

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 **
Gas Lease: No. of Gas Wells **
Gas Gathering System:
✓ Saltwater Disposal Well - Permit No.: D-25986
Spot Location: 2640 feet from N / ✓ S Line
4620 feet from ✓ E / W Line
Enhanced Recovery Project Permit No.: Not Applicable
Entire Project: Yes No
Number of Injection Wells **

Effective Date of Transfer: 03-25-2014

KS Dept of Revenue Lease No.: N/A

Lease Name: Mitchell 1-34

Sec. 34 Twp. 31 R. 41 E ✓ W

Legal Description of Lease: SW,SW,NM,Sec34,T31S,R41W

County: Morton

Production Zone(s): Not Applicable

Injection Zone(s): Glorietta (Cedar Hills)

KCC WICHITA

APR 03 2014

RECEIVED

Field Name:

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

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 DR Drilling

Past Operator's License No. 32893 Exp. 8/30/11

Past Operator's Name & Address: Potter Trucking Inc

P.O. Box 1752 Dumas, TX 79029

Title: Area Supervisor

Contact Person: William Holt

Phone: 620-544-5765

Date: 03-25-2014

Signature:

New Operator's License No. 33359 ✓

New Operator's Name & Address: BKEP Crude L.L.C.

P.O. Box 1356

Dumas, TX 79029

Title: VP Crude & Pipeline Operations

Contact Person: Tim Moore

Phone: 918-588-1810

Oil / Gas Purchaser:

Date: 03-25-2014

Signature: Tim Moore

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.

BKEP Crude LLC is acknowledged as
the new operator and may continue to inject fluids as authorized by
Permit No.: D-25,986. Recommended action: NONE

Date: 4-10-14

Cheryl A. Beyer
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

PRODUCTION

UIC

Mail to: Past Operator

New Operator

District

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

**KSONA FEE
PAID**

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

**CERTIFICATION OF COMPLIANCE WITH THE
KANSAS SURFACE OWNER NOTIFICATION ACT**

Form KSONA-1
January 2014
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 # 33359

Name: BKEP Crude L.L.C.

Address 1: P.O. Box 1752

Address 2: 10750 McClary Road

City: Dumas State: Texas Zip: 79029 +

Contact Person: William Holt

Phone: (806) 620-544-5765 Fax: (806) 935-3008

Email Address: WHolt@bkep.com

Well Location:

SW SW NW Sec. 34 Twp. 31 S. R. 41 East ☒ West

County: Morton

Lease Name: Mitchell 1-34

Well #: 1-34

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

Surface Owner Information:

Name: Carl Payne

Address 1: HC-01, Box 69

Address 2:

City: Richfield State: KS Zip: 67953 +

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 must provide the name and address of the surface owner by filling out the top section of this form and 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.

03-24-2014

Date:

Signature of Operator or Agent:

Paul A. Mack

Environmental Eng. Manager

Title:

**KSONA FEE
PAID**

KCC WICHITA

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

APR 03 2014

RECEIVED

UNIT PURCHASE AGREEMENT

by and among

**POTTER TRUCKING, INC.,
(as Seller)**

**TROY J. POTTER, LLC,
(as the Company)**

**BKEP CRUDE L.L.C., and
(as Buyer)**

CERTAIN SHAREHOLDERS OF SELLER

dated November 23, 2010

UNIT PURCHASE AGREEMENT

THIS UNIT PURCHASE AGREEMENT (this "Agreement"), dated November 23, 2010, is by and among BKEP Crude, L.L.C., a Delaware limited liability company ("Buyer"), Potter Trucking, Inc., a Texas corporation ("Seller"), Troy J. Potter, LLC, a Texas limited liability company (the "Company"), and each of Mr. Troy Potter and Mrs. Linda Potter, each a shareholder of Seller (each a "Shareholder" and collectively the "Shareholders").

