

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form T-1
July 2014

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 0 **
- 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. E 24912
- Entire Project: Yes No
- Number of Injection Wells 1 **

Field Name: Savonburg

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

Effective Date of Transfer: 10-8-2014

KS Dept of Revenue Lease No.: ~~145649~~ N/A ✓

Lease Name: WILSON

_____ Sec. 25 Twp. 26 R. 21 E W

Legal Description of Lease: South Half of NorthWest Quarter of
Section 25 Township 26 Range 21 E

County: BOURBON

Production Zone(s): _____

Injection Zone(s): _____

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WICHITA, KS

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 Drilling

Past Operator's License No. _____

Contact Person: _____

Past Operator's Name & Address: _____

Phone: _____

Title: _____

Date: _____

Signature: See attached oil & gas lease

New Operator's License No. 34998

Contact Person: PETER JEFFERIS

New Operator's Name & Address: ACE ENERGY LLC

Phone: 217-801-2071

11704 ABERDEEN RD

Oil / Gas Purchaser: PACER ENERGY MARKETING

LEAWOOD, KS 66211

Date: 11-24-2014

Title: DIRECTOR OF OPERATIONS

Signature: *Peter Jeffery*

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.

Ace Energy LLC is acknowledged as the new operator and may continue to inject fluids as authorized by Permit No.: E-24.912 . Recommended action: NONE

_____ is acknowledged as the new operator of the above named lease containing the surface pit permitted by No.: _____

Date: 2-6-15 *Cheryl L. Beyer*
Authorized Signature

Date: _____
Authorized Signature

DISTRICT _____	EPR <u>2-3-15</u>	PRODUCTION <u>2-6-15</u>	UIC <u>2-6-15</u>
Mail to: Past Operator _____	New Operator _____	District <u>3</u>	<u>2-6-15</u>

KANSAS CORPORATION COMMISSION
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Form KSONA-1
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**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 # 34998
Name: ACE ENERGY LLC
Address 1: 11704 ABERDEEN RD
Address 2: _____
City: LEAWOOD State: KS Zip: 66211 + _____
Contact Person: PETER JEFFERIS
Phone: (217) 801-2071 Fax: (816) 886-9862
Email Address: PETERJEFFERIS@GMAIL.COM

Well Location:
_____ Sec. 25 Twp. 26 S. R. 21 East West
County: BOURBON
Lease Name: WILSON Well #: _____

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

**South Half of NorthWest Quarter of Section 25
Township 26S Range 21E**

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Surface Owner Information:

Name: SAMUEL LEON GEORGE AND ALTA JEAN GEORGE
Address 1: 678 20th St.
Address 2: _____
City: SAVONBURG State: KS Zip: 66772 + _____

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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.

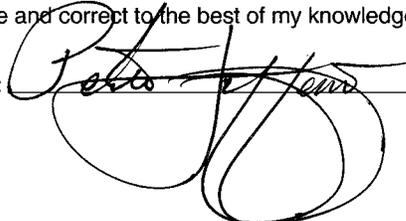
If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary 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.

Date: 10-24-2014 Signature of Operator or Agent:  Title: Director of Operations

OIL AND GAS LEASE

LESSOR: Samuel Leon George and/or Alta Jean George, husband and wife; and Larry Paul George, a single man	DOUG FEWINS, a/k/a - ½ Interest GARY D. FEWINS 219 3600TH St. Savonburg, KS 66772
LESSEE: ACE ENERGY, LLC – ½ Interest 11704 Aberdeen Rd. Leawood, KS 66211	

