

**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.: _____
- Entire Project: Yes No
- Number of Injection Wells _____ **

Field Name: Wayside-Havana
**** Side Two Must Be Completed.**

Effective Date of Transfer: November 1st, 2015
 KS Dept of Revenue Lease No.: 100749 ✓
 Lease Name: Mitchell
 _____ S2 Sec. 32 Twp. 33 R. 14 E W
 Legal Description of Lease: S2 S32 T33 R14E
 County: Montgomery
 Production Zone(s): Wayside
 Injection Zone(s): Wayside

Surface Pit Permit No.: P-00598 /
(API No. if Drill Pit, WO or Haul)

1846 feet from N / S Line of Section
119 feet from E / W Line of Section

Type of Pit: Emergency Burn Settling Haul-Off Workover Drilling

Past Operator's License No. New Lease
 Past Operator's Name & Address: _____
 Release from Dart & a new lease assignment are attached
 Title: _____

Contact Person: _____
 Phone: _____
 Date: _____
 Signature: Add'l Info On File
 Received _____
 KANSAS CORPORATION COMMISSION

New Operator's License No. 34913 ✓
 New Operator's Name & Address: GERTS AN OIL, LLC
3025 CR 1900
Havana, KKS 67347
 Title: Member

Contact Person: Gene Kilgore
 Phone: (620) 289-4684
 Oil / Gas Purchaser: Pacer
 Date: 11-16-15
 Signature: Gene Kilgore

NOV 20 2015
 CONSERVATION DIVISION
 WICHITA, KS

Acknowledgment of Transfer: The above request for transfer of injection authorization, surface pit permit # P-00598 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 _____

Gerts An Oil, LLC is acknowledged as
 the new operator of the above named lease containing the surface pit
 permitted by No.: P00598.
 Date: 12-16-15 Olivia Raigosa
 Authorized Signature CC: Kathy

DISTRICT _____ EPR 12-16-15 PRODUCTION 12-21-15 UIC 12-18-15
 Mail to: Past Operator _____ New Operator 12-21-15 District 3 12-21-15

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form KSONA-1
July 2014
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 # 34913
Name: GERTS AN OIL, LLC
Address 1: 3025 CR 1900
Address 2: _____
City: Havana State: KS Zip: 67347 + _____
Contact Person: Gene Kilgore
Phone: (620) 289-4684 Fax: (_____) _____
Email Address: _____

Well Location:
_____ - _____ - S2 Sec. 32 Twp. 33 S. R. 14 East West
County: Montgomery
Lease Name: Mitchell Well #: _____
If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:
S2 S32 T33 R14E

Surface Owner Information:

Name: G. Gene Kilgore and Harriett E. Kilgore
Address 1: 3025 CR 1900
Address 2: _____
City: Havana State: KS Zip: 67347 + _____

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: 11-16-15 Signature of Operator or Agent: Gene Kilgore Title: _____
Member ^{Received} KANSAS CORPORATION COMMISSION
NOV 20 2015
CONSERVATION DIVISION

OIL AND GAS LEASE

THIS AGREEMENT, entered into this ~~24~~ day of June, 2013, between G. Gene Kilgore and Harriett E. Kilgore, husband and wife, (hereinafter called lessor) and Gerts An Oil, LLC, (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 the lessee, has this day granted, leased, and let, and by these presents does hereby grant, lease, and let exclusively unto the 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 coalbed methane gas, helium, and all other constituents and substances produced therewith), including the dewatering for production of coalbed 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 Montgomery, state of Kansas, and described as follows:

The Southeast Quarter (SE/4) and the Southwest Quarter (SW/4) of Section 32, Township 33 South, Range 14 East, Montgomery County, Kansas;

containing 320 acres, more or less.

2. This lease shall remain in force for a term of one (1) year from the 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. The lessee shall not be obligated to pay any royalty to the Lessor.

4. 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, the 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.

5. 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 pay or 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 pay or 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 the Lessee's implied duty to market gas producible from the premises.

6. 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.

7. The 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 the lessor. When required by lessor, the 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 the prior written consent of the lessor. 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. Lessee shall grade to the original level and restore the surface to its original condition, as nearly as practicable, within six (6) months after the expiration of this lease.

8. The interest of the Lessee may not be assigned without the written consent of the Lessor.

9. 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.

10. Lessor hereby warrants and agrees to defend the title to the land herein-described and agrees that the 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.

11. 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.

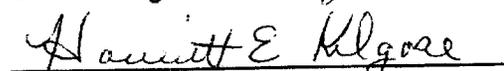
12. Lessee may at any time surrender or cancel this lease in whole or in part by delivering or mailing such release to the lessor, or by placing same of record in the proper county. In case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and 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.

13. 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 the 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, the primary term of this lease shall continue until six months after said order is suspended.

14. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor and lessee.

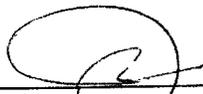
IN WITNESS WHEREOF, we sign the day and year first above written.


G. Gene Kilgore, Lessor

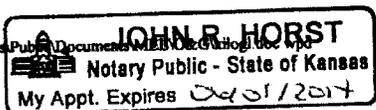

Harriett E. Kilgore, Lessor

STATE OF KANSAS)
)
COUNTY OF MONTGOMERY)

The foregoing instrument was acknowledged before me this 20th day of June, 2013, by G. Gene Kilgore and Harriett E. Kilgore.


NOTARY PUBLIC

My Appointment Expires:


JOHN R. HORST
Notary Public - State of Kansas
My Appt. Expires 09/31/2017

Received
KANSAS CORPORATION COMMISSION
NOV 20 2015
CONSERVATION DIVISION
WICHITA, KS

Received
KANSAS CORPORATION COMMISSION

NOV 20 2015

CONSERVATION DIVISION
WICHITA, KS

State of Kansas, Montgomery County

This instrument was filed for
Record on June 20, 2013 10:56:00 AM
Recorded in Book 618 Page 880-883
Fee: \$20.00 201302554



Marilyn Calhoun
Marilyn Calhoun, Register of Deeds