

KANSAS CORPORATION COMMISSION APR 13 2011
OIL & GAS CONSERVATION DIVISION

Form T-1
March 2010
Form must be Typed
Form must be Signed
All blanks must be Filled

LEGAL SECTION
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.: D 27492
Spot Location: 1650 feet from ☐ N / ☐ S Line
2970 feet from ☐ E / ☐ W Line
☐ Enhanced Recovery Project Permit No.: _____
Entire Project: ☐ Yes ☐ No
Number of Injection Wells _____ **
Field Name: Ashton Southeast

** Side Two Must Be Completed.

Effective Date of Transfer: 3-11-2011
KS Dept of Revenue Lease No.: 113749 ☒
Lease Name: Cully 1-20
C SW SW Sec. 20 Twp. 34 R. 2 ☒ E ☐ W
Legal Description of Lease: _____
SW 1/4 Sec 20-34-2E
County: Sumner
Production Zone(s): Layton Sand
Injection Zone(s): _____

Surface Pit Permit No.: _____
(API No. if Drill Pit, W/O or Haul)

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

Past Operator's License No. Expired 32753

Past Operator's Name & Address: Seed Group

P. O. Box 771189 Wichita, Ks 67277

Title: _____

Contact Person: Paul Carageannis

Phone: 316-807-1209

Date: _____

Signature: Judgement on file to AGV Corp
Add Information KCC Files

New Operator's License No. 5039

New Operator's Name & Address: A G V Corp.

P. O. Box 377

Attica, Ks 67009

Title: President

Contact Person: P. John Eck

Phone: 620-254-7222

Oil / Gas Purchaser: MacClaskey Oilfield

Date: 3-11-2011

Signature: [Signature]

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.

AGV Corp. is acknowledged as
the new operator and may continue to inject fluids as authorized by
Permit No.: D-27492 Recommended action: Violation 1230 due for 2005-2010
Date: 6-30-11 Cheryl L Buyer
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 <u>6-28-11</u>	PRODUCTION <u>7-6-11</u>	UIC <u>6-30-11</u>
Mail to: Past Operator <u>6-30-11</u>	New Operator <u>6-30-11</u>	District <u>2</u>	<u>6-30-11</u>

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

03111 Cully 1-20 IM3.pdf

* Location: C SW SW Sec 20-34-2E

RECEIVED
KANSAS CORPORATION COMMISSION
APR 13 2011
LEGAL SECTION

* 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

APR 13 2011

Form KSONA-1

July 2010

Form Must Be Typed

Form must be Signed

All blanks must be Filled

**CERTIFICATION OF COMPLIANCE WITH LEGAL SECTION
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 # 5039
Name: A G V Corp.
Address 1: P. O. Box 377
Address 2: 123 N Main
City: Attica State: Ks Zip: 67009
Contact Person: P. John Eck
Phone: (620) 254-7222 Fax: (620) 254-7938
Email Address: john@eckagency.com

Well Location:
C SW SW Sec. 20 Twp. 34 S. R. 2 ☐ East ☐ West
County: Sumner
Lease Name: Cully 1-20 Well #: _____

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

Surface Owner Information:

Name: John D. Williams
Address 1: 25825 S Hwy 66
Address 2: _____
City: Claremore State: OK Zip: 74019

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: 4/11/11 Signature of Operator or Agent: P. John Eck Title: Pres

OIL AND GAS LEASE

(Paid Up)

AGREEMENT, Made and enter into ~~June~~ ^{July} 10, 2011, by and between:

John D. Williams and Penelope A. Williams, husband and wife,

Party of the first part, hereinafter called Lessor (whether one or more) and

AGV Corporation, a Kansas corporation,

Party of the second part, hereinafter called Lessee.

WITNESSETH, That the said Lessor, for and in consideration of TEN and MORE (\$10.00) DOLLARS, cash in hand paid, receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of the Lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto said Lessee, for the sole and only purpose of exploring by geophysical and other means, mining and operating for and producing oil (including but not limited to distillate and condensate), gas (including casing-head gas and helium and all other constituents); laying pipe lines and building tanks, power stations and structures thereon, and to produce same and take care of said products, all that certain tract of land, together with any reversionary rights herein, situated in the County of Sumner, State of Kansas, described as follows, to wit:

Southwest Quarter (SW/4)

of Section 20, Township 34, Range 2 East, and containing 160 acres more or less.

It is agreed that this lease shall remain in force for a term of One year from this date, and as long thereafter as oil or gas, or either of them, is produced from said land by the Lessee.

In consideration of the premises the said Lessee covenants and agrees:

1. To deliver to the credit of Lessor, free of cost, in the pipe line to which it may connect its wells, the equal three sixteenths (3/16) part of all oil (including but not limited to distillate and condensate) produced and saved from the leased premises.

