-059-22851 ✓	3499 FSL 1815 FSL/FNL	845 825 FEL/FWL	oil	prod
10	15-059-22852 ✓	3488 FSL 1815 FSL/FNL	511 495 FEL/FWL	oil	prod
11	15-059-22853 ✓	3489 FSL 1815 FSL/FNL	177 165 FEL/FWL	oil	prod
12	15-059-22854 ✓	3158 FSL 2145 FSL/FNL	1164 1155 FEL/FWL	oil	prod
13	15-059-22855 ✓	3165 FSL 3173 FSL/FNL	835 910 FEL/FWL	oil	prod
14	15-059-22856 ✓	3166 FSL 2145 FSL/FNL	511 495 FEL/FWL	oil	prod
15	15-059-22857 ✓	3167 FSL 2145 FSL/FNL	182 165 FEL/FWL	oil	prod
16	15-059-22858 ✓	2824 FSL 2475 FSL/FNL	1170 1155 FEL/FWL	oil	prod
17	15-059-22859 ✓	2831 FSL 2475 FSL/FNL	845 825 FEL/FWL	oil	prod
18	15-059-22860 ✓	2838 FSL 2475 FSL/FNL	512 495 FEL/FWL	oil	prod
		FSL/FNL	FEL/FWL		
		FSL/FNL	FEL/FWL		
		FSL/FNL	FEL/FWL		
		FSL/FNL	FEL/FWL		
		FSL/FNL	FEL/FWL		
		FSL/FNL	FEL/FWL		

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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.

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 # 31019
Name: Diamond Star Oil, Inc.
Address 1: 219 Brookside Drive
Address 2: _____
City: Paola State: KS Zip: 66071 +
Contact Person: John Paulsen
Phone (913) 731-5646 Fax: (_____) _____
Email Address: _____

Well Location:
_____ - NE/4 Sec. 33 Twp. 17 S. R. 21 ☒ East ☐ West
County: Franklin
Lease Name: Jensen Well #: _____
If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:
NE/4

Surface Owner Information:

Name: Edward Ouellette
Address 1: 2013 Vermont Road
Address 2: _____
City: Rantoul State: KS Zip: _____ +

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: 9--2-2013 Signature of Operator or Agent: [Signature] Title: President

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AGREEMENT

AGREEMENT made May 18, 2004, between Terry R. Ballou, hereinafter "Seller", and Petroleum Production Corporation, a Kansas Corporation, hereinafter "Buyer".

1. Sale of Leases and Equipment. The Seller shall sell to the Buyer their working interest in the oil and gas leases and all equipment located thereon, together with all other personal property described in Schedule A attached hereto.

2. Purchase Price. The purchase price shall be \$71,667.00. The purchase price shall be payable in the following manner:

(a) Nine Thousand Dollars (9,000.00) shall be paid on closing, from which payment the balance of \$7,368.58 due to Kansas City Power & Light, by Seller shall be paid, with the remaining monies to be paid to Seller,

(b) The remaining balance of \$62,667.00 shall be paid as hereinafter set forth. Through the reservation by Kenneth R. Johnson and Johnaver J. Johnson, husband and wife, and Norman Lee Johnson, of a production payment consisting of an undivided 15% of 8/8 of the production from the subject leases, which production payment shall accrue interest at the rate of 6.5% per annum and continue until the remaining balance shall be paid in full.

3. Representations by Seller. The seller warrants and represents the following:

(a) That the Seller will assign the subject leases to the Buyer by use of the assignment form attached thereto marked "Exhibit A", which assignment warrants the validity of the subject oil and gas lease and the Seller's working interest therein.

(b) That the Seller makes no representations as to production, future production, reserves, formation characteristics, or other similar characteristics of the subject lease.

(c) That to the Sellers' knowledge, they have complied with all laws, rules and regulations of the county, state, and federal governments, including specifically the regulations of the Kansas Corporation Commission and the Kansas Department of Health and Environment, and there are no outstanding violations of said laws, rules or regulations.