WHEREAS, the Shareholders own 91% of the issued and outstanding common stock of Seller; and

WHEREAS, Seller owns all of the outstanding units of the Company representing limited liability company membership interests of the Company (the "Units"); and

WHEREAS, this Agreement sets forth the terms and conditions upon which Buyer is purchasing the Units from Seller;

NOW, THEREFORE, in consideration of the foregoing, the representations, warranties, covenants and agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I

CERTAIN DEFINITIONS

For purposes of this Agreement, the following terms shall have the following meanings:

"AAA" shall have the meaning set forth in Section 9.2(b).

"Acquisition Transaction" shall have the meaning set forth in Section 5.10.

"Actual Closing Date Accounts Payable" shall have the meaning set forth in Section 2.5(a).

"Affiliate" shall mean, with respect to any Person, another Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, such first Person.

"Agreement" shall have the meaning set forth in the Preamble.

"Assets" shall have the meaning ascribed to such term in the Contribution Agreement.

"Allocation" shall have the meaning set forth in Section 2.6.

"Assignment of Limited Liability Company Membership Interest" shall have the meaning set forth in Section 2.4(b).

"Assumed Liabilities" shall have the meaning set forth in the Contribution Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

BKEP CRUDE, L.L.C.

By: 

Name: J. Michael Cockrell

Title: President & Chief Operating Officer

TROY J. POTTER, LLC

By: _____

Name: Troy Potter

Title: President

POTTER TRUCKING, INC.

By: _____

Name: Troy Potter

Title: Chief Executive Officer

SHAREHOLDERS

Troy Potter

Linda Potter

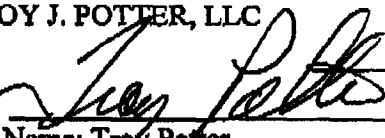
[Signature Page to Unit Purchase Agreement]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

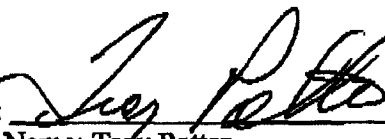
BKEP CRUDE, L.L.C.

By: _____
Name: J. Michael Cockrell
Title: President & Chief Operating Officer

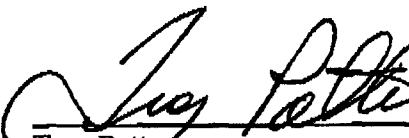
TROY J. POTTER, LLC

By:  _____
Name: Troy Potter
Title: President

POTTER TRUCKING, INC.

By:  _____
Name: Troy Potter
Title: Chief Executive Officer

SHAREHOLDERS

 _____
Troy Potter

 _____
Linda Potter

[Signature Page to Unit Purchase Agreement]

UNIT PURCHASE AGREEMENT

Schedule 3.12(b)

"Real Property Leases"

1. Mitchell Disposal well. - Surface Lease and Salt Water Disposal Agreement, dated October 1, 2001, by and between Carl Payne and Frances Payne and Potter Trucking, Inc.

This lease agreement also allows construction of tanks for receiving and treating of water and liquids for disposal. Hence-"Mitchell tank battery". Located 2 miles North of Richfield, Kansas. Lease is with Carl Payne and Frances Payne (both now deceased) so estate is administered by son "Steve Payne".

2. Plains Tank Battery. Surface Lease and Separation Tank Battery Agreement, by and between Larry Winfrey and Potter Trucking, Inc., dated April 14, 2009.

Leased from Larry Winfrey for 10 years at \$3,000 per year.
Located south of Plains, Kansas.

3. Simms Tank Battery. Surface Lease and Separation Tank Battery Agreement, by and between G. Don and Sharon A. Williams and Potter Trucking, Inc., dated April 10, 2009.

Leased from Don and Sharon Williams for 10 years at \$3,500 per year. Located north of Perryton, Texas inside Oklahoma state line.

4. May Tank Battery. Surface Lease and Separation Tank Battery Agreement, by and between Harold Wanger Land & Cattle Co. and Potter Trucking, Inc., dated March 12, 2009.

Leased from Harold Wanger Land and Cattle Co. at \$2,000 per year for 10 years. Located 1 mile East of May, Oklahoma.