2. To pay Lessor for gas of whatsoever nature or kind (with all its constituents) produced and sold or used off the leased premises, or used in the manufacture of products therefrom, 3/16ths of the gross proceeds received for the gas sold, used off the premises, or in the manufacture of products therefrom, but in no event more than 3/16ths of the actual amount received by the Lessee, said payments to be made monthly. During any period (whether before or after expiration of the primary term hereof) when gas is not being so sold or used and the well or wells are shut in and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, Lessee shall pay or tender a royalty of Ten Dollars (\$10.00) per year per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of said lease during the next ensuing after the expiration of ninety (90) days from the date such well is shut in and thereafter on the anniversary date of this lease during the period such well is shut in, to the royalty owners. When such payment or tender is made, it will be considered that gas is being produced within the meaning of the entire lease.

If the Lessee shall commence operations for drilling or re-working operations on an existing well within the term or this lease or any extension thereof, or on acreage pooled therewith, 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. "Commence operations for drilling" shall be deemed to mean commencement of actual drilling of a hole with a drilling rig capable of drilling to the total depth of the proposed well. "Commence reworking operations on an existing well" shall be deemed to mean commencement of the actual re-entry of the well bore of an existing well with equipment capable of re-entering the well bore to the total depth of the proposed objective.

Lessee is hereby granted the right at any time and from time to time to utilize the leased premises, or any portion or portions thereof, as to all strata, or any stratum or strata, with any other lands as to all strata, or any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate. However, no unit for the production primarily of oil shall embrace more than 40 acres, or for the production primarily of gas with or without distillate more than 640 acres, provided that if any governmental regulation shall prescribe a spacing pattern for the development of the field or allocate a producing allowable based on acreage per well, then any such unit may embrace as much additional acreage as may be so prescribed or as may be used in such allocation of allowable. Lessee shall file written unit designations in the county in which the premises are located. Operations upon and production from the unit shall be treated as if such operations were upon or such production were from the leased premises whether or not the wells are located thereon. The entire acreage within a unit shall be treated for all purposes as if it were covered by and included in this lease except that the royalty on production from the unit shall be as below provided, and except that in calculating the amount of any shut in gas royalties, only the part of the acreage originally leased and then actually embraced by this lease shall be counted. In respect to production from the unit, Lessee shall pay Lessor, in lieu of other royalties thereon, only such proportion of the royalties stipulated herein as the amount of his acreage placed in the unit, or his royalty interest therein on an acreage basis bears to the total acreage in the unit.

If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided shall be paid the Lessor only in the proportion which his interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil, and water produced on said land for its operation thereon, except water from wells of Lessor.

When requested by Lessor, Lessee shall bury his pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent of the Lessor.

Lessee shall pay for all damages caused by the operations on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns. However, no change or division in ownership of the land or royalties shall enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land or royalties shall be binding on the Lessee until after the Lessee has been furnished with a written transfer or assignment or a true copy thereof. In case Lessee assigns this lease, in whole or in part, Lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules and Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or such failure is the result of any such Law, Order, Rule or Regulation.

This lease shall be effective as to each Lessor upon execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the Lessors above named may not join in the execution thereof. The word "Lessor" as used in this lease means the party or parties who execute this lease as Lessor, although not named above.

Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to Lessor, or by placing a release of record in the proper county.

It is understood that this lease is executed without warranty of title, either expressed or implied.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof .

Whereof witness our hands as of the date and year first above written.

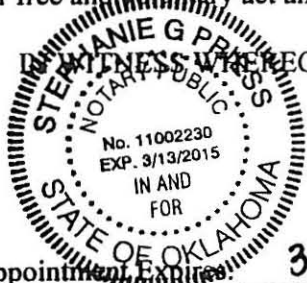
AGV Corporation

By: P. J. Eck President

John D. Williams
John D. Williams
Penelope A. Williams
Penelope A. Williams

STATE OF OKLAHOMA)
COUNTY OF _____) ss:

Before me, the undersigned, a Notary Public, within and for said County and State, on this 20th day of July, 2011, personally appeared John D. Williams and Penelope A. Williams, husband and wife, to me personally known to be the identical persons who executed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.



sign: Stephanie G. Priess
typed or printed name: STEPHANIE G. PRIESS
Notary Public

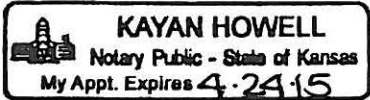
My Appointment Expires: 3/13/2015

STATE OF KANSAS)
COUNTY OF Harper

) ss:

Before me, the undersigned, a Notary Public, within and for said County and State, on this 29 day of July, 2011, personally appeared P John Eck, President of AGV Corporation, a Kansas corporation in good standing, to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for and on behalf of said corporation, and for the uses and purposes therein set forth.

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

(SEAL) 
Notary Public

sign: Kayan Howell
typed or printed name: Kayan Howell

My Appointment Expires: April 24 2015