(d) That the Seller has paid or will pay all applicable local, state, and federal taxes to the date of closing.

(e) That there are no judgments, liens, actions, or proceedings pending against the Seller in any court which would affect the Seller's ability to convey good title to the working interest in the subject lease other than the amount owed to Kansas City Power & Light, which will be paid on closing.

Mr
FC

(f) That all equipment located on the subject oil and gas lease is sold "as is" without warranty express or implied.

(g) Seller acknowledges and agrees that the terms of paragraph 2 a & b are understood and accepted.

All representations and warranties made by the Seller shall survive the closing.

4. Representations by Buyer. The Buyer warrants and represents the following:

(a) That they have inspected and are familiar with the physical condition of the equipment which they are acquiring pursuant to this agreement and agree to accept the same "as is" without warranty expressed or implied.

(b) That upon closing, the Buyer agrees to assume all liability for plugging the wells on the subject oil and gas leases when required to do so by operation of Kansas law and to remove all equipment and restore the surface of said lease upon termination of said lease as required by law. Buyer further agrees to indemnify and hold harmless the Seller from any liability which might accrue to Seller due to Buyer's operation and use of the oil and gas leases and personal property which are the subject of this agreement.

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(c) Seller acknowledges and agrees that the terms of paragraph 2 a & b are understood and accepted.

All representations and warranties made by the Buyer shall survive the closing.

5. Title Requirements.

(a) The Seller warrants that they have good, merchantable title to the working interest with respect to the oil and gas rights in the subject oil and gas leases. The buyer shall be responsible for conducting such examination as in Buyer's opinion shall be sufficient to establish marketable title in said lease by Seller, the cost of which shall be paid by Buyer. Should such examination reveal any defects in the title which would make it unmerchantable, Seller shall have a reasonable time to remedy such defects, or to cancel this Agreement, at Buyer's option.

6. Personal Property Taxes. The Seller agrees to pay the 2003 personal property taxes as may be levied on the subject oil and gas leases, which taxes shall be due June 30, 2004. The Buyer shall pay all subsequent personal property taxes assessed against the leases and personal property conveyed pursuant to this agreement.

7. Well Record. Seller agrees to provide Buyer at closing all available well records covering the subject oil and gas leases.

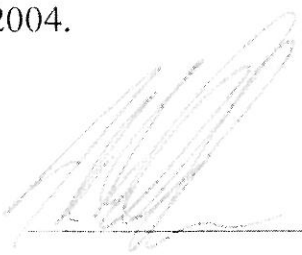
8. Closing. Closing shall take place as soon as practicable after May 18, 2004, at the offices of Petroleum Production Corporation, Paola, Kansas, subject to the correction of any title requirements made by the Buyer.

9. Consent. Kenneth R. Johnson and Johnaver J. Johnson, husband and wife, and Norman Lee Johnson acknowledge and agree that the terms of paragraph 2 a & b are understood and accepted.

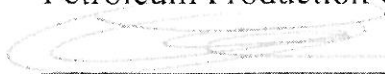
10. Benefit. This Agreement shall bind the parties thereto, their legal representatives, heirs, successors, and assigns.

In witness whereof, the parties hereto have set their hands on the 18th day of May 2004.

SELLER:


Terry R. Ballou

BUYER:


Petroleum Production Corporation

By it's President: Fred H. Green


CONSENT:



Kenneth R. Johnson



Johnaver J. Johnson



Norman Lee Johnson

SCHEDULE "A"
LEASE WORKING INTERESTS and PERSONAL PROPERTY

Jensen Lease:

Dated: May 24, 1979
Lessor: Edward E. Jensen and Nada M. Jensen
Lessee: Jensen Oil Company
Recorded: Book 91 at page 341
Legal: The Southeast Quarter (SE/4) of the Northeast Quarter (NE/4) of Section Thirty-three (33), Township Seventeen (17) South, Range Twenty-one (21) East, Franklin County, Kansas.
Working Interest: 7/8 of 8/8 (.875000 N.R.I.)