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WICHITA, KS

1. **Grant.** On this date **July 23, 2014**, for an agreed sum of money, receipt and sufficiency of which is acknowledged, Lessor does hereby grant, lease and let unto Lessee, exclusively, the land hereinafter described, for the purpose of conducting geological, geophysical, seismic and other exploratory work; drilling, mining and operating for, producing, saving, storing and marketing oil, gas, casinghead gas, casinghead gasoline and all other hydrocarbons and their respective products and constituents including, but not limited to, helium, methane and other coalbed and shale gases and other gaseous substances; and constructing roads, laying pipe lines, electric lines and other utilities, building tanks and erecting other structures and equipment thereon to produce, save, treat, manage and market said substances and products; said land, including any reversionary or after-acquired rights and interests therein, being situated in BOURBON COUNTY, KANSAS, and described as follows:

South Half of the Northwest Quarter (S/2 NW/4), less the North 16.5 feet and less the right-of-way of Section 25 Township 26 South Range 21 East containing 80 acres, more or less.

2. **Term.** This lease is for a primary term of one (1) year from the date hereof and as long thereafter as oil or gas or any of the products covered by this Lease is produced or operations are conducted as hereinafter provided or this Lease is otherwise held in force by operation of any provision herein.

3. **Paid-Up Lease.** This is a paid-up lease. Lessee is not obligated, except as expressly provided herein, to commence or continue any operations or to make any rental payments during the primary term.

4. **Royalty.** Lessee agrees to pay Lessor royalties on production covered by this Lease as follows:

a. **Oil.** Lessee shall deliver to the credit of Lessor, free of the costs of production and storage on the leased premises, into the pipe line or storage tanks to which Lessee may connect its wells three-sixteenth (3/16) of the oil produced and saved from the leased premises, or at Lessee's option may pay to Lessor for such royalty share the average price posted by Lessee's purchaser for oil of like grade and gravity during the month such oil is run into the pipe line or storage tanks.

b. **Gas.** Lessee shall pay to Lessor as royalty on gas marketed and sold from the leased premises one-eighth (1/8) of the proceeds paid by the purchaser at the point of sale or delivery.

c. **Casinghead Gas.** Lessee shall pay to Lessor as royalty one-eighth (1/8) of the proceeds received by Lessee from the sale of casinghead gas produced from any oil well on the leased premises and one-eighth (1/8) of the value, at the mouth of the well, computed at the prevailing market price, of the casinghead gas produced from any oil well on the leased premises and used by Lessee off the leased premises for any purpose or used on the leased premises by Lessee for purposes other than development and operations conducted thereon.

d. **Other.** Lessee shall pay to Lessor as royalty one-eighth (1/8) of the proceeds from the sale of other products covered by this Lease not described above.

5. **Lesser Interest.** If Lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein, then the royalties provided for herein shall be paid to Lessor only in the proportion that Lessor's interest bears to the whole and undivided fee title. If more than one party has executed this lease as Lessor, then this provision applies to each such party.

6. **Entirety.** If the leased premises are now or shall hereafter be owned in severalty or in separate tracts, the premises shall nevertheless be developed and operated as one Lease, and all royalties accruing hereunder shall be divided among and paid to the separate owners in the proportion that the acreage owned by each owner bears to the entire leased

acreage. There shall be no obligation on the part of the Lessee to offset wells on separate tracts into which the land covered by this Lease may now or hereafter be divided by sale, devise, descent, or otherwise, or to furnish separate measuring or receiving tanks or devices.

7. Operations. Lessee shall bury its pipe lines and power lines below plow depth. No well shall be drilled nearer than 200 feet to the house or barn on the premises as of the date of this Lease without the written consent of Lessor. Lessee shall reasonably notify Lessor prior to commencement of drilling operations and shall notify its contractors and employees to consult with Lessor in respect to points of access to the premises. Lessor shall be consulted regarding location of new roadways on the premises, which shall be sufficient for normal operations of Lessee and provide Lessee with suitable and convenient ingress and egress to and from well locations, equipment, tanks and facilities, and access to public roadways. Any fences damaged as a result of Lessee's operations shall be restored to prior condition at Lessee's expense. Lessee shall repair at its expense or pay to repair the leased premises and property or structures thereon damaged as a result of Lessee's operations. Damage to crops shall be made to Lessor or Lessor's tenant, whichever shall sustain such damage. The amount of such crop damage shall be determined by the United States Department of Agriculture Extension Service office that serves the County in which the leased premises is located or, if such office is unable or unwilling to determine same, then in accordance with the data established or maintained by such office with respect to average yield per acre and market price paid at the local elevator for the same crop in the same growing season. If Lessor is not the owner of the surface interest of the leased premises, Lessee will hold Lessor harmless from all claims and demands arising out of Lessee's operations hereunder which may be asserted by the owner of the surface interest or tenant of such owner.

