

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 PERMITForm 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 7 \*\*
- ☐ 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: Paola-Rantoul**\*\* Side Two Must Be Completed.**Effective Date of Transfer: 10/2/2012 11/05/12KS Dept of Revenue Lease No.: 114880Lease Name: Bengert (New lease name Barthol)Sec. 12 Twp. 16 R. 21 ☒ E ☐ WLegal Description of Lease: The E/2 of the SW/4; AND also W/2 of the W/2  
of the SE/4 all in SEC.12 TWP 16. R21. and containing 120 acres, more or lessCounty: MiamiProduction Zone(s): Squinn

Injection Zone(s): \_\_\_\_\_

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 SectionType of Pit: ☐ Emergency ☐ Burn ☐ Settling ☐ Haul-Off ☐ Workover OR ☐ DrillingPast Operator's License No. NEW LEASE

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

Title: Oil & Gas Lease AttachedContact Person: \_\_\_\_\_ RECEIVED  
KANSAS CORPORATION COMMISSION

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

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

Signature: \_\_\_\_\_

**MAY 10 2013**CONSERVATION DIVISION  
WICHITA, KSNew Operator's License No. 34817New Operator's Name & Address: HB Energy LLC3236 VIRGINIA RD.WELLSVILLE KS 66092Title: OperatorContact Person: Clay HughesPhone: 785-979-9493

Oil / Gas Purchaser: \_\_\_\_\_

Date: 5/1/13Signature: Clay Hughes

**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.

\_\_\_\_\_ is acknowledged as  
the new operator and may continue to inject fluids as authorized by

Permit No.: \_\_\_\_\_. Recommended action: \_\_\_\_\_

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

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 5/14/13PRODUCTION 5.15.13UIC 5-15-13

Mail to: Past Operator \_\_\_\_\_

New Operator \_\_\_\_\_

District \_\_\_\_\_

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

\* Lease Name: Bengert

\* Location: Sec.12 Twp.16S R21E

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**WICHITA, KS**

\* 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

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

Form KSONA-1  
July 2010  
**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 # 34817  
Name: HB Energy LLC  
Address 1: 3236 VIRGINIA RD.  
Address 2:  
City: Wellsville State: Ks Zip: 66092 +  
Contact Person: Clay Hughes  
Phone: ( 785 ) 979-9493 Fax: ( )  
Email Address:

Well Location:  
- - - Sec. 12 Twp. 16 S. R. 21 ☒ East ☐ West  
County: Miami  
Lease Name: Bengert Well #:

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

The E/2 of the SW/4; AND also W/2 of the W/2 of the SE/4 all in SEC.12 TWP 16. R21. and containing 120 acres, more or less

**Surface Owner Information:**

Name: Kevin & Miriam Barthol  
Address 1: 39220 W. 255th  
Address 2:  
City: Wellsville State: Ks Zip: 66092 +

*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: 5/1/13 Signature of Operator or Agent: Clay Hughes Title: partner

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WICHITA, KS



\* 2 0 1 2 - 0 5 1 8 1 3 \*

2012-05181

KATIE FORCK

MIAMI COUNTY REGISTER OF DEEDS

DATE RECORDED: 10/26/2012 01:15:01PM

TOTAL FEES: 16.00 NET AMOUNT: 0.00

PAGES: 3 RECEIPT: 39512

✓ HB ENERGY LLC  
3236 VIRGINIA RD  
WELLSVILLE KS 66092

2012-05181

## OIL AND GAS LEASE

AGREEMENT, made and entered into this 8<sup>th</sup> day of October, 2012, by and between Kevin R. Barthol and Miriam S. Barthol, husband and wife, Party of the first part, hereinafter called Lessor (whether one or more) and HB Energy, LLC, Party of the second part, hereinafter called Lessee.

WITNESSETH: That the said Lessor, for and in consideration of One Dollar (\$1.00) and other valuable consideration, cash in hand paid, receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of 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 mining and operating for oil and gas, and laying pipe lines, and building tanks, power stations and structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Miami, State of Kansas, described as follows, to-wit:

The East half (E/2) of the Southwest Quarter (SW/4); AND also the West half (W/2) of the West half (W/2) of the Southeast Quarter (SE/4), all in Section 12, Township 16, Range 21, and containing 120 acres, more or less.

It is agreed that this Lease shall remain in full force for a term one (1) 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:

To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect his wells, the equal one-fifth (1/5) part of all oil produced and saved from the leased premises

If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals 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 written consent of the Lessor.

Lessee shall pay for damages caused by its operations to growing crops on said land

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

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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, but no change in the ownership of the land or assignment of rentals 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; and it is hereby agreed in the event this Lease shall be assigned as to a part or as to parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the rents due from him or them on an acreage basis, such default shall not operate to defeat or affect this Lease in so far as it covers a part or parts of said lands upon which the said Lessee or any assignee thereof shall make due payments of said rentals. If the leased premises are now or hereafter owned in severality or in separate tracts, the premises, nevertheless, may be developed and operated as an entirety, and the royalties shall be paid to each separate owner in the proportion that the acreage owned by him bears to the entire leased area. 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 hereafter be divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks for the oil produced from such separate tracts.

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.

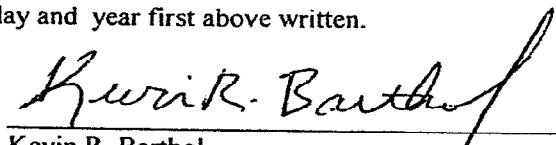
All express or implied covenants of this Lease shall be subject to all federal and state laws, executive orders, rules or regulations, and this Lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such law, order, rule or regulation.

All well bores, casing, pump jacks and other equipment, personal property, fixtures and improvements used or usable in prior oil and gas exploration and production activities upon the leased land shall hereinafter become the property of Lessee. Notwithstanding the foregoing, Lessee does not accept an assignment of the existing well located next to the existing tank battery located upon the leased land. Lessee shall contact the Kansas Corporation Commission, Conservation Commission (the "KCC") in an attempt to have said well plugged using public funds. If however the KCC delays in plugging said well or refuses to accept liability for plugging said well, Lessee shall plug said well at Lessee's sole cost and expense and said plugging shall be completed within twelve (12) months after the execution of this lease.

Lessee shall not sell, or transfer its interest in this lease without the express written consent of lessors.

Lessee shall not drill any new wells upon the above described real property without prior written consent of Lessors.

WHEREOF, witness our hands as of the day and year first above written.

  
Kevin R. Barthol

  
Miriam S. Barthol

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CONSERVATION DIVISION  
WICHITA, KS

STATE OF Kansas )  
COUNTY OF Miami )ss:

BEFORE ME, the undersigned, a Notary Public within and for said County and State, on this 9<sup>th</sup> day of October, 2012, personally appeared Kevin R. Barthol, husband of Miriam S. Barthol, 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 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.

Appointment/Commission Expires:

Carolyn I. Adams  
Notary Public

Carolyn I. Adams  
Notary Public  
State of Kansas

My Commission Expires 2/23/2014

STATE OF Kansas )  
COUNTY OF Miami )ss:

BEFORE ME, the undersigned, a Notary Public within and for said County and State, on this 9<sup>th</sup> day of October, 2012, personally appeared Miriam S. Barthol, wife of Kevin R. Barthol, to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that she executed the same as her free and voluntary act and deed 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.

Appointment/Commission Expires:

Carolyn I. Adams  
Notary Public

Carolyn I. Adams  
Notary Public  
State of Kansas

My Commission Expires 2/23/2014

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WICHITA, KS