Brady Lease:

Dated: March 10, 1982
Lessor: Harold L. Brady and Hazel Brady
Lessee: Inco Resources, Inc.
Recorded: Book 106 Misc. at page 239
Legal: The Northwest Quarter (NW/4) of the Northwest Quarter (NW/4) of Section Thirty-three (33), except the North 33½ acres thereof, and the Southwest Quarter (SW/4) of the Northwest Quarter (NW/4) of Section Thirty-three (33), all in Township Seventeen (17) South, Range Twenty-one (21) East, Franklin County, Kansas.
Working Interest: 7/8 of 8/8 (.875000 N.R.I.)

Davis Lease:

Dated: March 15, 1967
Lessor: Henry Richardson and Oleta Fern Richardson
Lessee: A.R. Dutcher and Lois Vertrees
Recorded: Book 69 Misc. at page 277
Legal: The Southwest Quarter (SW/4) of the Northeast Quarter (NE/4) and the Northwest Quarter (NW/4) of the Northeast Quarter (NE/4) and the Southeast Quarter (SE/4) of the Northwest Quarter (NW/4) of Section Thirty-three (33), Township Seventeen (17) South, Range Twenty-one (21) East, Franklin County, Kansas.
Working Interest: 7/8 of 8/8 (.875000 N.R.I.)

McGinnis "A" (Caylor) Lease:

Dated: March 31, 1981
Lessor: Donald L. McGinnis, a single man
Lessee: McGinnis Enterprises, Inc.
Recorded: Book 101 Misc. at page 175
Legal: The Northeast Quarter (NE/4) of the Northeast Quarter (NE/4) and the South Half (S/2) of the Northeast Quarter (NE/4) and the West Half (W/2) of the Northwest Quarter (NW/4) of the Northeast Quarter (NE/4) of Section Thirty-two (32), Township Seventeen (17) South, Range Twenty-one (21) East; and the tract lying immediately East of the West ten (10) acres and immediately West of the East 442 feet of the Southeast Quarter (SE/4) of the Southeast Quarter (SE/4) of Section Twenty-nine (29), Township Seventeen (17) South, Range Twenty-one (21) East, Franklin County, Kansas.
Working Interest: 7/8ths of 8/8ths (.84765625 N.R.I.)

Personal Property:

Pulling unit on 1978 Ford Truck, V.I.N. F37HRBJ9246 (Not titled, and no title to be conveyed.)

AGREEMENT

THIS AGREEMENT MADE THIS DAY By and between Rantoul Production Company, L.L.C., as Sellers and David Rush and John Paulsen, as Purchasers.

WHEREAS Seller desires to sell certain oil and gas leases as described in Exhibit "A" hereto attached and Purchasers desires to purchase the same on the terms and conditions hereinafter set forth.

IT IS NOW THEREFORE AGREED By and between the parties as follows:

1. **Oil and Gas Leases.** The Seller agrees to sell and the Purchasers agree to purchase the oil and gas leases as the same are described in Exhibit "A", including all the equipment located thereon and related thereto. It is understood that Purchasers are purchasing the leases in an "as is" condition without warranty express or implied. Purchasers are further aware that the McGinnis lease is subject to a 1/32nd override.