8. Free Substances. Lessee shall have the right to use, free of cost or royalty, gas, oil and water found on the leased premises for its operations thereon and, in the case of water, for operations on other leases, except fresh water from Lessor's water wells and ponds. If gas is produced from any well and not used by Lessee for operations or sold, Lessor shall have the right to take such surplus gas, free of charge, for domestic purposes in one single family residential dwelling on the leased premises. This provision does not extend to additional dwellings that may be located on tracts into which the leased premises may be divided. Lessor's lines, appliances at the well, meters and connections shall be of good quality and installed at Lessor's expense. Lessee shall have the right to designate the point of connection and to impose such rules and regulations as may be reasonably necessary to protect the well and other lines, as well as Lessee's operations. Lessee shall at all times, at Lessee's sole discretion, have the right to suspend such gas supply if considered by Lessee to be injurious to Lessee's operations or to the production or marketability of the substances covered by this Lease. Lessor's use of gas shall be at Lessor's sole risk, and Lessee shall not be liable in any way for Lessor's failure or inability to obtain or use such gas on account of the use of pumping stations, breakage of lines, conditions at the well, requirements or restrictions under any gas contract, or any other cause.

9. Dry Hole. If, at any time prior to the discovery of oil or gas or other hydrocarbons on the leased premises and during the term of this Lease, the Lessee drills a dry hole on the leased premises, this Lease shall not terminate, provided operations for the drilling of another well, or to rework or recomplete an existing well, if any, are commenced or resumed prior to the expiration of the primary term or, if after the primary term, operations are resumed and continuously prosecuted as provided in the "continuous operations" provision of this Lease.

10. Continuous Operations. If Lessee commences operations to drill a well, or to rework or recomplete an existing well, if any, at any time while this Lease is in force, this Lease shall remain in full force and effect and continue so long as such operations are continuously prosecuted and, if production results therefrom, then as long as such production continues. Such operations shall be deemed continuously prosecuted if no more than 180 days elapse between the date operations on a well are abandoned and operations on another well are commenced. As used herein, the term "operations" means any activity conducted on or off the leased premises that is reasonably calculated to obtain or restore production, including without limitation, (i) drilling or any act preparatory to drilling (such as obtaining permits, surveying a drill site, staking a drill site, building roads, clearing a drill site, or hauling equipment or supplies); (ii) reworking, plugging back, deepening, treating, stimulating, refitting, installing any artificial lift or production-enhancement equipment or technique; (iii) constructing facilities related to the production, treatment, transportation and marketing of substances produced from the leased premises; (iv) contracting for marketing services and sale of produced substances; and (v) construction of water disposal facilities and the physical movement of water produced from the leased premises.

11. Cessation of Production. If, either during or after the primary term of this Lease, production on the leased premises ceases, this Lease shall not terminate if, within 180 days of the date production ceased, Lessee commences operations to drill a well, rework or recomplete an existing well, if any, or to otherwise resume production. If Lessee so commences such operations, this Lease shall remain in force during the prosecution of such operations, and, if production results therefrom, then as long as production continues or this Lease is otherwise held in force by operation of any provision herein. Periods of time during which the lease is shut down due to maintenance or repair of wells, surface equipment and fixtures, subsurface fixtures such as buried lines, or development such as drilling and completing new wells or installation of secondary or tertiary recovery systems, shall not be considered a cessation of production for purposes hereof during the time such operations are prosecuted with due diligence and without unreasonable delay or interruption.

