

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 5 \*\*
- ☐ 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.: E24625
- Entire Project: ☐ Yes ☐ No
- Number of Injection Wells 25 \*\*

Field Name: Jefferson-Sycamore

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

Effective Date of Transfer: 6-1-2013

KS Dept of Revenue Lease No.: 119647

Lease Name: Gruver

NE Sec. 6 Twp. 33 R. 15 ☒ E ☐ W

Legal Description of Lease: NE/4, Section 6, Township 33, Range 15E,

County: Montgomery

Production Zone(s): Bartlesville

Injection Zone(s): Bartlesville

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. \_\_\_\_\_

Contact Person: \_\_\_\_\_

Past Operator's Name & Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Date: \_\_\_\_\_

Title: Oil & Gas Lease Attached

Signature: \_\_\_\_\_  
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New Operator's License No. 34744 ✓

Contact Person: Mike Taylor Jr

**MAY 20 2013**

New Operator's Name & Address: ACL Production LLC

Phone: 620-330-0453

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WICHITA, KS

Mike Taylor Jr

Oil / Gas Purchaser: CVR

Date: 5-17-2013

Title: Owner

Signature: Mike Taylor Jr.

**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.

ACL Production LLC is acknowledged as  
the new operator and may continue to inject fluids as authorized by

Permit No.: E-24625. Recommended action: MIT's  
Overdue \* Please schedule w/ District Office.

Date: 5-13-14 Cheryl A. Bayer

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 6/4/13 PRODUCTION MAY 14 2014 UIC 5-13-14  
Mail to: Past Operator \_\_\_\_\_ New Operator 5-13-14 District 3 5-13-14

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

\* Location: NE/4 Section 6, 33S 15E Montgomery County KS

[illegible]

*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.

**Must Be Filed For All Wells**

\* Lease Name: Gruver

\* Location:

\* Need MIT's ASAP  
Please schedule  
with District Office

\* 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

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 # 34744  
Name: ACL Production LLC  
Address 1: 416 Pearl St  
Address 2: \_\_\_\_\_  
City: Independence State: ks Zip: 67301 + \_\_\_\_\_  
Contact Person: Mike Taylor Jr  
Phone: ( 620 ) 330-0453 Fax: ( \_\_\_\_\_ ) \_\_\_\_\_  
Email Address: mtaylor@lrenergyinc.com

Well Location:  
\_\_\_\_\_ NE Sec. 6 Twp. 33 S. R. 15 ☒ East ☐ West  
County: Montgomery  
Lease Name: Gruver Well #: \_\_\_\_\_

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

**NE/4, Section 6, Township 33S, Range 15E**

**Surface Owner Information:**

Name: Michael L Taylor Sr  
Address 1: 2765 CR 4200  
Address 2: \_\_\_\_\_  
City: Independence State: ks Zip: 67301 + \_\_\_\_\_

*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: 5-17-2013 Signature of Operator or Agent: Mike Taylor Jr. Title: Owner

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

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## OIL AND GAS LEASE

THIS AGREEMENT, entered into this 16<sup>th</sup> day of August, 2012, between Michael L. Taylor, Sr. and Judy G. Taylor, husband and wife, hereinafter called Lessor, and ACL Production, LLC., a Kansas limited liability company, hereinafter called Lessee, does witness:

1. That Lessor, for and in consideration of the sum of One Dollar (\$1.00) in hand paid and of the covenants and agreements hereinafter contained to be performed by Lessee, has this day granted, leased, and let, and by these presents does hereby grant, lease, and let exclusively unto Lessee the hereinafter described land, for the purpose of carrying on geological, geophysical, and other exploratory work, including core drilling, and the drilling, mining, and operating for, producing, and saving all of the oil, gas, casinghead gas, casinghead gasoline, including all associated hydrocarbons produced in a liquid or gaseous form and including gas found in and produced from coal formations or coal seams and all zones in communication therewith, which gas is sometimes referred to as coal bed methane, coal seam gas or occluded gas and all other gases and their respective constituent vapors, (including coal bed methane gas, helium, and all other constituents and substances produced therewith), including the dewatering for production of coal bed methane gas, and for constructing roads, laying pipe lines, building tanks, storing oil, and erecting other structures thereon which are necessary or convenient for the economical operation of said land to produce, save, take care of, and manufacture all of such substances, said tract of land with any reversionary rights therein being situated in the county of Elk, State of Kansas, and described as follows:

NE/4, Section 6, Township 33, Range 15, Montgomery County, Kansas

2. This lease shall remain in force for a term of one (1) year from the effective date hereof, and as long thereafter as oil, gas, casinghead gas, casinghead gasoline, or any of the products covered by this lease are or can be produced.

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

4. To pay Lessor for gas of whatsoever nature or kind (with all of its constituents) and all other substances covered hereby, a royalty of 1/8th of the net proceeds realized by Lessee from the sale thereof, less a proportionate part of the ad valorem, production, severance, and other excise taxes and the cost incurred by Lessee in delivering, processing, compressing, transporting, dehydrating, or otherwise

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making gas or other substances merchantable, with said payments to be made monthly, not more than sixty (60) days following the last day of the month in which gas is delivered into the pipeline and credited to Lessee's account by the gas purchaser.

5. If Lessee shall commence to drill a well or commence reworking operations on an existing well within the term of this lease or any extension thereof, or on acreage pooled therewith, Lessee shall have the right to drill such well to completion or complete reworking operations 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 like effect as if such well had been completed within the term of years first mentioned. Drilling operations or mining operations shall be deemed to be commenced when the first material is placed on the leased premises or when the first work, other than surveying or staking the location, is done thereon which is necessary for such operations.