2. **Consideration.** The Purchasers as consideration for the sale, will pay the sum of Ninety Thousand (\$90,000.00) Dollars, which said sum is to be paid as follows:

1. Purchasers will upon closing pay the sum of \$28,803.00 to Kenneth R. Johnson and Johnaver J. Johnson, husband and wife and they will assign to Purchasers all of their right, title and interest in and to the subject oil leases to purchasers. Said interest being an undivided one-half or fifty percent of a fifteen (15%) percent production payment. Said sum is the balance due to said Kenneth R. Johnson and Johnaver J. Johnson from the previous sale of the subject lease. Said Assignment shall be made to Purchasers and their wives as set forth in Paragraph 3.
2. Purchasers will upon closing pay the sum of \$28,803.00 to Norman Lee Johnson and he will assign to Purchasers all of his right, title and interest in and to the subject oil leases to Purchasers. Said interest being an undivided one-half or fifty percent of the fifteen (15%) percent production payment. Said sum is the balance due to said Norman Lee Johnson from the previous sale of the subject lease. Said Assignment shall be made to Purchasers and their wives as set forth in Paragraph 3.
3. Purchasers will, upon closing, pay the balance of the purchase price, namely the sum of \$32,394.00 to the Seller, in exchange for the Seller's

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assignment all of the Seller's interest in the subject leases to Purchasers. The Seller is the owner of the working interest in said leases as described in Exhibit "A". It is understood that the Assignments shall be made as follows: To David Rush and Karyl Rush, husband and wife and to John Paulsen and Jill Paulsen, husband and wife,

3. **Miscellaneous Provisions.**

- a. **Oil Production.** Seller shall have all oil produced through the end of November, 2005, and Purchasers shall have all oil production thereafter.
- b. **Utilities.** Seller shall be responsible for and pay all lease utilities due through the end of November, 2005.
- c. **Taxes.** Seller shall be responsible for the 2005 taxes on said lease.
- d. **Legal Fees.** All legal fees regarding this contract and the closing thereof shall be divided equally between the parties.
- e. **Personal Property.** The Purchasers shall receive all the equipment located on said lease, except Seller shall keep the following items: string of pipe (left hand threads); one complete No. 16 Pump Jack and one 210 Barrel Separator.
- f. **Paperwork Regarding this Matter.** Seller agrees to use Seller's best effort to work with Purchasers to obtain change of operator and other necessary papers required by the State to complete this transaction.

4. **Binding Clause.** The terms and provisions of this agreement shall extend to and become binding upon the heirs, executors, administrators, successors and assigns of the respective parties hereto.

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EXHIBIT "A"

Jensen Lease:

Dated: May 24, 1979
Lessor: Edward E. Jensen and Nada M. Jensen
Lessee: Jensen Oil Company
Recorded: Book 91 at Page 341
Legal: The Southeast Quarter (SE/4) of the Northeast Quarter
(NE/4) of Section Thirty-three (33), Township Seventeen
(17) South, Range Twenty-one (21) East, Franklin County,
Kansas
Working Interest: 7/8 of 8/8 (.875000 N.R.I.).

Brady Lease:

Dated: March 10, 1982
Lessor: Harold L. Brady and Hazel Brady
Lessee: Inco Resources, Inc.
Recorded: Book 106 Misc. at page 239
Legal: The Northwest Quarter (NW/4) of the Northwest Quarter
(NW/4) of Section Thirty-three (33), except for the North
33 1/2 acres thereof, and the Southwest Quarter (SW/4) of
the Northwest Quarter (NW/4) of Section Thirty-three (33),
all in Township Seventeen (27) South, Range Twenty-one (21)
East, Franklin County, Kansas.
Working Interest: 7/8 of 8/8 (.875000 N.R.I.)

Davis Lease:

Dated: March 15, 1967
Lessor: Henry Richardson and Oleta Fern Richardson
Lessee: A. R. Dutcher and Lois Vertrees
Recorded: Book 69 Misc. at page 277
The Southwest Quarter (SW/4) of the Northeast Quarter
(NE/4) and the Northwest Quarter (NW/4) of the Northeast
Quarter (NE/4) and the Southeast Quarter (SE/4) of the
Northwest Quarter (NW/4) of Section Thirty-three (33),
Township Seventeen (17) South, Range Twenty-one (21)
East, Franklin County, Kansas.
Working Interest 7/8 of 8/8 (.875000 N.R.I.)

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Working Interest: 27/32nd of 8/8 (.84765625 N.R.I.)

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