12. Surrender and Removal. Lessee may at any time surrender or cancel this Lease in whole or in part by delivering or mailing such release to the Lessor, or by placing the release of record in the County where said land is situated. If this Lease is surrendered or canceled as to only a portion of the acreage covered, then all payments and liabilities thereafter accruing under the terms of this lease as to the portion canceled shall cease and terminate; 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. Lessee shall have the right at any time during the term of the lease, or within a reasonable time after the expiration of the Lease, to remove all machinery, fixtures, buildings, and other structures placed on the leased premises, including the right to draw and remove casing. If the lease is abandoned, Lessee shall remove its equipment and restore the premises as nearly as possible to its original surface condition and contour within six months after expiration or termination of the lease; provided, that such period shall be extended for such periods of time as the premises may be impassable or subject to unsatisfactory damage or expense by reason of weather or ground conditions.

13. Abandoned Wells. Upon abandonment of a well, Lessee shall restore the premises, including but not limited to the drillsite area and access thereto, and fill and grade pits, as nearly as possible to the prior surface condition and contour at Lessee's expense. If a well drilled by Lessee is permanently abandoned as a dry hole, it shall be plugged in accordance with law and the regulations promulgated by the State Corporation Commission. Before abandoning a gas well Lessee may, but is not required to, notify Lessor of Lessee's intention to abandon the well and Lessor shall then have the right to purchase the well by paying Lessee the fair value of the casing, tubing, pipe and other equipment in and on the well. If Lessor buys the well, Lessor shall thereafter forever indemnify and hold Lessee harmless from any further liability or obligations in respect to such well, including the obligation to plug it at any time.

14. Existing Wells. Lessee shall not, by taking this Lease or conducting operations on the leased premises, be deemed to have assumed responsibility for any existing abandoned well on the leased premises unless Lessee enters, re-works or otherwise conducts work or operations on or in such well. Lessee shall not be required to plug any existing abandoned well which, in Lessee's opinion as a reasonable and prudent operator, may be re-entered, re-worked or otherwise restored to production or converted to an injection or disposal well and used in Lessee's operations on the leased premises. Commencement or restoration of production of oil, gas or other covered substances from an existing well or wells on the leased premises within the primary term of this Lease shall have the same effect as if Lessee had drilled a well on the leased premises and obtained production therefrom within the primary term. Notwithstanding the foregoing, Lessee shall plug and abandon any existing abandoned well that, as a result of Lessee's operations on the leased premises, (a) discharges, or presents an unacceptable risk of discharging, oil or brine onto the surface of the leased premises, (b) pollutes, or creates an unacceptable risk of polluting, groundwater, or (c) endangers health or safety of persons or livestock. Prior to using any well to inject under pressure any substance to enhance production from the leased premises, any existing abandoned well within hundred sixty-five (165) feet of such injection well shall be plugged in accordance with law and the regulations promulgated by the State Corporation Commission.

15. Assignment. If the estate of either party hereto is assigned, 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 the royalties or in 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 certified copy thereof, or certified copy of the will of any deceased owner and of the probate record thereof, or certified copy of the proceedings showing the appointment of an administrator or executor for the estate of any deceased owner, whichever is appropriate, together with all recorded instruments of conveyance; and all advance payment of rentals made hereunder before receipt of such documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor or heir of Lessor. In the event this Lease is assigned as to a part or parts of the above described land and the holder or owner of any such part or parts shall default in the performance of any condition or covenant of this Lease, express or implied, such default shall not operate to defeat or affect this Lease except insofar as it covers that part of said land held or owned by the defaulting owner or holder.