6. During any period (whether before, on, or after expiration of the primary term hereof), at any time, and from time to time, when gas is not being sold or used and a gas well capable of producing in paying quantities is shut in on the leased premises, whether or not said well has theretofore actually produced, and there is no current production of oil or gas or operations on the leased premises sufficient to keep this lease in force, this lease shall, nonetheless, remain in full force and effect, and it will be deemed that gas is being produced in paying quantities: as to a well so shut in, whether one or more, Lessee shall be obligated to payor tender to Lessor a royalty of ten dollars (\$10.00) per year per net royalty acre retained hereunder, the payment or tender to be due on or before the anniversary date of this lease next ensuing after the expiration of 120 days from the date the well is shut in and thereafter on the anniversary date of this lease during the period in which the well is continuously shut in; and this lease shall not terminate for a failure of Lessee to payor tender royalty pursuant to this provision, but Lessee shall be obligated to promptly pay Lessor the amount of the shut-in royalty due. If any payment made hereunder shall be erroneous in any regard (whether deposited in the wrong depository, paid to parties other than the ones entitled thereto as shown by Lessee's records, in an incorrect amount, or otherwise), this lease shall be maintained in the same manner as if such erroneous payment or deposit had been properly made, provided that the erroneous payment or deposit be corrected within thirty (30) after receipt by Lessee of written notice from such Lessor of such error accompanied by and documents and other evidence necessary to enable Lessee to make prompt payment. The provisions of the forgoing "shut-in" gas well clause shall not limit Lessee's implied duty to market gas producible from the premises.

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7. In case said Lessor owns a less interest in the above-described land, other than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid to said Lessor only in the proportion which his interest bears to the whole and undivided fee. However, such rental shall be increased at the next succeeding rental anniversary after any reversion occurs to cover the interest so acquired.

8. Lessee shall have the right to use gas, oil, and water found on said land for its operations thereon, except water from the wells or ponds of Lessor. When required by Lessor, Lessee shall bury its pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without written consent of the surface owner. Lessee shall have the right at any time during, and within six (6) months after the expiration of this lease, to remove all machinery, fixtures, houses, buildings, and other structures placed on said premises, including the right to draw and remove all casing.

9. If the estate of either party hereof is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change of ownership in the land or in the rentals or royalties or any sum due under this lease shall be binding on Lessee until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to Lessor to the full interest claimed, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of Lessor.

10. 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.

11. Lessor hereby warrants and agrees to defend the title to the land herein-described and agrees that Lessee, at its option, may pay and discharge in whole or in part any taxes, mortgages, or other liens existing, levied, or assessed on

or against the above-described lands and, in the event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax, or other lien, any royalty or rentals accruing hereunder.

12. If, after the expiration of the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate, provided Lessee (a) resumes production, (b) initiates operations for recompleting an existing well within sixty (60) days from such cessation or (c) initiates operations for drilling a new well within sixty (60) days from such cessation, and this lease shall remain in force during the diligent prosecution of such operations and, if production results therefrom, then as long as production continues.

13. Lessee may at any time surrender or cancel this lease in whole or in part by delivering or mailing such release to Lessor, or by placing same of record in the proper county. In case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion canceled, shall cease and determine and any rentals thereafter paid may be apportioned on an acreage basis, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes.

14. All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules, or regulations (and interpretations thereof) of all governmental agencies administering the same, and this lease, shall not be in any way terminated wholly or partially, nor shall Lessee be liable in damages for failure to comply with, any of the express or implied provisions hereof if such failure accords with any such laws, orders, rules, or regulations (or interpretations thereof). If, during the last six months of the primary term hereof, Lessee should be prevented from drilling a well hereunder by the order of any constituted authority having jurisdiction there over, or if Lessee should be unable during said period to drill a well hereunder due to equipment necessary in the drilling thereof not being available on account of any cause, the primary term of this lease shall continue until six months after said order is suspended and/or said equipment is available, but Lessee shall pay delay rentals herein provided during such extended time.

15. Additional Conditions:

- A. Lessee shall pay the surface owner site damages of \$500.00 per site for wells, tank batteries and other structures.

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- B. Lessee shall pay the surface owner additional damages for damage to crops, trees, and any other surface damages incurred during operation of the lease.
- C. Lessee shall obtain prior approval from the surface owner of all locations for drilling, tank batteries, and all other activities on the lease.

16. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said Lessor and Lessee.

IN WITNESS WHEREOF, we sign the day and year first above written.

State of Kansas, Montgomery County  
This instrument was filed for  
Record on August 16, 2012 03:23:00 PM  
Recorded in Book 607 Page 789-794  
Fee: \$28.00 201203312

*Marilyn Calhoun*  
Marilyn Calhoun, Register of Deeds



LESSOR

*Michael L. Taylor Sr.*  
MICHAEL L. TAYLOR, SR.

*Judy G. Taylor*  
JUDY G. TAYLOR

ACKNOWLEDGMENTS

STATE OF KANSAS                    )  
  ) SS:  
COUNTY OF MONTGOMERY)

BE IT REMEMBERED that this 16<sup>th</sup> day of August, 2012, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Michael L. Taylor, Sr. and Judy G. Taylor, husband and wife, who are personally known to me to be the same persons who executed the within instrument of writing and such persons duly acknowledged the execution of the same.

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

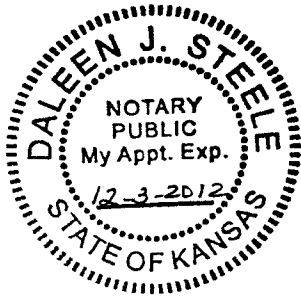
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Daleen J. Steele  
Notary Public

My commission expires:



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