16. Force Majeure. All provisions hereof, express or implied, shall be subject to all federal and state laws, and the orders, rules, or regulations of all governmental agencies administering the same, and this Lease shall not be in any way terminated wholly or partially, nor shall the Lessee be liable in damages for failure to comply with any of the express or implied provisions hereof if such failure occurred by reason of compliance with or enforcement of any such laws, orders, rules or regulations. Lessee shall not be liable in damages, forfeiture or termination, on account of breach of covenant, express or implied, or failure of any condition necessary to keep the lease in force, which results from force majeure; and the obligations of Lessee shall be suspended if and while drilling or other operations are delayed or interrupted by force majeure. Force majeure includes Act of God, storm, flood, strike, scarcity of labor or material, lockout, blowout, breach of contract by drillers, subcontractors or suppliers, surface or subsurface conditions which impede normal operations or which would result in other damages or waste, or other bona fide cause beyond the reasonable control of Lessee. Lessee shall have a reasonable time after the removal or cessation of force majeure within which to commence or resume performance under the Lease. If force majeure occurs during the primary term, the time such force majeure exists shall be added to the primary term.

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CORPORATION COMMISSION
DEPT. OF
2014
NATIONAL DIVISION
OKLAHOMA, KS

17. **Breach.** Default in the performance of any provision or covenant of this Lease, expressed or implied, shall not cause a forfeiture, termination or cancellation of this Lease unless Lessor first notifies Lessee in writing of the default and the facts relied upon as constituting such default, together with a demand for the specific performance thereof, and the Lessee, if in default, fails within forty-five (45) days after receipt of such notice to (a) pay the amount due if the default is nonpayment of money when due, or (b) commence work or operations to cure such default and complete the same with reasonable diligence and dispatch without unnecessary or unreasonable delay or interruption.

18. **Warranty and Subrogation.** Lessor warrants and covenants with Lessee that at the delivery hereof Lessor owns good and marketable title to the land covered hereby, free and clear of liens, encumbrances and adverse claims. Lessee at its option may pay or discharge in whole or in part any delinquent taxes, mortgages, or other liens existing, levied, or assessed on or against the leased premises, 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 other sums accruing to Lessor hereunder. Lessee is given the right to acquire for its own benefit deeds, leases, or assignments covering any interest or claim in the leased premises which Lessee or any other party contends is outstanding and not covered hereby and even though such outstanding interest or claim be invalid or adverse to Lessor. In the event that the Lessee's title hereunder is clouded by a title defect or a claim adverse to the rights and interests granted to Lessee herein, then the time such title defect or claim exists shall be added to the primary term and, in any event, Lessee shall have a reasonable time after such defect or adverse claim is cured or removed within which to commence or resume performance under this Lease.

19. **Duplicate Originals.** Duplicate originals of this lease may be signed and acknowledged separately by different parties and the separately executed leases shall constitute one lease to the same effect as if the parties had executed the same instrument. If less than all parties whose names are shown herein have executed the lease or a duplicate original thereof, the lease shall nevertheless be valid and effective insofar as the interests owned by the parties who have signed the lease or a duplicate original thereof; and each separately executed duplicate lease may be duly recorded in the office of the register of deeds in the aforesaid county or counties.

20. Lessee agrees to pay lessor(s) a yearly sum of Five Hundred Dollars (\$500) for the right to use tank battery on the captioned premises.

21. (1) 200 BBL Oil Tank and (2) 100 BBL Oil Tanks on lease are landowners' and will remain landowners' if lease is shut down.

IN WITNESS WHEREOF this instrument is made effective as of the date shown above, notwithstanding the date of execution, acknowledgement, delivery or recording.

Samuel Leon George
SAMUEL LEON GEORGE

Larry Paul George
LARRY PAUL GEORGE

Alta Jean George
ALTA JEAN GEORGE

STATE OF KANSAS, COUNTY OF Crawford, ss:

This instrument was acknowledged before me on 10-8-, 2014 by: SAMUEL LEON GEORGE and ALTA JEAN GEORGE, husband and wife, and LARRY PAUL GEORGE, a single person.

Josh Smith
Notary Public (Printed Name) JOSL SMITH

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WICHITA, KS

My Appointment Expires: 10-12-16

 JOSH SMITH
Notary Public - State of Kansas
My Appt. Expires October 12, 2016